PACIFIC POWER
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VIA ELECTRONIC FILING
AND OVERNIGHT DELIVERY

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

Attention: Steven V. King
Executive Director and Secretary

Re: Advice No. 14-07
Schedule 107, Refrigerator Recycling Program

Dear Mr. King:

Pacific Power & Light Company (Pacific Power or Company), a division of PacifiCorp, submits this filing in compliance with RCW 80.28.050 and WAC 480-80-121. The Company requests an effective date of January 1, 2015.

Second Revision of Sheet No. 107.1 Schedule 107 Refrigerator Recycle Program

The Refrigerator Recycling Program (Program) has achieved cost-effective electric savings by recycling residential refrigerators and freezers since 2005. The objective of the Program is to decrease electricity usage (kWh) by removing and recycling inefficient secondary refrigerators and freezers and older primary refrigerators. Units are picked up from residential, commercial, and industrial customers and recycled. Participating residential customers receive a $30 incentive for each recycled appliance, up to two refrigerators or freezers per customer per year. Renters who own their appliances may participate, and apartment complex owners or managers who provide tenants with appliances are also eligible. Participating residential customers also receive an energy-savings kit, which includes: two 13-watt CFLs, a refrigerator/freezer thermometer card, energy-savings educational materials, and information on other Company residential efficiency programs.

The revised tariff sheet, provided as Attachment 1, proposes to expand collection of qualifying residential refrigerators and freezers to retailers. Known as secondary market intervention (SMI), the Program will collect working units picked-up by retailers to remove them from the secondary market. The secondary market for refrigerators and freezers refers to units collected by retailers which are then resold through the retailer or sold to appliance retailers specializing in selling used appliances. Retailers such as Best Buy, Lowe's, and Sears sell working and easily-refurbished units to second-hand retailers such as Gordie's Used Appliances, Bemis Appliance &

TV, and Budget Appliance. Many big box retailers subcontract delivery of new units and pick-ups of used units to small pick-up crews. Often these subcontractors are the ones selling used units to second-hand retailers.

Participating retailers will be provided an incentive of up to $20 per unit (Retailer Incentive). The Retailer Incentive is an upstream incentive similar to the incentives from the Schedule 111, Home Energy Savings Program (HES Program) for CFLs and LEDs sold through retailers. The Retailer Incentive allows the Program to negotiate and pay lower incentives to retailers on a case by case basis. The Program economics included in Attachment 2 assumes the full $20 incentive is required. The Company will only pay the Program implementation contractor, JACO Environmental, for units that are working, and only savings from working units will be reported. As with the Schedule 111 existing upstream lighting incentives, no customer data will be collected for the units picked up from retailers for recycling. All other unit attributes such as age and size gathered now by the Program will be collected for units picked up from retailers. These attributes inform future evaluations and updates to unit energy savings values. The energy savings kits, which are designed for residential customers, will not be provided for units picked up at retailers.

For screening and selecting participating retailers, the Program will work with eligible retailers selected by the HES Program to provide up-stream lighting incentives. As additional retailers are identified, they will be screened and selected using the same methodology (and by the same company) utilized by the HES Program. The upstream methodology for the HES Program was recently reviewed as part of the 2011/2012 evaluation (refer to CFL Retailer Allocation Review).[1] Only retailers qualified in this manner will be eligible for retailer incentives from the Program.

Participating retailers will be required to sign a participation agreement with the Program implementation contractor. The Company anticipates the change would increase annual pick ups by less than 3 percent. While the additional volume is small, it provides an additional opportunity for cost-effective resource acquisition.

Cost Effectiveness

Cost effectiveness for the Program was provided as an appendix to the original business plan filing on November 1, 2013, in Docket No. UE-132047. Cost effectiveness for expanding the residential refrigerator recycling program to include business customer pickups was discussed in Advice No. 14-02 provided on February 28, 2014, and since the change did not adjust unit energy savings or unit costs, cost effectiveness was not re-calculated. The original cost effectiveness for the Program was provided most recently in Appendix 1 of Revision Three to the Business Plan filed October 31, 2014 in Docket No. UE-132047.

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[1] http://www.pacificorp.com/content/dam/pacificorp/doc/Energy_Sources/Demand_Side_Management/2014/Washington_2011-2012_HES_Evaluation_Report.pdf.

The change proposed in this filing does not adjust unit energy savings for the appliances, but does reflect reduced incentive and delivery costs when compared to pick ups from customer locations. As discussed above, the volume through this channel is expected to be small, so the cost effectiveness analysis provides comparative economics by unit and delivery channel instead of for the Program as a whole.

Table 3 of Attachment 2 provides cost effectiveness results for the two eligible appliance types (refrigerators and freezers) and the two proposed channels (residential and SMI). The costs included in Table 3 are only for the customer or retailer incentive and the results indicate the SMI channel is more cost effective than the retail channel since the incentive payment is lower.

Table 4 of Attachment 2 provides cost effectiveness by appliance type and channel and includes implementation costs (outreach, pick up, and recycling) in addition to the incentive payment. The results indicate that while both channels are cost effective, the SMI channel is more cost-effective given the lower implementation costs.

The Participant Cost Test is not calculated since costs are all incurred by the Program and the customer does not incur any costs. Results for the Ratepayer Impact Measure test are less than 1.0, as typically found with energy efficiency programs and indicate there is upward pressure on rates.

The higher cost effectiveness for each unit achieved through the SMI channel, and the prior cost effectiveness analysis illustrating the overall program is cost effective, supports adding the SMI channel to the existing retail channel.

Stakeholder Involvement

The Company reviewed this information with the Washington Demand Side Management Advisory Group (Advisory Group) during meetings held July 31, 2014, and October 30, 2014. The Advisory Group was supportive of the proposed changes outlined in this advice letter.

It is respectfully requested that all formal correspondence and Staff requests regarding this filing be addressed to:

By e-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
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Please direct any informal inquiries regarding this filing to Michael Snow, DSM Regulatory Projects Manager, at (801) 220-4214 or Natasha Siores, Director, Regulatory Affairs & Revenue Requirement, at (503) 813-6583.

Sincerely,

Kathryn Hymas
Vice President, Demand Side Management

Enclosures