

July 6, 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: PacifiCorp's Demand-side Management Business Plan Revisions
UE-111880**

Dear Mr. Danner:

Pursuant to Docket UE-111880, Order 01, Condition (5), on June 4, 2012, PacifiCorp, d.b.a. Pacific Power & Light Company (PacifiCorp or the Company) submitted to the Washington Utilities and Transportation Commission (Commission) revisions to its Demand-side Management (DSM) Business Plan. As outlined in Condition (5) of the Order, PacifiCorp is required to "maintain its conservation tariffs on file with the Commission. 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 revisions submitted in this filing reflected changes to the FinAnswer Express and Home Energy Savings programs as well as the addition of the Home Energy Reports program and the cancellation of the Energy Education program. This filing was scheduled for the No Action Agenda at the Commission's Open Meeting on July 12, 2012.

During the review period between the time the Company submitted its revisions to the Demand-side Management Business Plan (the Revised Business Plan), Attorney General of Washington's Public Counsel Section (Public Counsel) submitted four suggestions to PacifiCorp based on certain procedures it would like to see implemented in the application of the Home Energy Report program. Included as Attachment A, please find a summary of the Public Counsel recommendations and the Company responses. A similar summary has been distributed to Public Counsel and Commission Staff. As indicated in Attachment A, PacifiCorp has agreed to comply with three of the four proposals made by Public Counsel:

- The methodology for avoiding double-counting of savings,
- The request to customize the reports based on customer characteristics, and
- To provide a statistical count on the number of customers in the control group by location to avoid target population.

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In addition to the three suggestions above, Public Counsel recommended that PacifiCorp hire an independent third-party to conduct random assignment of households or groups based on a the *Evaluation, Measurement, and Verification (EM&V) of Residential Behavior-Based Energy Efficiency Programs: Issues and Recommendations* report published May 2012 (aka “LBNL report”). In response, the Company explained that the Washington program groups have already been selected and provided the protocol details used in the selection process. Further, while the recommended selection process does decrease the perceived conflicts of interest, the Company understands that report did not cite any known issues with the protocol used by the Company. Halting the program implementation process to reselect the control group will result in increased program costs for customers and delay implementation resulting in fewer savings. However, the Company has agreed to have a third-party evaluate and review the methodology used by the Company and its vendor in the selection process.

Public Counsel indicated to the Company that its proposal to have a third-party review the selection process was inadequate. The Company will be present at the July 12, 2012 Open Meeting and can provide responses or answer any questions if this issue should arise.

Informal questions should be directed to Carla Bird at (503) 813-5269.

Sincerely,

Carol Hunter
Vice President, Services

Cc: Washington Advisory Group