

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFIC POWER & LIGHT  
COMPANY

Report Identifying Its 2016-2025 Ten-  
Year Achievable Electric Conservation  
Potential and Its 2016-2017 Electric  
Biennial Conservation Target Under  
RCW 19.285.040 and WAC 480-109-010

DOCKET UE-152072

ORDER 01

ORDER APPROVING PACIFIC  
POWER & LIGHT COMPANY  
2016-2025 ACHIEVABLE  
CONSERVATION POTENTIAL  
AND ITS 2016-2017 BIENNIAL  
CONSERVATION TARGET

**BACKGROUND**

- 1 Electric utilities with 25,000 or more customers are required under the Energy Independence Act (EIA or Act) to set and meet energy conservation targets every two years.<sup>1</sup> The Washington Utilities and Transportation Commission (Commission) promulgated rules implementing the EIA. These rules further require that each utility must file a report with the Commission identifying its ten-year achievable conservation potential and its biennial conservation target every two years.<sup>2</sup>
- 2 On October 30, 2015, Pacific Power & Light Company (Pacific Power or Company) filed its Biennial Conservation Plan (BCP) identifying a 2016-2025 ten-year achievable

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<sup>1</sup> RCW 19.285.040(a) requires each electric utility to identify its ten-year achievable cost-effective conservation potential using methodologies consistent with those used by the Pacific Northwest Electric Power and Conservation Planning Council in its most recently published regional power plan. At least every two years, a utility must also review and update its assessment for the subsequent ten-year period. RCW 19.285.040(b) requires each qualifying utility to establish and make publicly available a biennial acquisition target for cost-effective conservation consistent with its identification of achievable opportunities in RCW 19.285.040(a) and meet that target during the subsequent two-year period. At a minimum, each biennial target must be no lower than the qualifying utility's pro-rata share for that two-year period of its cost-effective conservation potential for the subsequent two-year period.

<sup>2</sup> WAC 480-109-010(3).

conservation potential of 457,530 megawatt-hours (MWh) and a 2016-2017 biennial conservation target of 87,814 MWh.<sup>3</sup>

3 Table 1 summarizes the derivation of Pacific Power’s biennial target:

**Table 1. Development of Pacific Power’s 2016-2017 Biennial Conservation Target**

<b>Savings Category</b>	<b>Savings (MWh)</b>
End-Use Efficiency Measures (Adjusted CPA)	93,059
Less NEEA	(5,245)
End-Use Efficiency Measures Subtotal	87,814
Distribution Efficiency	0
Generation Efficiency	0
<b>2016-2017 Biennial Conservation Target</b>	<b>87,814</b>

4 Pacific Power’s 2016-2017 Demand-side Management Business Plan, attached to the Biennial Conservation Plan filing as Appendix 7, explains the Company’s conservation budget and the suite of measures that the Company will use to achieve its target. A summary of this information is provided below in Table 2.

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<sup>3</sup> In preparation for setting its biennial target, Pacific Power made a number of adjustments, most of which related to unit energy savings (UES) values – the assumed savings attributable to a given measure – updated based on new information provided by the Regional Technical Forum (RTF) or the Company’s own program evaluations. Another adjustment was made to add in potential associated with waste heat-to-power technologies that were not considered in the Conservation Potential Assessment (CPA). No adjustments were made for distribution or production efficiency, as the Company’s evaluations have not identified any additional cost-effective savings in those areas. The net effect of the adjustments increased the ten-year potential by about eight percent.

**Table 2. Comparison of Pacific Power’s 2016-2017 and 2014-2015 BCPs.**

<b>Program</b>	<b>2016-2017 Projected Savings (MWh)</b>	<b>2016-2017 Budget</b>	<b>2014-2015 Projected Savings (MWh)</b>	<b>2014-2015 Budget</b>
Residential				
<i>Home Energy Savings</i>	28,512	\$6,843,322	17,536	\$3,868,593
<i>Low-income</i>	534	\$1,780,000	521	\$1,840,000
<i>Home Energy Reports</i>	9,773	\$741,433	10,885	\$288,000
Residential Total	38,819	\$9,364,755	30,918	\$6,473,000
Non-Residential	52,812	\$11,616,614	47,944	\$10,107,000
Pilots	-	-	-	-
NEEA	5,245	\$1,821,451	14,330	\$2,393,000
Administration/Other	-	\$1,757,709	-	\$1,751,000
<b>Total</b>	<b>96,876</b>	<b>\$24,560,529</b>	<b>93,193</b>	<b>\$20,725,000</b>

Note: 2014-2015 values are as filed in the 2014-2015 BCP in Docket UE-132047 (pg. 4). Columns may not add to totals, due to rounding.

- 5 Commission Staff (Staff) filed comments in this docket detailing its evaluation of Pacific Power’s filing. Overall, Staff is satisfied with Pacific Power’s 2016-2017 BCP, which demonstrates the Company’s strong commitment to pursue all reliable, cost-effective conservation. The Company’s CPA appears to have followed the Council’s methodology, accurately captured the rapidly evolving energy efficiency industry, and identified new opportunities that allowed the Company to set a target for the upcoming biennium that is 17.5 percent higher than the current biennial target.
- 6 Staff is concerned, however, with the Company’s lack of pilot programs. Pacific Power’s 2016-2017 plan includes only one such program – Be Wattsmart, Begin at Home – which accounts for just 0.5 percent of its two-year budget, despite the Commission’s authorization in the Company’s 2014-2015 BCP to spend up to 10 percent of its budget on pilot programs. Given that the Company has identified a significant amount of potential savings within the next ten years associated with new measures such as organic Rankine cycles and steam system optimization, Staff strongly encourages the Company to begin developing pilot programs to pursue those savings. Staff will work with Pacific Power, through the advisory group process, to identify potential pilot programs that will help enable future, cost-effective savings. These types of programs should be proposed as part of the Company’s December 1, 2016, annual plan update filing.

7 Other than Staff, Public Counsel was the only party to file comments. Public Counsel summarized its participation in Pacific Power’s advisory group and the process by which the Company and the advisory group arrived at the ten-year potential and biennial target. The comments expressed Public Counsel’s preference for utilities to update their UES values each year – rather than using locked values, as Pacific Power does – and its potential concerns with the cost-effectiveness of the Company’s recent Home Energy Reports expansion. Public Counsel expressed support for Pacific Power’s ten-year potential and biennial target, subject to conditions agreed upon by the Company and advisory group, which are provided as Appendix A to this order.

### **DISCUSSION**

8 Under RCW 19.285.040(1)(e), the Commission has authority to “rely on its standard practice for review and approval of investor-owned utility conservation targets.” WAC 480-109-010 guides investor-owned utilities’ compliance with RCW 19.285.040(1). Specifically, WAC 480-109-010(4) (c) provides that:

Upon conclusion of the commission review, the commission will determine whether to approve, approve with conditions, or reject the utility’s ten-year achievable conservation potential and biennial conservation target.

9 The Commission agrees with Staff’s recommendation and approves Pacific Power’s 2016-2025 achievable conservation potential of 457,530 MWh and its 2016-2017 biennial conservation target of 87,814 MWh, subject to the conditions in Appendix A, which have been agreed upon by the Company, Staff, and the advisory group. Finally, we encourage Pacific Power to work with Staff, through the advisory group process, to identify potential pilot programs that will help enable future, cost-effective savings.

### **FINDINGS AND CONCLUSIONS**

- 10 (1) The Washington Utilities and Transportation Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies.
- 11 (2) The Commission has authority to determine investor-owned utilities’ compliance with RCW 19.285.040(1). The Commission has authority to review and decide whether to approve investor-owned utility conservation targets. The Commission

may rely on its standard practice in exercising that authority. The Commission has adopted WAC 480-109-010 to implement RCW 19.285.040(1).

- 12 (3) Pacific Power is an electric company and a public service company subject to Commission jurisdiction. Pacific Power is a qualifying investor-owned electric utility under RCW 19.285.030(19).
- 13 (4) On October 30, 2015, Pacific Power filed with the Commission its 2016-2017 Biennial Conservation Report identifying the Company's 2016-2025 ten-year achievable conservation potential and 2016-2017 biennial conservation target.
- 14 (5) Pacific Power's 2016-2025 ten-year achievable conservation potential is consistent with RCW 19.285.040(1) and WAC 480-109-010(1). Pacific Power's 2016-2017 biennial conservation target is consistent with RCW 19.285.040(1) and WAC 480-109-010(2).
- 15 (6) Pacific Power's 2016-2025 ten-year achievable conservation potential of 457,530 megawatt-hours, and Pacific Power's 2016-2017 biennial conservation target of 87,814 megawatt-hours are appropriate.
- 16 (7) It is in the public interest to approve Pacific Power's ten-year achievable conservation potential and biennial conservation target, as authorized by RCW 19.285.040(1)(e) and WAC 480-109-010(4), subject to the conditions outlined in Appendix A attached to this Order.

**ORDER**

**THE COMMISSION ORDERS:**

- 17 (1) Pacific Power & Light Company's 2016-2025 ten-year achievable conservation potential of 457,530 megawatt-hours and its 2016-2017 biennial conservation target of 87,814 megawatt-hours are approved, subject to the conditions contained within Appendix A attached to this order.
- 18 (2) The Commission retains jurisdiction over this matter for purposes of effectuating this order.

DATED at Olympia, Washington, and effective December 17, 2015.

**WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

ANN E. RENDAHL, Commissioner