

March 18, 2014

***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: Steven V. King

Executive Director and Secretary

RE: **Docket UE-132047 – PacifiCorp’s Demand Side Management Business Plan Revisions**

Pursuant to Docket UE-132047, Conditions List items (5) and (6)(d), Pacific Power & Light Company (Pacific Power or Company) submits to the Washington Utilities and Transportation Commission (Commission) revisions to its Demand Side Management (DSM) Business Plan. The DSM Business Plan was provided as Appendix 7, in the Ten-Year Achievable Conservation Potential and Biennial Conservation Target for 2014 and 2015, filed with the Commission on November 1, 2013. Attached please find one original and two copies of the Company’s Revised DSM Business Plan.

As outlined in Condition (5) of Order 01, Docket UE-132047, PacifiCorp is required to maintain its conservation tariffs on file with the Commission. That condition states, “Program details about specific measures, incentives and eligibility requirements must be filed as tariff attachments or as revisions to PacifiCorp’s DSM Business Plan.” The enclosed revised DSM Business Plan reflects consolidation of Schedules 115 – Commercial and Industrial Energy Efficiency Incentives and 125 – Commercial and Industrial Energy Services into Schedule 140 – Non-Residential Energy Efficiency, and revisions to Schedule 118 – Home Energy Savings.

# In Docket UE-132083, the non-residential programs described in Schedules 115 and 125 were consolidated into Schedule 140 – Non-Residential Energy Efficiency. The consolidation was intended to a) add new incentive offers and measures for prescriptive incentives, b) align existing measures with changes in markets, codes, standards, and third party specifications, c) increase overall participation and energy savings achieved through the program, and d) improve administration of the program by combining the two schedules into a single tariff and standardizing the administration of the new schedule through the flexible and more responsive change process. The new tariff went into effect on January 1, 2014.

Changes to Schedule 118 – Home Energy Savings address updates to align measures and incentive values with current industry standards. Proposed changes were circulated to the DSM Advisory Group, comments were incorporated, notice was posted on the website for 45 days, and changes went into effect on January 1, 2014.

The Home Energy Savings program changes are summarized in the tables below.

| **Table 1 – Program Modifications (Lighting)** | | |
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| **Measure**  **Name** | **Description of Change** | **Measure Summary** |
| **CFLs** | Type of Change:  Modify delivery methods  Change incentive amounts.  Reason for Change:  To align incentives with RTF and EISA-impacted savings values, and to add new delivery models for the purpose of continuing to capture lighting savings | Current Qualifications (unchanged):  ENERGY STAR  Current Maximum Incentive Amount:  General Purpose: $1.50  Specialty: $3.50  Revised Maximum Incentive Amount:  General Purpose: $1.50  Specialty: $3.00  Current Delivery Methods:  Upstream  Revised Delivery Methods:  Upstream  Mail by Request  Direct Install |
| **LEDs** | Type of Change:  Modify delivery methods and incentive amounts  Expand measure to cover additional LED products  Reason for Change:  To align incentives with RTF and EISA-impacted savings values and to add new delivery models for the purpose of continuing to capture lighting savings | Current Qualifications (unchanged):  ENERGY STAR  Current Maximum Incentive Amount:  Downlights: $14.00  Revised Maximum Incentive Amount:  General Purpose: $10.00  Specialty: $10.00  Current Delivery Methods:  Upstream  Revised Delivery Methods:  Upstream  Mail by Request  Direct Install |
| **CFL and LED Light Fixtures** | Type of Change:  Modify delivery methods  Change incentive amount  Reason for Change:  To align incentives with RTF  Shifting delivery models will allow the Program to capture additional savings while reducing incentives and admin costs | Current Qualifications (unchanged):  ENERGY STAR  Current Incentive Amount:  $20.00  Revised Maximum Incentive Amount:  $10.00  Current Delivery Methods:  Downstream  Revised Delivery Methods:  Upstream  Downstream  Notes:  Torchiere and portable products are not qualified. |

| **Table 2 – Program Modifications (Non-Lighting)** | | |
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| **Measure**  **Name** | **Description of Change** | **Measure Summary** |
| **Clothes Washers** | Type of Change:  Modify qualification criteria  Reason for Change:  Align with increasing industry standards and RTF | Current Qualifications:  MEF ≥ 2.46  WF ≤ 4.0  Revised Qualifications:  MEF ≥ 3.2  Current Incentive Amount (unchanged):  $50 (customer) |
| **Clothes Washer Recycling** | Type of Change:  Modify qualification criteria  Reason for Change:  The current requirement of customers having to submit an incentive application for a new unit in order to recycle an old unit is a barrier for recyclers and retailers to participate. These changes will remove that barrier and drive participation. | Current Qualifications:  Requires recycling documentation and requires customer to submit incentive application for a new qualified clothes washer.  Revised Qualifications:  Decommission and recycle an existing clothes washer. The recycled unit must be operable.  Current Incentive Amount (unchanged):  Up to $25.00 (to recycler or retailer) |
| **Electric Water Heaters** | Type of Change:  Modify qualification criteria and incentive amounts  Add in automatic retirement date for measure  Reason for Change:  Align qualification criteria with the RTF and reduce the measure incentive to improve cost-effectiveness.  On April 16, 2015 the federal standard for electric storage tank water heaters will be increased for all equipment sizes, requiring units 55 gallons and above to have an EF of 1.92 or higher, and requiring units smaller than 55 gallons to achieve an EF 0.94 or higher. | Current Qualifications:  40-49 gal units: EF ≥ 0.94  50-65 gal units: EF ≥ 0.95  ≥ 66 gal units: EF ≥ 0.93  Revised Qualifications:  25-44.9 gal units: EF ≥ 0.94  45-54.9 gal units: EF ≥ 0.95  55-74.9 gal units: EF ≥ 0.93  75-99.9 gal units: EF ≥ 0.92  100-120 gal units: EF ≥ 0.85  Current Incentive Amount:  $75 (customer)  $50 (contractor)  Revised Incentive Amount:  $50 (customer)  Measure Retirement:  Due to the federal standard change all electric water heater incentives will be retired after April 15, 2015. Incentives will be provided only for units purchased or installed on or before April 15, 2015. |
| **Heat Pump Water Heaters** | Type of change:  Modify incentive amount  Add in automatic retirement date for measure  Reason for Change:  High incremental cost of this technology has resulted in low market up-take. Due to high unit energy savings with RTF, the Company will offer a higher incentive amount to drive more participation. The Program proposes an “up to” incentive so that the incentive can be decreased with market demand and as the price for the equipment drops.  On April 16, 2015 the federal standard for electric storage tank water heaters will be increased for all equipment sizes, requiring units 55 gallons and above to have an EF of 1.92 or higher and requiring units smaller than 55 gallons to achieve an EF 0.94 or higher. | Current Qualifications (unchanged):  Northern Climate Specification Qualified  Current Incentive Amount:  $150 (customer)  $100 (contractor)  Revised Incentive Amount:  Up to $600 (customer)  $200 (contractor)  Retirement:  Due to the federal standard units that do not meet the new standard will no longer be offered incentives after April 15, 2015. |
| **Evaporative Coolers** | Type of Change:  Incentive amount  Reason for Change:  Align incentives with associated savings and to allow customer self-installations to increase participation. Merge portable and permanently installed evaporative coolers into one measure separated by tiers. | Current Qualifications (unchanged):  Tier 1: 2,000 – 3,499 CFM  Tier 2: ≥ 3,500 CFM (For Tier 2, unit must be the primary cooling source)  Current Incentive Amount:  Tier 1: $100 (customer)  Tier 2: $150 (customer) $100 (contractor)  Revised Incentive Amount:  Tier 1: $50 (customer)  Tier 2: $250 (customer)  Notes:  Contractor not required. |
| **Room Air Conditioners** | Type of Change:  Modify delivery method and incentive amount.  Updated for latest ENERGY STAR standard which took effect on October 1, 2013  Reason for Change:  To drive more participation, decrease incentive costs, and decrease administrative costs | Current Qualifications (unchanged):  ENERGY STAR  Current Incentive Amount:  $25.00  Revised Incentive Amount:  Up to $20.00  Current Delivery Methods:  Downstream  Revised Delivery Methods:  Upstream |
| **Dishwashers** | Type of Change:  Remove an existing measure | Retirement:  The measure will be retired due to very low unit energy savings making the measure not cost-effective. |
| **Low Flow Shower-heads** | Type of change:  Add a new RTF measure  Description of measure:  A device that constricts the flow rate of water in showers, consequentially reducing the load on a hot water heater | Planned Qualification:  Unit Flow Rate ≤ 2.00 GPM  Planned Incentive Amount:  Up to $15.00 for all delivery methods  Planned Delivery Methods:  Upstream  Mail by Request  Direct Install |
| **Low Flow Aerators** | Type of change:  Add a new measure  Description of measure:  A device that constricts the flow rate of water in sinks, consequentially reducing the load on a hot water heater | Planned Qualification:  Unit Flow Rate ≤ 1.50 GPM  Planned Incentive Amount:  Up to $5.00 for all delivery methods  Planned Delivery Methods:  Upstream  Mail by Request  Direct Install |
| **Attic Insulation** | Type of change:  Modify incentive amount  Reason for change:  To align with RTF savings and to drive participation | Current Qualifications (unchanged):  Rinitial ≤ 19  Rfinal ≥ 49  Current Incentive Amount:  $0.30/sf for electric heat  $0.15/sf for electric cooling  Revised Incentive Amount:  $0.35/sf for electric heat  $0.10/sf for electric cooling  Note:  Incentive is paid based on square footage of attic space insulated.  Measure can be installed by customer or contractor. |
| **Floor Insulation** | Type of change:  Modify incentive  Reason for change:  To align with RTF savings | Current Qualifications:  Rinitial ≤ 18  Rfinal ≥ 30  Primary heat source must be electric  Revised Qualifications:  Rinitial ≤ 11  Rfinal ≥ 30  Primary heat source must be electric  Current Incentive Amount:  $0.45/sf  Revised Incentive Amount:  $0.30/sf  Note:  Incentive is paid based on square footage of floor area insulated. |
| **Wall Insulation** | Type of change:  Modify incentive  Reason for change:  To align with RTF savings and to drive participation | Current Qualifications:  Rinitial ≤ 10  Must add R-11 or fill cavity  Revised Qualifications:  Wall cavity lacking effective insulation  Must add R-11 or fill cavity  Primary heat source must be electric  Current Incentive Amount:  $0.35/sf  Revised Incentive Amount:  $0.40/sf  Note:  Incentive is paid based on square footage of wall area insulated. |
| **Air Sealing** | Type of Change:  Add a new RTF measure  Description of measure:  Tightening a home’s envelope to reduce air leakage or infiltration. | Planned Qualification:  Air seal entire home per program manual  Installation completed by contractor  Planned Incentive Amount:  $0.15/sf  Planned Delivery Methods:  Downstream  Notes:  Incentive is paid based on area of conditioned space of the home |
| **Windows** | Type of change:  Modify incentive and qualification criteria  Reason for change:  To align qualifications with RTF and incentives with savings and to drive participation | Current Qualifications:  Tier 1: U-factor <0.30  (electrically heated home only)  Tier 2: U-factor < 0.20 & SHGC of 0.35  Revised Qualifications:  Tier 1: U-factor ≤0.30  (electrically heated home only)  Tier 2: U-factor ≤ 0.22  Current Incentive Amount:  Tier 1: $0.75/sf  (electrically heated homes only)  Tier 2: $2.50/sf (electrically heated homes)  Tier 2: $1.00/sf (electrically cooled homes)  Revised Incentive Amount:  Tier 1: $0.25/sf  (electrically heated homes only)  Tier 2: $1.50/sf (electrically heated homes)  Tier 2: $0.50/sf (electrically cooled homes)  Note:  Incentive is paid based on area of windows installed. |
| **Central Air Conditioner** | Type of Change:  Modify incentive and qualification  Reason for change:  To align incentives with updated savings | Current Qualifications:  > 15 SEER  > 12.5 EER  TXV  Revised Qualifications:  > 15 SEER  Current Incentive Amount:  $250 (customer)  $25 (contractor)  Revised Incentive Amount:  $50 (customer)  $50 (contractor) |
| **Central Air Conditioner Best Practices Installation & Sizing** | Type of Change:  Modify qualification  Reason for change:  Expand measure to achieve more savings | Current Qualifications:  > 13 SEER  Meet airflow/refrigerant requirements  350 CFM/ton of airflow  Refrigerant charge within +/- 3 degrees of target subcooling  TXV  Revised Qualifications:  > 13 SEER  Meet airflow/refrigerant requirements  350 CFM/ton of airflow  Refrigerant charge within +/- 3 degrees of target subcooling  Equipment properly sized per program requirements  Current Incentive Amount (unchanged):  $50 (customer)  $75 (contractor) |
| **Heat Pump Upgrade** | Type of Change:  Modify incentive  Reason for change:  To align incentives with RTF savings | Current Qualifications (unchanged):  ≥ 16 SEER  ≥ 9.5 HSPF  TXV  Revised Qualifications:  ≥ 9.5 HSPF  Current Incentive Amount:  $500 (customer)  $50 (contractor)  Revised Incentive Amount:  $150 (customer)  $100 (contractor) |
| **Heat Pump Conversion** | Type of Change:  Modify incentive  Reason for change:  To align incentives with RTF savings and to drive participation | Current Qualifications (unchanged):  ≥ 16 SEER  ≥ 9.5 HSPF  TXV  Revised Qualifications:  ≥ 9.5 HSPF  Current Incentive Amount:  $600 (customer)  $50 (contractor)  Revised Incentive Amount:  $1,250 (customer)  $500 (contractor) |
| **Heat Pump Best Practices Installation** | Type of Change:  Remove existing measure | Retirement:  The measure is being removed to align measures with RTF measures. |
| **Heat Pump Tune Up** | Type of Change:  Remove existing measure | Retirement:  The measure is being removed to align measures with RTF measures. |
| **Heat Pump – Performance Tested Comfort Systems Commissioning, Controls, and Sizing** | Type of Change:  Add a new measure | Planned Qualification:  Complete RTF prescriptive checklist  Installation completed by contractor  Planned Incentive Amount:  $200 (customer)  $200 (contractor)  Planned Delivery Methods:  Downstream |
| **Duct Sealing & Insulation** | Type of Change:  Modify incentive and qualifications  Reason for change:  To align with RTF savings and to drive participation | Current Qualifications:  Rexisting ≤ 2  Must add at least R-8 to ducts  Both services performed at same time  80% of home served by electric heat or cooling  Revised Qualifications:  Rexisting ≤ 2 or replace all existing insulation with at least R-8  Must add at least R-8 to ducts  80% of home served by electric heat or cooling  Current Incentive Amount:  Electrically heated homes:  $325 (customer)  $50 (contractor)  Electrically cooled homes:  $100 (customer)  $50 (contractor)  Revised Incentive Amount:  Electrically heated homes:  $600 (customer)  $200 (contractor)  Electrically cooled homes:  $100 (customer)  $50 (contractor)  Notes:  Services can be performed by multiple contractors. The duct insulation contractor will receive the contractor incentive. |
| **Duct Sealing** | Type of Change:  Add a new RTF measure  Reason for change:  To provide increased opportunities for participation and to allow customers who already have duct insulation to reduce their duct leakage | Planned Qualification:  Must have ducted electric heating or cooling system serving at least 80% of the home’s floor area. Existing insulation should only be removed if it is being replaced.  Installation completed by contractor  Planned Incentive Amount:  Electrically heated homes: $300 (customer)  Electrically cooled homes: $100 (customer)  Planned Delivery Methods:  Downstream |
| **Ductless Heat Pump** | Type of Change:  Modify incentive and qualifications  Reason for change:  To align incentives with RTF savings and to drive participation | Current Qualifications:  ≥ 16 SEER  ≥ 9 HSPF  Single-Head Units Only  Revised Qualifications:  ≥ 10 HSPF  Single or Multi-head Units  Current Incentive Amount:  $750 (customer)  $50 (contractor)  Revised Incentive Amount:  $1,000 (customer)  $300 (contractor) |
| **Whole-home Upgrade Package** | Type of change:  Add a bonus incentive for installing multiple measures  Description of Bonus:  Customers who install several measures together are eligible for a bonus incentive. Each element of the combined measure must meet the qualifications of the individual measure. | Planned Qualifications: Install all of the following per Program requirements:   * Heat Pump or Ductless Heat Pump * Whole-home Attic Insulation * Whole-home Wall Insulation * Duct Sealing & Insulation if main heat or cooling source is ducted * Air Sealing   Planned Incentive Amount:  $1,000 bonus per home |

| **Table 3 – Program Modifications (Non-Lighting, New Homes)** | | |
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| **Measure**  **Name** | **Measure**  **Name** | **Measure**  **Name** |
| **New Homes ENERGY STAR Builders Option Package (BOP)** | Type of Change:  Remove existing measure. | Retirement:  To align with the latest ENERGY STAR best practices the BOP measure will be retired and replaced with the Home Performance Path.  Currently enrolled projects will be offered the New Homes ENERGY STAR BOP through to project completion. |
| **New Homes Whole Home Performance Path** | Type of Change:  Add a new measure.  Description of measure: A flexible compliance method for contractors to build to energy efficient new homes. | Planned Qualifications:  To align with regional New Homes offerings, the Program will offer incentives to builders based on the new homes’ percentage improvement beyond code, beginning at 15% better than code and increasing. The home’s performance will be modeled and verified by independent third-parties and the models will be delivered to the program for final savings and incentives calculations. Additional details on Program website.  Planned Incentive Amount:  Up to $5,000 |
| **New Homes Windows** | Type of Change:  Modify incentive and qualifications  Reason for Change:  To align qualifications with RTF and incentives with savings and to drive participation | Current Qualifications:  U-factor ≤ 0.20  SHGC ≤ 0.35  Revised Qualifications:  U-factor ≤ 0.22  Primary heat source must be electric heat pump  Current Incentive Amount:  $1.00/sf (electrically heated)  $0.75/sf (electrically cooled)  Revised Incentive Amount:  $1.00/sf |
| **New Homes Heat Pumps** | Type of Change:  Modify incentive and qualifications  Reason for Change:  To align qualifications with RTF and incentives with savings | Current Qualifications:  ≥ 9.5 HSPF  ≥ 16 SEER  TXV  Revised Qualifications:  ≥ 9.5 HSPF  Current Incentive Amount:  $325 (customer/builder)  Revised Incentive Amount:  $250 (customer/builder) |
| **New Homes Ductless Heat Pumps** | Type of Change:  Modify incentive and qualifications  Reason for Change:  To align qualifications with RTF and incentives with savings and to drive participation | Current Qualifications:  Multi-head units only  ≥ 9.5 HSPF  Must have inverter driven outdoor compressor and variable speed fan or indoor blower  Revised Qualifications:  Single or multi-head units  ≥ 10 HSPF  Current Incentive Amount:  $800 (customer/builder)  Revised Incentive Amount:  $1,300 (customer/builder) |
| **New Home Central Air Conditioner** | Type of change:  Modify incentive and qualifications  Reason for Change:  To align incentives with savings | Current Qualifications:  > 18 SEER  TXV  Revised Qualifications:  > 18 SEER  Current Incentive Amount:  $250 (customer/builder)  Revised Incentive Amount:  $100 (customer/builder) |
| **New Home Dishwasher** | Type of Change:  Remove an existing measure | Retirement:  The measure will be retired due to very low unit energy savings making the measure not cost-effective. |
| **New Home Insulation-Attic** | Type of Change:  Remove an existing measure | Retirement:  The measure has been removed because the Washington State Energy Code now requires R-49 attic insulation for new homes. The incremental savings from increased insulation levels is very low and not cost-effective to implement. |
| **New Home Heat Pump Water Heater** | Type of change:  Modify incentive amount  Reason for Change:  High incremental cost of this technology has resulted in low market up-take. Due to high unit energy savings (per RTF), the Company will offer a higher incentive amount to drive more participation. The Program proposes an “up to” incentive so that the incentive can be decreased with market demand and as the price for the equipment drops.  On April 16, 2015 the federal standard for electric storage tank water heaters will be increased for all equipment sizes, requiring units 55 gallons and above to have an EF of 1.92 or higher and requiring units smaller than 55 gallons to achieve an EF 0.94 or higher. | Current Qualifications (unchanged):  Northern Climate Specification Qualified  Current Incentive Amount:  $250 (customer/builder)  Revised Incentive Amount:  Up to $800 (customer/builder)  Retirement:  Due to the federal standard units that do not meet the new standard will no longer be offered incentives after April 15, 2015. |

| **Table 4 – Program Modifications (Non-Lighting, Manufactured Homes)** | | |
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| **Measure**  **Name** | **Description of Change** | **Measure Summary** |
| **Manufactured Homes Duct Sealing** | Type of Change:  Add a new RTF measure | Planned Qualification:  Must have ducted electric heating system serving at least 80% of the home’s floor area. Existing insulation should only be removed if it is being replaced.  Installation to be completed by contractor.  Planned Incentive Amount:  Up to $500 (contractor)  Planned Delivery Methods:  Direct Install  Note:  Contractor will be reimbursed for actual job costs at no cost to the customer. Costs may include surcharge for mileage and duct testing, and other job expenses. |
| **Manufactured Homes Air Sealing** | Type of Change:  Add a new RTF measure  Description of measure:  Tightening a home to reduce air leakage or infiltration | Planned Qualification:  Air seal entire home per program manual  Must have electric heating system serving at least 80% of the homes floor area.  Installation completed by contractor  Planned Incentive Amount:  $0.30/sf (customer)  Planned Delivery Methods:  Downstream  Note:  Incentive is paid based on area of conditioned space of the home |
| **New High Performance Manufactured Homes** | Type of Change:  Add a new RTF measure | Planned Qualifications:  Home must meet RTF specifications and receive High Performance certification by incorporating energy-efficient enclosure design and construction, HVAC systems, water heating, lighting, and appliances.  Planned Incentive Amount:  $2,000 (manufacturer)  Note:  Home may only qualify for one of the following: High Performance, ENERGY STAR, Eco-Rated |
| **New Manufactured Homes**  **ENERGY STAR** | Type of Change:  Add a new RTF measure | Planned Qualifications:  Home must receive ENERGY STAR certification by incorporating an energy-efficient building enclosure design, air-distribution system, and equipment.  Planned Incentive Amount:  $1,000 (manufacturer)  Note:  Home may only qualify for one of the following: High Performance, ENERGY STAR, Eco-Rated |
| **New Manufactured Homes**  **Eco-rated Homes** | Type of Change:  Add a new RTF measure. | Planned Qualifications:  Home must receive Eco-rated certification by achieving efficiency metrics in energy, material, water, construction practice, and indoor air quality.  Planned Incentive Amount:  $1,250 (manufacturer)  Note:  Home may only qualify for one of the following: High Performance, ENERGY STAR, Eco-Rated |

The impacts of these changes were included in the estimates for energy savings, program costs and cost effectiveness results included in Appendix 7 of the Ten-Year Achievable Conservation Potential and Biennial Conservation Target for 2014 and 2015, filed with the Commission on November 1, 2013. Cost effectiveness results for both programs were re-assessed during mid-November 2013 to support formal approval of the changes. Actual results did not vary materially from the estimated results provided in Appendix 7. The Company did not update the savings or expenditure forecasts or revised cost effectiveness results in this revised DSM Business Plan.

Please direct any informal inquiries regarding this filing to Gary Tawwater, Manager, Regulatory Affairs at 503-813-6805.

Sincerely,

Kathryn Hymas

Vice President of Finance and Demand Side Management

Enclosures