DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

WAYNE HART

GARY RICHARDSON

WORKING FILE

FROM:BRAD PURDY

DATE:DECEMBER 17, 1996

RE:CASE NO.  UPL-E-96-6

APPLICATION OF UP&L FOR AUTHORITY TO DISCONTINUE ITS RESIDENTIAL WEATHERIZATION PROGRAM

On October 23, 1996, PacifiCorp, dba Utah Power & Light Company, filed an Application for authority to discontinue its existing residential weatherization program set forth in the Company’s Schedule 21.  This program provides a home energy audit and assistance in the form of a 70% grant on the cost effective amount for qualifying energy efficiency measures not to exceed 70% of the actual cost of the weatherization work.  The Company requests to discontinue this program due to low participation.  Only eight customers took  advantage of the program in 1994 and seven customers in 1995.  Three households have completed the program this year through September 30, 1996.  The average rebate to UP&L customers during the period January 1, 1994 through September 30, 1996, was $561.

UP&L states that the weatherization program costs are high.  The administration and field work which includes the audit, analysis and inspection after the weatherization work has been completed, are estimated to be approximately $440 per home.  Based on the program’s low participation rate, along with its cost inefficiency, UP&L is requesting to discontinue this service to existing residential customers.  On November 7, 1996, the Commission issued a Notice of Modified Procedure soliciting comments in response to the Company’s Application.  Comments were received from the Commission Staff and the State of Idaho, Department of Health and Welfare.

Commission Staff

Staff supports the Company’s request to terminate the Residential Weatherization Program.  Staff believes that the declining participation in the program reflects a saturation of the market and does not expect that participation would increase under any terms that would be considered cost effective in today’s energy market.  Staff believes that those customers who are likely to participate in the program, have already done so.  Staff concludes that to require the Company to maintain the infrastructure necessary for continued program operation at the low levels of participation that are expected is not reasonable.  In addition, Staff notes that the Idaho Department of Water Resources’ low interest loan program (currently 3%) is still available for those homes that may require additional weatherization.  Staff encourages the Company to ensure that its customer service representatives are familiar with this program and can refer any interested customers to it.

Department of Health and Welfare

On November 13, 1996, Mr. Timothy Paul, Energy Conservation Specialist for the Department of Health and Welfare (H&W) filed comments objecting to the Company’s request to terminate the Weatherization Program.  In those initial comments, Mr. Paul asserted that the Company had overstated the costs incurred in operating the program and understated the number of customers who participated in the program.

On December 2, 1996, H&W filed revised comments in which it recognized that it was previously unaware that there is more than one weatherization program contained in the Company’s Schedule 21 and that the program PacifiCorp proposes to discontinue is not the “energy conservation services to low-income customers” program that H&W is concerned about.  Consequently, H&W has no objection to the Company’s request.

Commission Decision

Does the Commission wish to issue an Order allowing PacifiCorp to terminate its Residential Weatherization Program set forth in the Company’s Schedule 21?

Brad Purdy

bls/M:UPL-E-96-6.bp2