

October 31, 2012

***VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY***

Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

Attention: David W. Danner
Executive Director and Secretary

**RE: Joint Proposal for consistent approach to Northwest Energy Efficiency Alliance
claimed conservation savings.
Compliance with Order No. 03, UE-100170**

Dear Mr. Danner:

On September 13, 2012, the Washington Utilities and Transportation Commission (Commission) issued Order 03, in Docket No. UE-100170 regarding Pacific Power & Light Company's (PacifiCorp or the Company) conservation achievement for the 2010-2011 biennium. The Commission required PacifiCorp, in collaboration with Avista Corporation (Avista) and Puget Sound Energy (PSE) (collectively, Joint Utilities), to develop a consistent approach to claiming conservation savings associated with Northwest Energy Efficiency Alliance (NEEA) and to provide a joint proposal of a consistent approach to the Commission no later than November 1, 2012.¹ Further, the Company was directed to incorporate the modified approach into the development of the 2014-2015 Biennial Conservation Plan required by Order 01 in Docket No. UE-111880.²

PacifiCorp met multiple times with PSE and Avista in September to discuss a consistent approach to reporting NEEA savings. The first meeting focused on becoming familiar with each utility's individual approach to the treatment of NEEA savings in the establishment of the 2012-2013 biennium conservation forecasts. The objective was to seek acceptable compromises in order to arrive at a proposal for a consistent approach that would work for all three companies. As a result, some common objectives were identified as necessary in order to develop a consistent approach:

1. To maintain focus on NEEA investments and contributions; and
2. To minimize the short term performance risk associated with forecasting energy savings resulting from market changes not under the direct control of utilities.

¹ See ¶28, ordering paragraph (8) of Order 03, Docket UE-100170.

² See ¶29, condition (8)(f) of Order 01, Docket UE-111880.

At the next meeting a leading proposal had emerged and parties began to focus on a more detailed proposal such as moving beyond individual utility consistency to regional consistency, appropriate baselines, and consideration of NEEA's role in the proposal.

In a final meeting held in early October, parties reviewed a draft proposal with representatives from NEEA. The objective of this meeting was to seek NEEA's advice and support for the proposed approach. As a result of this meeting, further refinements were made to more accurately align with the approach taken by the Northwest Power and Conservation Council. The final result should simplify NEEA's forecasting, tracking and reporting processes by reducing the number of utility requests and providing more uniformity to baseline tracking and reporting requirements.

Included as an attachment, please find a copy of a joint proposal for a consistent approach to claiming NEEA savings (Joint Utility Proposal).

Any questions related to the details of the Joint Utility Proposal should be directed to:


By email (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232

By fax: 503-813-7274

If you have any questions please contact Carla Bird at (503) 813-5269 or by email at carla.bird@pacificorp.com.

Sincerely,


Carol L. Hunter
Vice President, Services

Enclosures
Cc: Advisory Group

JOINT UTILITY PROPOSAL:

CLAIMING NORTHWEST ENERGY EFFICIENCY ALLIANCE CONSERVATION SAVINGS UNDER RCW 19.285 AND WAC 480-109

Puget Sound Energy, Inc. (PSE), PacifiCorp (d.b.a. Pacific Power & Light Company), and Avista Corporation (Avista) (collectively, Joint Utilities) propose the following approach to claiming Northwest Energy Efficiency Alliance (NEEA) conservation savings under Washington's Energy Independence Act (EIA) Initiative I-937 codified in RCW 19.285 and WAC 480-109. The Joint Utilities will incorporate the approach set forth below into their respective 2014-2015 Biennial Conservation Plans. This proposal was developed by the Joint Utilities to satisfy conditions set forth in Washington Utilities and Transportation Commission (Commission) Order 03 in Docket UE-100170, Order 03 in Docket UE-100176, and Order 07 in Docket UE-100177.

PROPOSAL

The Joint Utilities propose the following two-step approach for claiming NEEA savings:

1. Prior to filing its Biennial Conservation Plan, each utility will work with NEEA to obtain an estimate of its funder share percent¹ of Total Regional Savings (TRS). To ensure regional consistency in the development and reporting of TRS, NEEA will develop the TRS estimate using baseline and technical assumptions consistent with those found in the current Northwest Power and Conservation Council's Power Plan. As per NEEA's standard procedure to avoid double counting of savings, NEEA will remove savings associated with local utility programs. This adjustment will be made to each utility's allocation of NEEA's estimated TRS to account for savings from measures, markets or activities where such an overlap and possible double counting of savings may occur. Each utility will then subtract its adjusted estimate of TRS from the first two years of its ten-year electric conservation potential to determine its Biennial Conservation Target (BCT). In order to ensure consistency and help NEEA in the alignment of the TRS estimate, the Joint Utilities propose to file their BCPs at the same time – November 1 of every odd year.
2. In order to maintain adequate focus on NEEA's performance, each utility will continue to report actual NEEA savings (using the methodology and baseline assumptions described in step one above) in required reports i.e. annual and biennial reports, however NEEA savings will not be credited to utilities for the purpose of meeting a utility's BCT.

¹ The percent of funding an individual utility contributes towards NEEA's total funding each funding cycle and captured in their *Regional Energy Efficiency Initiative Agreement* (NEEA funding agreement).

The following example demonstrates this two-step process for the purpose of setting BCT, calculating performance penalties, and reporting of actual savings:

Example of utility-specific biennial target setting

Two-year portion of ten-year conservation potential	10.0
Less NEEA estimate of TRS net of associated utility local program savings	2.0
Biennial Conservation Target	8.0

Example of Utility-specific Biennial Penalty reported

Utility Program Claimed Savings (not including NEEA)	8.3
Compared to Biennial Conservation Target	8.0
Penalty associated with BCT	\$0

Example of Utility-specific Biennial Savings reported

Utility Program Claimed Savings (not including NEEA) ²	8.3
NEEA Claimed Savings (net of associated utility local program savings)	2.5
Total Biennial Savings Reported	10.8

² Value used for assessing a utility's performance against their BCT and possible penalty calculation.

CERTIFICATE OF SERVICE

I certify that I have cause to be served the foregoing document, via E-mail, to the following:

Washington Utilities and Transportation

Commission

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DATED this 31st day of October, 2012



Amy Eissler

Coordinator, Regulatory Operations