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June 18, 2014

SENT VIA UTC WEB PORTAL & ABC/LMI

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Pk. Dr. S.W.
P. O. Box 47250
Olympia, WA 98504-7250

Re: Pacific Power & Light Company's Report Concerning Its Progress in Meeting its
Conservation Target During the Preceding Biennium
Docket No. UE-111880

Dear Mr. King:

Enclosed please find an original copy of the Comments of Public Counsel for filing in the above-entitled docket. For confirmation of receipt, I have enclosed a copy to be date-stamped and sent back to us with the ABC Legal Messenger.

Sincerely,

Lea Fisher
Regulatory Analyst
Public Counsel Section
(206) 464-6380

LF:cjb

cc: Jeremy Twitchell, UTC Staff (E-mail)
Deborah Reynolds, UTC Staff (E-mail)
Natasha Siores, PacifiCorp (E-mail)
Laura Miller, PacifiCorp (E-mail)

Enclosure

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

Pacific Power & Light Company, Report
concerning its progress in meeting its
conservation target during the preceding
biennium

DOCKET NO. UE-111880

COMMENTS OF PUBLIC COUNSEL

JUNE 18, 2014

I. INTRODUCTION

1. Pursuant to the Commission's June 6, 2014, Notice of Opportunity to File Written Comments (Notice), Public Counsel respectfully submits these comments in advance of the Commission's July, 25, Open Meeting. These comments address PacifiCorp's Biennial Conservation Report (BCR) required under RCW 19.285.070(1) concerning the achievement of its 2012-2013 biennial conservation target and the Commission Order approving the 2012-2013 targets, subject to conditions.¹
2. Public Counsel's comments provided herein focus on PacifiCorp's reported conservation achievement results and verified results from the 2012-2013 biennium, and the Company's compliance with statutory requirements under the Energy Independence Act (EIA) and Commission conditions.

¹ Docket UE-111880, Order 01, April 26, 2012.

Public Counsel Recommendation

Public Counsel recommends that PacifiCorp file an updated biennial conservation report to reflect an adjustment to savings for attic insulation measures that were reported in error for the 2012-2013 biennium. According to information shared with the DSM advisory group, Public Counsel understands that the adjustment will reduce savings by a little over 8,000 kWh and the Company plans to file a revised Biennial Conservation Report (BCR) to reflect this adjustment. Public Counsel anticipates updating its recommendation, as necessary, prior to the July 25, 2014, Open Meeting based on the updated BCR and to address any other issues that may arise based on our review of other stakeholder comments.

A. Biennial Target and Reported Conservation Achievement.

3. PacifiCorp's overall conservation target approved for the 2012-2013 biennial period is 76,291 to 79,322 MWh.² This target was approved by the Commission, with conditions, on April 26, 2012. In establishing electric energy efficiency acquisition targets, WAC 480-109-010(1) provides that a utility must derive its targets from either the utility's most recent Integrated Resource Plan (IRP) or the utility's proportionate share of the Northwest Power and Conservation Council's ("Council") current regional power plan targets for the state of Washington. PacifiCorp utilized its 2011 IRP as the source for establishing its projected ten-year potential and biennial conservation target for 2012 and 2013. The Company's 2011 IRP was informed by the conservation potential identified in PacifiCorp's "conservation potential assessment" completed in March, 2011, by the Cadmus Group.³
4. PacifiCorp reports that it has achieved a total of 111,932 MWh⁴ savings for the biennium, exceeding its biennial conservation target by 41 percent. Of the total savings, 24 percent are

² Order 01, p. 7, Docket UE-111880, April 26, 2012. The Company refers to its target as 79,322 MWh, or the high end of the range, in its 2012-2013 Biennial Conservation Report, Docket UE-111880, May 30, 2014 (hereafter "BCR.")

³ BCR, p. 6.

⁴ The Company reports on page 4 of its BCR total conservation achievement of 111,853 MWh which excludes savings associated with production efficiency. PacifiCorp excluded these savings because the costs and

attributed to the residential sector. The bulk of the savings (60%) from the residential program are from the Home Energy Savings program which includes a variety of end-use measures including lighting (CFL's, LED's), insulation, appliances (clothes washers, dishwashers, refrigerators, freezers), electric water heaters, heat pump water heaters, etc. The commercial sector represents 19 percent of the total savings, and the industrial sector represents 30 percent of total savings. NEEA represents 27 percent of the total savings for the biennium and .07 percent of total savings are associated with production efficiency.⁵ PacifiCorp claims no savings for distribution efficiency for the biennium.

5. As discussed in PacifiCorp's BCR, the total savings reported for 2012-2013 were modified for "savings reporting adjustments."⁶ These adjustments were made to align planning assumptions used in establishing the 2012-2013 target with reported results, to incorporate savings adjustments identified in the third-party verification report and to incorporate impact evaluation results for the Home Energy Reports program. These adjustments are discussed in more detail in a later section of these comments.

B. Reported Expenditures and Portfolio Cost-Effectiveness.

6. PacifiCorp's targeted expenditures for the biennium were \$20,892,766 and actual total expenditures were \$19,461,529.⁷ Of the total expenditures, 23 percent are attributed to the residential sector, 24 percent are attributed to the commercial sector, 27 percent are attributed to

savings for production efficiency were not included in portfolio cost-effectiveness results. However, total biennium achievement, as reported to the Department of Commerce and shown on page 5 of the BCR is 111,932 MWh. Public Counsel understands that the Company will revise the reported achievement shown on page 4 of the BCR to show the correct total biennial conservation achievement of 111,932 MWh in a revised BCR filing that the Company anticipates making before the July 25, 2014 Open Meeting.

⁵ BCR, p. 9.

⁶ BCR, p. 10.

⁷ BCR, p. 4.

the industrial sector, 13 percent is attributed to NEEA, .75 percent is attributed to distribution efficiency and 1.9 percent is attributed to production efficiency. Expenditures associated with customer outreach/communications, program evaluations, the conservation potential assessment, and the development of the technical reference library total 9.7 percent.⁸ PacifiCorp's 2012-2013 biennial conservation savings were cost-effective with a benefit to cost ratio of 2.31 under the Total Resource Cost (TRC) test.⁹

C. Compliance.

1. Statute and WAC.

7. RCW 19.285.070 and WAC 480-109-040 provide the reporting requirements established by the EIA that must be met for both the conservation and renewable energy components of the EIA. Regarding the conservation report specifically, the Company must file, on or before June 1, 2012, and annually thereafter, a report which identifies its progress in meeting conservation targets established under RCW 19.285.40. In addition, the Company must also provide the expected and actual electricity savings results and all expenditures made to acquire conservation. The Company must also provide its Biennial Conservation Report on its website to make the information available to its customers.¹⁰ Based on our review of PacifiCorp's biennial conservation report and supporting material we believe the Company has complied with the reporting requirements for conservation under the EIA.

2. Conditions approving PacifiCorp's 2012-2013 conservation target.

⁸ BCR, p. 9.

⁹ BCR, p. 4.

¹⁰ RCW 19.285.070 and WAC 480-109-040 (4). PacifiCorp has indicated it intends to file its biennial conservation report on the Company website after it files a revised version of the report with the Commission.

8. The Commission's Order approving PacifiCorp's 2012-2013 biennial conservation target contained conditions that the Company was required to meet during the 2012-2013 biennium. These conditions, together with the statutory requirements and Commission rules, provide the framework for implementing the conservation requirements of the EIA. The Company states that it has met all of its conditions under Order 01 and outlines its compliance with these conditions in Appendix 1 to the BCR.

9. Key new conditions that were approved with PacifiCorp's 2012-2013 biennial conservation plan include the development of a technical reference library (TRL) which outlines unit energy savings, by measure, as well as the assumptions and sources behind these savings; and a new requirement for PacifiCorp to have an independent third-party conduct a portfolio-level review of electric savings reported by PacifiCorp for the 2012-2013 biennial period. These are two important conditions from Public Counsel's perspective that improve the transparency and veracity of PacifiCorp's claimed savings. We are pleased to report that PacifiCorp completed its technical reference library in 2013 and has shared this with the DSM advisory group. In addition, PacifiCorp's evaluator, SBW, recently completed its 2012-2013 "Washington Savings and Verification Reporting Process Review Verification" (third-party verification) for PacifiCorp's 2012-2013 electric savings and the results and recommendations from this review have informed the conservation achievement for this biennium. Public Counsel agrees that PacifiCorp has met the requirements of the conditions approving its 2012-2013 biennial target.

D. Third-Party Verification of Biennial Conservation Savings.

10. Appendix 2 to PacifiCorp's BCR is SBW's third-party verification of PacifiCorp's 2012-2013 electric conservation savings. As stated above, this third-party verification for the electric conservation portfolio is the first of its kind conducted for PacifiCorp and resulted from Condition 6(f) of Order 01 which requires the following:

Independent third-party review of portfolio-level electric energy savings reported by PacifiCorp for the 2012-2013 biennial period, from existing conservation programs operated during that period, shall be conducted to:

- (i) Verify calculation of total portfolio MWh savings; and
- (ii) Conduct a review of EM&V activities and application for best practices and reasonable findings, which includes the following:
 - (1) Validate the adequacy of PacifiCorp's savings verification process, controls, and procedures;
 - (2) Validate savings tracking and reporting processes and practices; and
 - (3) Review program process and impact evaluations completed during the biennium for appropriateness of evaluation approach/methodologies (program specific) and program cost-effectiveness calculations.

11. ***Verification of Total Portfolio MWh Savings.*** The primary purpose of the SBW verification was to determine the extent to which electric savings reported by PacifiCorp for the 2012-2013 biennium were achieved. SBW focused on three programs: Home Energy Savings (PacifiCorp's major residential program), Energy FinAnswer (PacifiCorp's commercial/industrial program for retrofits and new construction) and FinAnswer Express (PacifiCorp's commercial/industrial program offering measures such as lighting, HVAC, motors,

etc). Smaller programs including the Low-Income Weatherization Program and Refrigerator Recycling Program were also included in the review.¹¹

12. SBW's review methodology included examining overarching documents, databases, and calculations underlying PacifiCorp's 2012-2013 portfolio claims, as well as interviewing key PacifiCorp program staff. Specifically, SBW reviewed PacifiCorp's annual reports, program manuals, evaluations reports, program tracking data, source documents such as deemed savings tables and project documents for 90 sampled projects across different programs.¹² SBW did not conduct any field verifications/on-site project inspections.¹³

13. SBW's audit of a sample of projects identified an overstatement of savings associated with floor insulation (138 kWh) and attic insulation (109 kWh) for a total overstatement of 247 kWh from one sampled project in 2013. The error involved selecting incorrect deemed savings values for attic and floor insulation measures.¹⁴ As a result of this error, SBW recommends that going forward PacifiCorp ensure the correct deemed savings values are selected, particularly for the Home Energy Savings program.¹⁵ PacifiCorp has already taken steps to correct this error. As a result of the SBW finding, the Company's residential program administrator, PECL, performed additional analysis and identified an error in its tracking system that impacted floor insulation for an additional nine participants in 2012 and 52 participants in 2013. Correcting the error resulted in a .04 kWh reduction per square foot for customers who installed floor insulation, resulting in a total decrease of 1,980 kWh for floor insulation measures for the

¹¹ BCR, Appendix 2, p. 3.

¹² BCR, Appendix 2, p. 4.

¹³ BCR, Appendix 2, p. 10.

¹⁴ BCR, Appendix 2, p.5.

¹⁵ BCR, Appendix 2, p. 7.

biennium, as reported by PacifiCorp in its BCR.¹⁶ The program administrator is still researching the incentive applications for attic insulation received during 2012-2013 to determine if additional saving discrepancies exist. As of June 16, 2014, a preliminary analysis provided by the Company estimates that the reduction for attic insulation savings discrepancies will be a little over 8,000 kWh.¹⁷ PacifiCorp has advised Public Counsel that it will file a revised BCR and Commerce Report to reflect the necessary savings adjustments and updated conservation achievement for the biennium. At this time, the BCR reflects an adjustment to conservation achievement that reduces total savings by 2,089 kWh for the 2012-2013 biennium which incorporates the 1,980 kWh reduction for floor insulation measures and 107 kWh for attic insulation. Following the completion of the analysis of attic insulation measure savings, Public Counsel agrees that PacifiCorp should file an updated BCR and Commerce Report to reflect the correct 2012-2013 biennial conservation achievement after taking into account the savings discrepancies associated with attic insulation projects.

14. ***Savings Verification Systems Review.*** SBW also reviewed PacifiCorp's internal tracking and reporting systems to verify the accuracy of reported conservation savings. SBW found that all the programs reviewed conduct site verification for a portion of installed measures except for a subset of Home Energy Savings measures¹⁸ that constitute less than 10 percent of program savings. Although no independent verification is conducted for these measures, this was not found to be an issue by SBW as recent program evaluations have found a 100 percent installation

¹⁶ PacifiCorp's Response to Public Counsel Informal Data Request No. 2.2, June 12, 2014.

¹⁷ PacifiCorp email to the DSM advisory group, June 15, 2014.

¹⁸ These measures include refrigerators, dishwashers, ceiling fans, light fixtures, clothes washers, water heaters, evaporative coolers and air conditioners.

rate of these measures.¹⁹ SBW recommends that PacifiCorp continue to monitor evaluation results and consider a low-cost verification approach (i.e. telephone surveys) if any issues arise in the future. SBW concluded that PacifiCorp's verification methodologies generally conform to best practices. For example, PacifiCorp's program level verification practices target high-risk and high-impact energy efficiency measures, and procedures for reviewing key documents are in place. In addition, 100 percent site inspection is conducted for Energy FinAnswer projects that represent larger and more uncertain (custom projects). However, SBW did find some project invoices that were illegible or insufficiently detailed to verify the measure cost or measure installed.²⁰

15. ***Tracking and Reporting Review.*** SBW found that PacifiCorp is following best practices for program tracking and reporting. PacifiCorp uses a new tracking system called the Nexant iEnergy platform which is designed to track programs on a project and measure level and provide documentation to properly track, verify and report program and project progress. SBW recommends the PacifiCorp review the tracking and reporting system periodically to ensure it continues to align with best practices.²¹

16. ***Impact and Process Evaluation Review.*** SBW's review concluded that recent process evaluations were comprehensive, though it found that the assessment of program design and administration, particularly for the residential program, should be included in evaluations more frequently. SBW also found that recent impact evaluations included key components, however, they also found that commercial/industrial programs lacked detail about data collection and

¹⁹ BCR, Appendix 2, p.19.

²⁰ BCR, Appendix 2, p. 6.

²¹ BCR, Appendix 2, p. 39.

analysis methods. Overall, the evaluation strategy was found to be sound, and follows best practices. SBW does, however, recommend that PacifiCorp develop a mechanism to confirm that recommendations from prior evaluations are implemented.²²

17. ***Cost-Effectiveness Calculation Review.*** Another component of SBW's review included PacifiCorp's cost-effectiveness calculations and process. The review team found that selection of load shapes and measure lives occurred at the program or measure category level, rather than at the measure level for commercial and industrial programs, as is done by the Northwest Power and Conservation Council. In addition, the review team found measure lives used in cost-effectiveness calculations to be inconsistent with the measure lives reported in the technical reference library, with the exception of the FinAnswer Express program.

18. ***Summary of SBW Portfolio Verification and Public Counsel Recommendations.***

Overall, while identifying certain areas that could use improvement, the SBW report found that PacifiCorp has in place solid practices for tracking, verifying, reporting and evaluating savings achievements and cost-effectiveness across their residential, commercial and industrial programs. However, as discussed above, additional analysis following the SBW review identified an error in the tracking system which led to savings discrepancies for certain residential measures so there are opportunities for improvement and Public Counsel recommends the Company continue to monitor its tracking and reporting system to ensure it aligns with best practices.

19. Public Counsel believes the SBW third-party report fulfills the requirements outlined in Condition 6(f), and makes a number of important findings that will help improve evaluation,

²² BCR, Appendix 2, p. 49.

measurement and verification processes and practices. Public Counsel commends PacifiCorp for further examining the savings errors identified in the SBW report and reporting the additional savings discrepancies identified in the BCR. Public Counsel is also pleased that the Company has agreed to report any additional savings discrepancies identified for attic insulation, in a revised BCR report. In addition, while Public Counsel believes that the third-party verification is in compliance with the conditions for the 2012-2013 biennium, we note that this review did not include any measure installation verification activity such as on-site visits/inspections. We believe that future third-party verification reviews would benefit from site visits at a sample of sites to verify measure installations. We look forward to working with the Company in the 2014-2015 biennial conservation planning process to address this concern.

E. NEEA Savings.

20. PacifiCorp's reported results for NEEA for the 2012-2013 biennium total approximately 29,806 MWh. This represents approximately 27 percent of PacifiCorp's biennial conservation results. Consistent with how NEEA savings were estimated for PacifiCorp in its 2012-2013 biennial target setting process, the reported savings represent PacifiCorp's portion of total regional savings, less local programs savings (adjusts total movement in the market baseline for measures impacted by NEEA's efforts to account for savings already captured and reported through PacifiCorp's Washington programs.). The baseline assumptions used by NEEA in forecasting the Company's anticipated savings from NEEA efforts towards the Company's 2012-

2013 biennial target were based upon a September, 2011 forecast and are the same baseline assumptions relied on in calculating actual savings reported by PacifiCorp in the BCR.²³

21. NEEA savings were adjusted in the BCR because reported savings for 2012 and 2013 in PacifiCorp's annual conservation acquisition reports were considered "preliminary" because NEEA had yet to finalize its 2012-2013 savings results. NEEA provided updated results in a May 21, 2014, memo to PacifiCorp which is included as Appendix 3 to the BCR. These updated savings are reflected as an "adjustment" to total NEEA savings for the biennium and amount to a reduction of 676,435 kWh for the biennium. Public Counsel believes PacifiCorp has appropriately updated NEEA savings to reflect the most recent actual results.

F. Production and Distribution Efficiency Savings.

22. *Production Efficiency.* PacifiCorp reports total savings of 78,925 kWh associated with production efficiency for the biennium. In 2011 PacifiCorp began studying potential energy efficiency upgrades to the electrical systems at its thermal and wind power production facilities. As a result of its study, PacifiCorp projected total savings of 77,220 kWh for the 2012-2013 biennium, identifying lighting upgrades at its Chehalis plant as well as several other energy efficiency upgrades. During the biennium it was discovered that the Chehalis lighting project was not expected to be cost-effective based on an updated cost-effectiveness screening, and as a result, the Company was unable to complete the project. However, the Company was able to identify and complete a transformer upgrade in 2013 at the Jim Bridger plant that allowed it to capture the projected energy savings for that year in place of the forecasted lighting upgrade.²⁴

²³ BCR, p. 11.

²⁴ BCR, p. 15.

Public Counsel commends the Company for proactively identifying additional production efficiency upgrades and savings opportunities.

23. ***Distribution Efficiency.*** PacifiCorp reports zero savings associated with its distribution efficiency pilot project toward its 2012-2013 target of 0-3,031 MWh. These savings were originally forecast as a range because of cost-effectiveness challenges that were identified for the various distribution circuit upgrade projects. Of the identified circuits, post project review, all failed the cost-effectiveness test, largely because the total energy saved was estimated to be less than 10 percent of the value initially forecast and total savings could not be statistically confirmed. As stated by the Company in its BCR, the Company's distribution system planning process already provides relatively low voltage settings and the available efficiencies from voltage reduction are very small, costly to implement and difficult to measure.²⁵ As a result, PacifiCorp reports no savings for distribution efficiency in its biennial conservation achievement.

G. Savings Adjustments to Reported 2012-2013 Biennium Results.

24. PacifiCorp's biennial conservation report includes a section titled "savings reporting adjustments."²⁶ As has consistently been its position, the Company believes that to the extent practicable, there should be consistency between the use of prescriptive unit energy savings estimates in the establishment of the biennial target and the reliance on those same savings estimates in the utility's demonstration that it met the biennial target.²⁷ As a result, the Company has made several adjustments to reported savings to reflect the savings assumed in the 2011 conservation potential study, the source used to develop the Company's 2012-2013 biennial

²⁵ BCR, p. 16.

²⁶ BCR, p. 10.

²⁷ BCR, p. 10. This is sometimes referred to as "fixed unit energy savings" or "frozen baseline."

conservation target. The Company includes adjustments for CFL twistlers and specialty CFL's, LED's, Heat Pump Water Heaters and Refrigerators. Depending on the measure, the Company's adjustments decrease reported savings in some cases and increase reported savings in others.

25. The Company also made savings adjustments in a few other circumstances. As discussed previously, NEEA savings were adjusted to incorporate final savings from a preliminary estimate. In addition, as previously discussed, a savings adjustment was made to incorporate the findings from the SBW third-party verification which reduced savings by a total of 2,089 kWh during the biennial period.²⁸ The Company also made a savings adjustment to correct a previously incorrectly reported unit energy savings values associated with the energy efficiency kit distributed as part of the refrigerator recycling program. This adjustment increased 2012-2013 savings by 20,217 kWh.²⁹ And finally, the Company made an adjustment to savings to account for verified savings for its Home Energy Reports program, following the recently completed evaluation of the Company's 18 month pilot. This adjustment increases total biennial savings by 226,405 kWh.³⁰ In total, the savings adjustments reported for this biennium decrease reported savings for the biennium by 669,304 kWh.

1. Frozen baseline adjustments to savings.

26. Public Counsel has raised concerns in the past with the frozen baseline approach PacifiCorp takes to align reported savings with the assumptions that were in place at the time the biennial target is set. Our concern with the frozen baseline approach is that actual reported savings are not based on the most accurate and up-to-date information as they are based on

²⁸ BCR, p. 11.

²⁹ BCR, p. 9.

³⁰ BCR, p. 9.

assumptions in place at the start of the biennium, and thus do not reflect updates that occur during the biennium. As stated in prior comments,³¹ our preference is that a utility should make annual adjustments to savings estimates and report conservation achievement using updated savings estimates. However, a temporary solution was reached to address this issue during the 2014-2015 biennial target setting process. During the 2014-2015 biennial conservation target setting process, stakeholders and PacifiCorp agreed that the Company will continue to report and be held accountable for conservation achievement during the 2014-2015 biennium using unit energy savings with frozen baselines, but will also report savings using updated unit energy savings. The intent of this agreement is to provide information on how much risk is associated with changes to unit energy savings that occur during the biennium and whether frozen baselines are necessary in future biennia.³²

27. Given that a temporary resolution has been reached on this issue to gather more information for future biennia, Public Counsel does not contest the Company's approach here to use frozen baselines for unit energy savings and reporting of its conservation achievement. We look forward to further exploring and addressing this issue in the 2014-2015 BCR review process.

³¹ Public Counsel Comments, "Re: Pacific Power & Light Company, Report concerning its progress in meeting its conservation target during the preceding biennium, Docket UE-100170, Avista Corporation, Report concerning its progress in meeting its conservation target during the preceding biennium, Docket UE-100176, Puget Sound Energy, Report concerning its progress in meeting its conservation target during the preceding biennium, Docket UE-100177, August 2, 2012, p.7.

³² Biennial Conservation Plan, Docket UE-111880, p 10. "In response to stakeholder input during the biennial target setting process, the Company will track changes in unit energy savings utilized in the program and provide an estimate of the impacts as part of the biennial reporting process. The intent is to provide information on the magnitude of risk associated with not freezing baselines in future conservation forecasts and target setting periods."

2. Other savings adjustments.

28. As noted above, PacifiCorp also made adjustments to its 2012-2013 reported biennial conservation savings for reasons other than unit energy saving alignment between conservation target setting and results reporting. These are discussed below:

29. ***Refrigerator Recycling Energy-Savings Kit Adjustment.*** Participants in PacifiCorp's Refrigerator Recycling program receive an energy-saving kit which includes two CFL's, a refrigerator thermometer card, energy-savings education materials, and information on other energy efficiency programs.³³ PacifiCorp discovered February 28, 2013,³⁴ that it had reported savings for the 2012 program year using 23 kWh per kit instead of the correct unit energy savings per kit of 36 kWh. Correcting this increased total savings by 20,217 kWh during the biennium. Public Counsel agrees that savings reported in error are appropriately corrected in the biennial conservation report.

30. ***SBW Third-Party Verification Savings Adjustment.*** As discussed in an earlier section of these comments, SBW verified the results of PacifiCorp's 2012-2013 biennial conservation achievement and identified an error with deemed savings values used for a floor and attic insulation project that resulted in an overstatement of savings. PacifiCorp's third-party program administrator, PECL, conducted further analysis and discovered that this error impacted additional floor insulation projects during the biennium. PacifiCorp reported the additional savings discrepancies for floor insulation projects in the BCR resulting in a total adjustment to savings of 1,980 kWh. At the time the BCR was filed, additional analysis was still being

³³ Annual Report on Conservation Acquisition, Revised June, 4, 2013.
<http://www.pacificorp.com/es/dsm/washington.html>.

³⁴ PacifiCorp's Response to Public Counsel Informal Data Request No. 3, June 11, 2014.

conducted for attic insulation projects so the Company was only able to report a savings correction adjustment for the one project identified in the SBW sample audit which reduces savings by 109 kWh. On June 16, 2014 the Company received the preliminary results of the additional analysis and expects to reduce total attic insulation savings by a little over 8,000 kWh as a result of savings errors. The Company states that it will file a revised BCR and Commerce report to reflect this adjustment.

31. Public Counsel agrees that it is appropriate to reduce the biennial conservation achievement for SBW's verification findings, as well as the additional incorrect savings identified by PacifiCorp's third-party administrator. Public Counsel further recommends that the Company file a revised biennial conservation report and Commerce Report to reflect the additional savings discrepancies determined for attic insulation measures. We understand PacifiCorp intends to do so.

32. ***Home Energy Reports Savings Adjustment.*** PacifiCorp's Home Energy Report, administered by OPower, is a behavior-based program designed to generate energy savings by providing residential customers with information about their specific energy use and related energy conservation tips in the form of mailed reports. PacifiCorp's HER program launched in August 2012 as an 18 month pilot. The evaluation report was very recently released on May 21, 2014, and identified total verified savings of 8,125 MWh.³⁵ In total, verified savings were greater than initially reported for the biennium and therefore the Company made an adjustment to reflect verified savings. Reported savings were 1,778 MWh for 2012 and 5,516 MWh for 2013. Verified savings were 1,675 MWh for 2012 and 5,841 MWh for 2012 resulting in

realization rates of 94 percent for 2012 and 106 percent percent for 2013.³⁶ The total savings adjustment for the biennium increases savings by 226 MWh.³⁷

33. It is worth noting that for the majority of program evaluations, the Company incorporates ex-post or post-delivery evaluated findings on a going-forward basis to inform future planning assumptions and reported results, in accordance with its EM&V framework.³⁸ For example, the refrigerator recycling program and the Home Energy Savings program were evaluated during the biennium but the Company does not report ex-post savings for these programs in its 2012-2013 BCR.³⁹ However, because the Home Energy Report program must be evaluated each year for verified savings from the previous program year, and because of the short measure life of the Home Energy Report program, among other reasons, it is necessary to apply the result of the evaluation to the year in which the savings occurred on an ex-post basis, rather than on a going-forward basis as is the standard practice for evaluations. Public Counsel agrees that this treatment is appropriate for behavior-based programs.

II. CONCLUSION

34. Public Counsel recommends that PacifiCorp file an updated biennial conservation report to reflect an adjustment to savings for attic insulation measures that were reported in error for the 2012-2013 biennium. According to information shared with the DSM advisory group, Public Counsel understands that the adjustment will reduce savings by a little over 8,000 kWh and the Company plans to file a revised Biennial Conservation Report (BCR) and Commerce Report to

³⁵ Washington Home Energy Reporting Program 18 Month Evaluation Report, May 21, 2014.
<http://www.pacificorp.com/dsm/washington.html>

³⁶ Washington Home Energy Reporting Program 18 Month Evaluation Report, May 21, 2014.
<http://www.pacificorp.com/dsm/washington.html>, p. 1.

³⁷ BCR, p. 9.

reflect this adjustment. Public Counsel anticipates updating its recommendation, as necessary, prior to the July 25, 2014, Open Meeting based on the updated BCR and to address any other issues that may arise based on our review of other stakeholder comments. I will attend the Commission's July 25, 2014, Open Meeting.

³⁸ PacifiCorp's Response to Public Counsel Informal Data Request No. 5, June 11, 2014

³⁹ PacifiCorp's Response to Public Counsel Information Data Request No. 5, June 11, 2014.