

October 1, 2015

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

Steven V. King  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive SW  
P.O. Box 47250  
Olympia, WA 98504-7250

**RE: Docket UE-132047—Petition to Modify Order and Associated Conditions to Comply with WAC 480-109**

In accordance with WAC 480-07-370, WAC 480-07-875, and General Order R-578 in Docket UE-131723, Pacific Power & Light Company, a division of PacifiCorp (Pacific Power or Company), petitions the Commission to modify certain provisions of Order 01 and Attachment A to Order 01 in Docket UE-132047 (hereinafter referred to as Order 01 and Attachment A, respectively).

General Order R-578 directed utilities to review previous Commission orders that discuss the requirements adopted in WAC 480-109. To the extent of any conflicts between previous orders and the newly adopted rules, the utilities were directed to petition the Commission for modification of the relevant order(s) within 30 days of the effective date of the rules.

The Company reviewed the requirements set forth in Order 01 and Attachment A at the time the new rules were adopted and, at that time, did not identify a need to change Order 01 or Attachment A. After discussions with Commission staff, however, the Company was made aware of the desire to have Order 01 and Attachment A updated to reflect the current rules. This was also brought up at the DSM Advisory Group meeting on August 20, 2015. The Company respectfully requests the Commission consider this late-filed petition to bring Order 01 and Attachment A into conformance with the current rules.

The Company is currently preparing to submit its new Ten-Year Conservation Potential and 2016-2017 Biennial Conservation Target (Ten-Year Conservation Plan) on October 30, 2015. References made to Order 01 and Attachment A in the Ten-Year Conservation Plan will reference the proposed revisions to the order and attachment language, as the proposed revisions bring the order and the attachment into conformance with the current rules.

It is respectfully requested that any formal correspondence and staff requests regarding these reports be addressed to:

Washington Utilities & Transportation Commission

October 1, 2015


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

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

Please direct informal questions to Ariel Son, Manager, Regulatory Projects, at (503) 813-5410.

Sincerely,

  
R. Bryce Dalley  
Vice President, Regulation

Enclosures

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFIC POWER & LIGHT COMPANY,  
a division of PacifiCorp

Report Identifying Its 2014-2023 Ten-Year  
Achievable Electric Conservation Potential  
and Its 2014-2015 Electric Biennial  
Conservation Target Under RCW 19-285-  
040 and WAC 480-109-010

**DOCKET UE-132047**

**PETITION TO MODIFY ORDER AND  
ASSOCIATED CONDITIONS TO  
COMPLY WITH WAC 480-109**

**I. INTRODUCTION**

*1* In accordance with WAC 480-07-370, WAC 480-07-875, and General Order R-578 in Docket UE-131723, Pacific Power & Light Company, a division of PacifiCorp (Pacific Power or Company), petitions the Commission to modify certain provisions of Order 01 and Attachment A to Order 01 (hereinafter referred to as Order 01 and Attachment A, respectively) in Docket UE-132047. General Order R-578 directed utilities to, within 30 days of the effective date of the rules, review Commission orders impacted by the newly adopted rules and, in the event of conflicts, petition the Commission for modification of the previous orders. The rules adopted by General Order R-578 were effective April 12, 2015; PacifiCorp respectfully requests the Commission consider this late petition to modify Order 01.

**II. BACKGROUND**

*2* Pacific Power is an electric utility and public service company doing business in the state of Washington under RCW 80.04.010, and its public utility operations, retail rates, service, and accounting practices are subject to the Commission's jurisdiction. PacifiCorp also provides retail electricity service under the name Pacific Power in

Oregon and California, and under the name Rocky Mountain Power in Idaho, Utah, and Wyoming. The Company's principal place of business is 825 NE Multnomah Street, Suite 2000, Portland, Oregon, 97232.

3 Pacific Power's name and address:

Pacific Power Washington Dockets  
825 NE Multnomah Street, Suite 2000  
Portland, Oregon 97232  
[washingtondockets@pacificorp.com](mailto:washingtondockets@pacificorp.com)

Etta Lockey  
Senior Counsel  
825 NE Multnomah Street, Suite 1800  
Portland, Oregon 97232  
[etta.lockey@pacificorp.com](mailto:etta.lockey@pacificorp.com)

In addition, PacifiCorp respectfully requests that all data requests be addressed to:

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

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

### III. REQUEST FOR MODIFICATION

4 In Docket UE-131723, the Commission convened a rule making to consider whether the Commission should modify rules in chapter 480-109 WAC to implement statutory changes and provisions of RCW 19.285, the Energy Independence Act. The Commission convened workshops and solicited written comments from stakeholders with respect to proposed revisions to the rules. On March 12, 2015, the Commission entered General Order R-578, Order Amending, Adopting, and Repealing Rules Permanently.

5 Pacific Power requests modification of Order 01 and Attachment A to bring Order 01 and Attachment A into conformance with the rules adopted by the Commission in General Order R-578. The changes requested by PacifiCorp are primarily conforming changes (e.g., correcting rule references) but do include substantive changes to reflect the requirements of the newly-adopted rules. The requested modifications are described

below:

**ORDER 01**

- **In the header, replace:**

“WAC 480-109-010” with “WAC 480-109-120”.

- **In paragraph 2, make the following changes:**

The Washington Utilities and Transportation Commission (Commission) promulgated rules implementing the EIA. These rules further require that, “On or before ~~January 31, 2010, and each year thereafter,~~ November 1<sup>st</sup> of every odd-numbered year, each utility must file with the commission a ~~report~~ identifying biennial conservation plan. The plan must include, but is not limited to: (i) A request that the commission approve its ten-year achievable conservation potential and its biennial conservation target.” Upon conclusion of ~~its~~ the commission review of the utility’s biennial report or plan, “the Commission will ~~determine whether to approve, approve with conditions, or reject the utility’s ten-year achievable conservation potential and biennial~~ issue a decision accepting or rejecting the calculation of the utility’s conservation target.

- **In footnote 3, replace:**

“WAC 480-109-010(3)” with “WAC 480-109-120(1)”.

- **In footnote 4, replace:**

“WAC 480-109-010(4)(c)” with “WAC 480-109-120(5)(b)”.

- **In footnote 7, replace:**

“WAC 480-109-010(3)(b)” with “WAC 480-109-120(2)(b)”.

- **In paragraph 8, make the following changes:**

Staff recommends the Commission approve fixed numbers for PacifiCorp’s achievable conservation potential and biennial conservation target instead of the ranges suggested by the Company. Specifically, Staff proposes an achievable conservation potential of 391,777 MWh and a biennial conservation target of 74,703 MWh. At the time of filing, WAC 480-109-010(2)(c) allows allowed utilities to establish ranges for targets, but not potentials, so Staff proposes the Commission adopt the high end of PacifiCorp’s range for the Company’s potential. With regard to PacifiCorp’s target, Staff maintains that PacifiCorp’s range requires only that the Company achieve 74,703 MWh to be in compliance, rendering the high end of the range irrelevant.

**In paragraph 14, make the following changes:**

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 480-109-010120 guides investor-owned utilities’ compliance with RCW 19.285.040(1). Specifically, WAC 480-109-010(~~4~~)(~~e~~)120(5)(b) provides that:

Upon conclusion of the commission review of the utility’s biennial report or plan, the commission will issue a decision accepting or rejecting the calculation of the utility’s conservation target; or ~~determine~~ determining whether the utility has acquired enough conservation resources to comply with its conservation target. ~~to approve, approve with conditions, or reject~~

~~the utility's ten-year achievable conservation potential and biennial  
conservation target.~~

- **In paragraph 19, replace:**

“WAC 480-109-010” with “WAC 480-109-120”.

- **In paragraph 22, replace:**

“WAC 480-109-010(3)” with “WAC 480-109-110”.

- **In paragraph 23, replace:**

“WAC 480-109-010(1)” with “WAC 480-109-100(2)”, and

“WAC 480-109-010(2)” with “WAC 480-109-100(3)”.

- **In paragraph 25, replace:**

“WAC 480-109-010(4)” with “WAC 480-109-120(5)”.

6 In addition, Pacific Power requests modification of provisions in Attachment A of Order 01 in Docket UE-132047 to comply with the rules adopted by the Commission in General Order R-578 with respect to the Energy Independence Act, as described below:

**ATTACHMENT A**

- **In Condition (1), replace:**

“WAC 480-109-010(4)(c)” with “WAC 480-109-120(1)(iii)”.

- **In Condition (3)(a)(ii), replace:**

“WAC 480-109-010(1)” with “WAC 480-109-100(2)”.

- **In Condition (8)(b), replace:**

“March 31” with “June 1” consistent with WAC 480-109-120(3).

- **In Condition (8)(e), replace:**

“WAC 480-109-040(1)” with “WAC 480-109-120(4)”.

- **In Condition (9)(a), replace:**

“WAC 480-109-010(1)” with “WAC 480-109-100(2)”.

- **In Condition (9)(b), replace:**

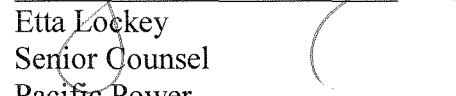
“WAC 480-109-010(2) and (3)” with “WAC 480-109-100(3) and WAC 480-109-120(1)”.

#### IV. CONCLUSION

7 For the reasons set forth above, Pacific Power respectfully requests the Commission modify Order 01 as requested in this petition.

Respectfully submitted this 1<sup>st</sup> day of October, 2015,

By: \_\_\_\_\_

  
Etta Lockey  
Senior Counsel  
Pacific Power  
825 NE Multnomah Street, Suite 1800  
Portland, OR 97232



**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

|                                       |   |                             |
|---------------------------------------|---|-----------------------------|
| In the Matter of                      | ) | DOCKET UE-132047            |
|                                       | ) |                             |
| PACIFIC POWER & LIGHT                 | ) | ORDER 01                    |
| COMPANY, d/b/a PACIFICORP             | ) |                             |
|                                       | ) | ORDER APPROVING             |
| Report Identifying Its 2014-2023 Ten- | ) | PACIFICORP'S 2014-2023      |
| Year Achievable Electric Conservation | ) | ACHIEVABLE CONSERVATION     |
| Potential and Its 2014-2015 Electric  | ) | POTENTIAL AND ITS 2014-2015 |
| Biennial Conservation Target Under    | ) | BIENNIAL CONSERVATION       |
| RCW 19.285.040 and WAC 480-109-       | ) | TARGET SUBJECT TO           |
| <u>010120</u>                         | ) | CONDITIONS                  |
|                                       | ) |                             |
| .....                                 | ) |                             |

**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.<sup>1</sup> In furtherance of its pursuit of all available, cost-effective, reliable, and feasible conservation, each electric utility must:

- (a) By January 1, 2010, using methodologies consistent with those used by the Pacific Northwest Electric Power and Conservation Planning Council in its most recently published regional power plan, each qualifying utility shall identify its achievable cost-effective conservation potential through 2019. At least every two years thereafter, the qualifying utility shall review and update this assessment for the subsequent ten-year period.
- (b) Beginning January 2010, each qualifying utility shall establish and make publicly available a biennial acquisition target for cost-effective conservation consistent with its identification of achievable opportunities in (a) of this subsection, and meet that

<sup>1</sup> RCW 19.285.040.

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 ten-year period.<sup>2</sup>

2 The Washington Utilities and Transportation Commission (Commission) promulgated rules implementing the EIA. These rules further require that, "On or before ~~January 31, 2010, and every two years thereafter~~November 1<sup>st</sup> of every odd-numbered year, each utility must file with the commission a ~~report identifying~~biennial conservation plan. The plan must include, but is not limited to: (i) A request that the commission approve its ten-year ~~achievable~~ conservation potential and its biennial conservation target."<sup>3</sup> Upon conclusion of ~~its~~the commission review of the utility's biennial report or plan, "the Commission will ~~determine whether to approve, approve with conditions, or reject the utility's ten-year achievable conservation potential and biennial~~ issue a decision accepting or rejecting the calculation of the utility's conservation target."<sup>4</sup>

3 On June 14, 2012, in Docket UE-111880, the Commission entered Order 01 approving Pacific Power & Light Company, d/b/a PacifiCorp (PacifiCorp or Company) 2012-2021 ten-year achievable conservation potential and 2012-2013 biennial conservation target, subject to conditions. One of these conditions required:

(8) PacifiCorp must file the following:

\* \* \*

(e) Biennial Conservation Plan including revised program details and program tariffs together with identification of 2014-2023 achievable conservation potential, by September 15, 2013.<sup>5</sup> The Biennial Conservation Plan should also document the results of

<sup>2</sup> RCW 19.285.040(1)(a) and (b).

<sup>3</sup> WAC 480-109-~~010(3)~~120(1).

<sup>4</sup> WAC 480-109-120(5)(b)~~010(4)(e)~~.

<sup>5</sup> On April 25, 2013, the Commission granted PacifiCorp's request to delay filing its Biennial Conservation Plan until November 1, 2013, to align the deadlines of all the investor-owned utilities. *In the Matter of the Petition of PACIFIC POWER & LIGHT COMPANY, Petitioner, Petition of Pacific Power & Light Company to Amend Order 01 of Docket UE-111880*, Docket UE-111880, Order 03 (April 25, 2013).

the Advisory Group discussions conducted under Paragraph (3)(a)(i) above, regarding the nature and timing of PacifiCorp's past, current, and future evaluation, measurement, and verification framework. This filing must include the items specified by WAC 480-109-010(3) and will satisfy the requirement in WAC 480-109-010(3) to file a report identifying Ten-year Achievable Conservation Potential and Biennial Conservation Target on or before January 31, 2014.<sup>6</sup>

- 4 On November 1, 2013, PacifiCorp filed its Biennial Conservation Plan (BCP) identifying a 2014-2023 ten-year achievable conservation potential range of 391,187 to 391,777 megawatt-hours (MWh) and a 2014-2015 biennial conservation target range of 74,703 to 74,719 MWh.<sup>7</sup> On November 12, 2013, PacifiCorp filed revisions to its tariffs, in Docket UE-132083, which cancel the Company's existing tariffs for commercial and industrial conservation programs and combine them in a single new tariff, Non-Residential Energy Efficiency.<sup>8</sup>
- 5 Table 1 below illustrates PacifiCorp's calculation of its biennial conservation target.

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<sup>6</sup> *In the Matter of Pacific Power & Light Company 2012-2021 Ten-Year Achievable Conservation Potential and 2012-2013 Biennial Conservation Target Under RCW 19.285.040 and WAC 480-109-010*, Docket UE-111880, Order 01 (April 26, 2012) (approving PacifiCorp's 2012-2021 achievable conservation potential and 2012-2013 biennial electric conservation target subject to conditions). The quoted material is from condition (8)(f).

<sup>7</sup> As required by WAC 480-109-~~010(3)(b)~~100(2)(b), PacifiCorp used its 2013 Integrated Resource Plan as the basis for its calculations.

<sup>8</sup> PacifiCorp proposes to eliminate its two non-residential tariffs, Energy FinAnswer and Energy FinAnswer Express, and replace them with a single new tariff. Staff agrees with this approach and recommends that the Commission take no action, allowing the tariff revisions to become effective by operation of law. Staff argues that the new tariff will reduce confusion and streamline program administration. Perhaps most notably, the new tariff will add an energy management measure, which will allow small businesses to engage in energy efficiency without having to take on costly up-front expenditures. We agree and will take no action on the proposed tariff sheet in this Order, allowing them to go into effect by operation of law on January 1, 2014.

**Table 1. Development of PacifiCorp's 2014-2015 Biennial Conservation Target**

| <b>Savings Category</b>                       | <b>Savings (MWh)</b> |
|---|----------------------|
| End-Use Efficiency Measures (Adjusted CPA)    | 89,016               |
| Less NEEA                                     | (14,313)             |
| End-Use Efficiency Measures Subtotal          | 74,703               |
| Plus Distribution Efficiency                  | 0                    |
| Plus Generation Efficiency                    | 0 - 16               |
| <b>2014-2015 Biennial Conservation Target</b> | <b>74,703-74,719</b> |

As Table 1 shows, PacifiCorp identified 89,016 MWh of 2014-2015 achievable conservation in its Conservation Potential Assessment (CPA). The Company adjusted this total by subtracting the 14,313 MWh of savings it expects to achieve through the Northwest Energy Efficiency Alliance (NEEA).<sup>9</sup> In addition, PacifiCorp added the savings it expects to achieve from distribution and generation efficiencies to arrive at the target range of 74,703-74,719 MWh.

- 6 On November 6, 2013, the Commission issued a notice inviting stakeholders to comment on PacifiCorp's BCP, with the matter being heard at the Commission's December 18, 2013, recessed Open Meeting. During the comment period, the Commission received written comments from the Commission's regulatory staff (Staff) and the Public Counsel Section of the Washington State Attorney General's Office (Public Counsel).

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<sup>9</sup> The adjustment is consistent with the proposal agreed to in Docket UE-100170 by Avista Corporation, Puget Sound Energy, and PacifiCorp. This is the projected NEEA savings identifiable to the CPA. See Staff Open Meeting Memorandum, December 18, 2013.

**COMMENTS**

- 7 Overall, Staff supports PacifiCorp's conservation portfolio, which achieves a Total Resource Cost ratio of 1.70 and a Utility Cost Test ratio of 2.42. The ratios indicate PacifiCorp's expanded portfolio remains cost-effective.
- 8 Staff recommends the Commission approve fixed numbers for PacifiCorp's achievable conservation potential and biennial conservation target instead of the ranges suggested by the Company. Specifically, Staff proposes an achievable conservation potential of 391,777 MWh and a biennial conservation target of 74,703 MWh. [At the time of filing](#), WAC 480-109-010(2)(c) allows utilities to establish ranges for targets, but not potentials, so Staff proposes the Commission adopt the high end of PacifiCorp's range for the Company's potential. With regard to PacifiCorp's target, Staff maintains that PacifiCorp's range requires only that the Company achieve 74,703 MWh to be in compliance, rendering the high end of the range irrelevant.
- 9 Staff also proposes the Commission condition its approval of PacifiCorp's conservation potential and target on the list of conditions included with its December 18, 2013, Open Meeting memo that are similar to the conditions the Commission imposed when it approved PacifiCorp's last conservation potential and target in Docket UE-111880. Within this list, Staff included an additional condition, condition 6(h), which requires PacifiCorp to "continue to pursue regional electric market transformation."<sup>10</sup> NEEA savings are no longer part of the three investor-owned utilities' (IOU) targets, so Staff added this condition for all three companies to assure that they will continue to participate in these cost-effective efforts. PacifiCorp is concerned that this condition requires participation in NEEA regardless of whether doing so remains cost effective. Staff's December 18, 2013, Open Meeting memo points out that NEEA savings are cost-effective.
- 10 In the discussion at the December 18, 2013, Open Meeting, PacifiCorp reiterated its concern, stating that Condition 6(h) was inappropriate because it directed the company

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<sup>10</sup> Appendix A to this Order at 5.

to achieve its conservation savings in a specific way. Staff explained that the condition is in the public interest because regional market transformation has consistently been among the most cost-effective programs in each utility's conservation portfolio. Staff further agreed that this condition does not supersede the statutory language requiring companies to only pursue cost effective conservation.

- 11 PacifiCorp further clarified its concerns with Staff's proposed condition 6(h). Specifically, PacifiCorp argued the condition supplants the Company's discretion to evaluate and choose the most cost-effective conservation options. PacifiCorp asserted it will now be forced to either fund NEEA or come up with an alternative.
- 12 Public Counsel and Staff disagreed, stating that the requirement in condition 6(h) mandates the Company pursue regional market transformation, but it does not require participation specifically in NEEA.
- 13 Public Counsel supports Staff's recommendation. In comments filed on December 3, 2013, it identified a concern relating to PacifiCorp's use of non-Regional Technical Forum (non-RTF) unit energy savings (UES) values for its refrigerator and freezer recycling measures. PacifiCorp uses a UES of 583 kilowatt-hours (kWh) for refrigerators and 495 kWh for freezers, compared to RTF values of 424 kWh and 478 kWh, respectively. The Company explains that the higher values are the result of a PacifiCorp-specific program evaluation, and they have been calculated using methodologies consistent with the Northwest Power and Conservation Council. Public Counsel, at the Commission's December 18, 2013, recessed Open Meeting, stated acceptance of this explanation.

### **DISCUSSION AND DECISION**

- 14 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-~~010-120~~ guides investor-owned utilities' compliance with RCW 19.285.040(1). Specifically, WAC 480-109-~~010(4)-(e)~~120(5)(b) provides that:

Upon conclusion of the commission review of the utility's biennial report or plan, the commission will issue a decision accepting or rejecting the calculation of the utility's conservation target; or determininge whether the utility has

acquired enough conservation resources to comply with its conservation target, to approve, approve with conditions, or reject the utility's ten-year achievable conservation potential and biennial conservation target.

- 15 The Commission agrees with the stakeholders that the conditions set forth in Appendix A to this Order are appropriate and provide PacifiCorp with clear guidance on its responsibilities under the Act. The conditions proposed by Staff are similar to those imposed by the Commission in approving PacifiCorp's last conservation report. Both Public Counsel and Staff praise the effectiveness of the prior conditions and stated that they have provided a valuable framework to evaluate the Company's compliance with the EIA.
- 16 We further find that the public interest is best served by adoption of an additional condition, condition 6(h), which requires continued pursuit of regional electric market transformation. This condition is carefully worded and does not demand NEEA participation if such is not cost-effective. Ultimately, decisions to pursue conservation acquisitions are still subject to cost-effectiveness and feasibility determinations by the utility.
- 17 While PacifiCorp has proposed ranges for its ten-year conservation potential and biennial conservation target, we find that such ranges are not practical or in the public interest. As Staff explains, the Commission's rules allow for ranges only for the target, not the Company's potential. Further, when a utility can fulfill its conservation target through a range of megawatt-hours, the utility only need reach the lowest number within the range to have complied with its target. For the above reasons, we approve PacifiCorp's 2014-2023 achievable conservation potential of 391,777 MWh and its 2014-2015 biennial conservation target of 74,703 MWh, subject to the conditions set forth in Appendix A attached to this Order.

### **FINDINGS AND CONCLUSIONS**

- 18 (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.

- 19 (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~~120 to implement RCW 19.285.040(1).
- 20 (3) Pacific Power & Light Company, d/b/a PacifiCorp, is an electric company and a public service company subject to Commission jurisdiction. PacifiCorp is a qualifying investor-owned electric utility under RCW 19.285.030(19).
- 21 (4) On November 1, 2013, PacifiCorp filed with the Commission its 2014-2015 Biennial Conservation Report identifying the Company's 2014-2023 ten-year achievable conservation potential and 2014-2015 biennial conservation target.
- 22 (5) The Commission concludes that PacifiCorp has satisfied the Staff and public participation requirements of WAC 480-109-~~010(3)~~110 and Order 01 in Docket UE-111880 in developing its 2014-2023 ten-year conservation potential and 2014-2015 biennial conservation target.
- 23 (6) PacifiCorp's 2014-2023 ten-year achievable conservation potential is consistent with RCW 19.285.040(1) and WAC 480-109-~~010(4)~~100(2). PacifiCorp's 2014-2015 biennial conservation target is consistent with RCW 19.285.040(1) and WAC 480-109-~~010(2)~~100(3).
- 24 (7) PacifiCorp's 2014-2023 ten-year achievable conservation potential of 391,777 megawatt-hours, and PacifiCorp's 2014-2015 biennial conservation target of 74,703 megawatt-hours are appropriate, subject to the conditions attached to this Order in Appendix A.
- 25 (8) It is in the public interest to approve with conditions PacifiCorp's ten-year achievable conservation potential and revised biennial conservation target, as authorized by RCW 19.285.040(1)(e) and WAC 480-109-~~010(4)~~120(5).



**ORDER**

**THE COMMISSION ORDERS:**

- 26           (1)     Pacific Power & Light Company, d/b/a PacifiCorp's 2014-2023 ten-year achievable conservation potential of 391,777 megawatt-hours and its 2014-2015 biennial conservation target of 74,703 megawatt-hours are approved, subject to the conditions contained within Appendix A attached to this Order.
- 27           (2)     The Commission retains jurisdiction over this matter for purposes of effectuating this order.

DATED at Olympia, Washington, and effective December 19, 2013.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

JEFFREY D. GOLTZ, Commissioner

**Attachment A – Proposed 2014-2015 BCP Conditions for PacifiCorp**

- 1       (1)       **Ten-Year Potential/Biennial Conservation Target – Approval and Conditions.** PacifiCorp’s 2014-2023 ten-year achievable electric conservation potential of 391,777 megawatt-hours and PacifiCorp’s 2014-2015 biennial conservation target of 74,703 megawatt-hours, identified in PacifiCorp’s “Ten-Year Conservation Potential and 2014-2015 Biennial Conservation Target for its Washington Service Area” (“BCP” or “Plan”) filed on November 1, 2013, are approved with conditions pursuant to RCW 19.285.040(1)(e) and WAC 480-109-~~010(4)(e)~~120(1)(iii). This approval is subject to the Conditions described in Paragraphs (2) through (11) below.
- 2       (2)       **Company Retains Responsibility.** Nothing within this Order relieves PacifiCorp of the sole responsibility for complying with RCW 19.285, which requires PacifiCorp to use methodologies consistent with those used by the Pacific Northwest Electric Power and Conservation Planning Council (“Council”). Specifically, the Conditions regarding the need for a high degree of transparency, and communication and consultation with external stakeholders, diminish neither PacifiCorp’s operational authority, nor its ultimate responsibility for meeting the biennial conservation target approved herein.
- 3       (3)       **Advisory Group.**
- (a)       PacifiCorp must maintain and use an external Washington Demand-Side Management (“DSM”) Advisory Group (“Advisory Group”) consisting of external stakeholders to advise PacifiCorp on the topics described in Subparagraphs (i) through (vii) below. To meet this condition, PacifiCorp may continue to use its Advisory Group created under the June 16, 2000, Comprehensive Stipulation in Docket UE-991832, which the Commission approved in the August 9, 2000, Third Supplemental Order in that Docket. PacifiCorp will seek the advice of the Advisory Group on the following matters:
- (i)       Modification of existing or development of new evaluation, measurement, and verification (EM&V) conservation protocols

based on PacifiCorp's current evaluation, measurement and verification approach.

- (ii) Development of conservation potential assessments under RCW 19.285.040(1)(a) and WAC 480-109-~~010(1)~~100(2).
  - (iii) Guidance to PacifiCorp regarding methodology inputs and calculations for updating cost-effectiveness.
  - (iv) Review of data sources and values used to update supply curves.
  - (v) Need for tariff modifications or mid-course program corrections.
  - (vi) Appropriate level of and planning for:
    - (1) Marketing conservation programs.
    - (2) Incentives to customers for measures and services.
  - (vii) Program achievement results with annual and biennial targets.
  - (viii) Conservation program budgets and actual expenditures compared to budgets.
- (b) PacifiCorp has a separate Washington low-income advisory group ("Low Income Advisory Group") that includes members representing customers with limited income. Any issues related to conservation programs for customers with limited income will need to be considered and reviewed by the Low Income Advisory Group.
- (c) The Advisory Group should meet quarterly at a minimum. PacifiCorp will consider additional meeting requests from any member of the Advisory Group with reasonable notice.
- (d) PacifiCorp will provide the Advisory Group an electronic copy of all DSM filings the Company submits to the Commission in advance of filing. When extraordinary circumstances dictate, PacifiCorp may provide the Advisory Group with a copy of a filing concurrent with the commission filing.
- (e) PacifiCorp will notify the Advisory Group of public meetings scheduled to address the Company's integrated resource plan. PacifiCorp will also provide the Advisory Group with the assumptions and relevant

information utilized in the development of PacifiCorp's integrated resource plan as they apply to development and/or modification of the ten-year conservation potential as requested through the integrated resource plan public process.

- (f) PacifiCorp will notify the Advisory Group when an evaluation report associated with the Washington DSM Program is completed and provide Advisory Group members with an electronic copy of the report or a link to the report on the Company's website. PacifiCorp will also summarize the report at the next Advisory Group meeting.

4      (4)      **Annual Budgets and Energy Savings.**

- (a) PacifiCorp must submit annual budgets to the Commission each year. The submissions must include program-level detail that shows planned expenses and the resulting projected energy savings. In odd-numbered years, the annual budget may be submitted as part of the Biennial Conservation Plan (BCP or Plan) required under Paragraph 8(f) below. In even-numbered years, the annual budget may be submitted as part of the DSM Business Plan required under Paragraph 8(b) below.
- (b) PacifiCorp must provide its proposed budget in a detailed format with a summary page indicating the proposed budget and savings levels for each electric conservation program. PacifiCorp will, upon request, provide additional detail to the Advisory Group to the extent it exists.

- 5      (5)      **Program Details.** PacifiCorp must maintain its conservation tariffs, with program descriptions, 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. PacifiCorp may propose other methods for managing its program details in the Biennial Conservation Plan required under Paragraph 8(f) below, after consultation with the Advisory Group as provided in Paragraph 9(b) below.

6

**(6) Approved Strategies for Selecting and Evaluating Energy Conservation Savings.**

- (a) PacifiCorp has identified a number of potential conservation resource types as set forth on page 9 in PacifiCorp's Plan. The Commission is not obligated to accept savings identified in the Plan for purposes of compliance with RCW 19.285. PacifiCorp must demonstrate the prudence and cost-effectiveness of its conservation programs to the Commission after the savings are achieved. *See* RCW 19.285.040(1)(d).
- (b) Except as provided in Paragraph (6)(c) below, PacifiCorp must use the Council's Regional Technical Forum's ("RTF's") unit energy savings for electricity measures and approved methods and protocols. As of the date of this Order, the RTF maintains a website at <http://www.nwcouncil.org/energy/rtf/>.
- (c) If PacifiCorp uses savings estimates that differ from those established by the RTF, such estimates must be based on generally accepted impact evaluation data and/or other reliable and relevant source data that has verified savings levels, and be presented to the Advisory Group for comment.
- (d) When PacifiCorp proposes a new program, it must present it to the Advisory Group for comment with program details fully defined. After consultation with the Advisory Group in accordance with Paragraph (3) above, PacifiCorp must file a revision to its DSM Business Plan in this Docket. The revision may be acknowledged by placement on the Commission's No Action Open Meeting agenda.
- (e) PacifiCorp must provide opportunities for the Advisory Group to review and advise on evaluation, measurement and verification protocols for conservation programs. See Paragraph (3)(a)(i) above.
- (f) PacifiCorp must spend a reasonable amount of its conservation budget on evaluation, measurement, and verification ("EM&V"), including a reasonable proportion on independent, third-party EM&V. PacifiCorp must perform EM&V annually on a two-year schedule of selected

programs such that, over the EM&V cycle, all major programs are covered. The EM&V function includes impact, process, market and cost test analyses. The results must verify the level at which claimed energy savings have occurred, evaluate the existing internal review processes, and suggest improvements to the program and ongoing EM&V processes. Evaluation reports involving analysis of both program impacts and process impacts of the programs evaluated in the prior year must be part of the Annual Report on Conservation Acquisition described in Paragraphs (8)(c) and (8)(g) below.

Independent third-party review of portfolio-level electric energy savings reported by PacifiCorp for the 2014-2015 biennial period, from existing conservation programs operated during that period, shall be conducted to:

- (i) Verify calculation of total portfolio MWh savings; and
- (ii) Conduct a review of EM&V activities and application for best practices and reasonable findings, which includes the following:
  - (1) Validate the adequacy of PacifiCorp's savings verification process, controls, and procedures;
  - (2) Validate savings tracking and reporting processes and practices; and
  - (3) Review program process and impact evaluations completed during the biennium for appropriateness of evaluation approach/methodologies (program specific) and program cost-effectiveness calculations.

The independent third-party evaluator shall be selected through an RFP process.

A final report for the 2014-2015 biennium shall be submitted as part of PacifiCorp's two-year report on conservation program achievement, required by condition (8)(h) below. The report shall be finalized and filed in this docket no later than June 1, 2016.

- (g) For savings claimed from distribution efficiency, PacifiCorp must provide verified savings calculated using Simplified Voltage

Optimization (VO) Measurement and Verification Protocol approved by the RTF in 2010.

- (h) As part of PacifiCorp's biennial conservation acquisition efforts, PacifiCorp will continue to pursue regional electric market transformation.

7 (7) **Program Design Principles**

- (a) **All Sectors Included** — To the extent the portfolio of programs is cost-effective, PacifiCorp must offer a mix of tariff-based programs that ensure it is serving each customer sector, including programs targeted to the limited-income subset of residential customers. Modifications to the programs must be filed with the Commission as revisions to tariffs, as revisions to PacifiCorp's DSM Business Plan, or revisions as summarized in the process described in the Company's DSM Business Plan. .
- (b) **Outreach on Programs** — PacifiCorp must establish a strategy and proposed total planned expenditures for informing participants about program opportunities. The planned expenditures will include expenditures by PacifiCorp directly and not those of the Company's third party program delivery administrators who are primarily or solely contracted for program delivery. PacifiCorp will share these strategies and expenditures with the Advisory Group for review and comments.
- (c) **Incentives and Conservation Program Implementation** — PacifiCorp must offer a cost-effective portfolio of programs in order to achieve all available conservation that is cost-effective, reliable, and feasible. Programs, program services, and incentives may be directed to consumers, retailers, manufacturers, trade allies or other relevant market actors as appropriate for measures or activities that lead to electric energy savings. Incentive levels and other methods of encouraging energy conservation need to be examined periodically for effectiveness in fulfilling PacifiCorp's obligation under WAC 480-109. To the degree the portfolio remains cost-effective, incentive levels and implementation

methods should not unnecessarily limit the acquisition of all achievable energy conservation.

- (d) Conservation Efforts without Approved EM&V Protocol — PacifiCorp may spend up to ten (10) percent of its conservation budget on programs whose savings impact has not yet been measured, as long as the overall portfolio of conservation passes the Total Resource Cost (TRC) test described in Paragraph (10)(a) below. These programs may include educational, behavior change, and pilot projects. PacifiCorp may ask the Commission to modify this spending limit following full Advisory Group consultation.

8 (8) **Required Reports and Filings**

PacifiCorp must file the following:

- (a) By November 1, 2014, any proposed revisions to the 2015 DSM Business Plan. The filing should contain any changes to program details and an annual budget.
- (b) An Annual Report on Conservation Acquisition, including an evaluation of cost-effectiveness and comparing budgets to actual, by ~~March 31~~June 1 of each year.
- (c) A cost recovery tariff by May 1 of each year, with a requested effective date of July 1 of that year.
- (d) A Biennial Conservation Plan, including revised program details and program tariffs together with identification of 2016-2025 achievable conservation potential, by November 1, 2015.
- (e) Two-year report on conservation program achievement by June 1, 2016, as required in WAC 480-109-~~040(1)~~120(4) and RCW 19.285.070, which require that the report also be filed with the Washington Department of Commerce.



9 (9) **Required Public Involvement in Preparation for the 2016-2017 Biennium**

- (a) PacifiCorp must consult with the Advisory Group on the scope and design of a ten-year conservation potential analysis, which shall be completed by September 1, 2015. *See* RCW 19.285.040(1)(a); WAC ~~480-109-010(1)~~100(2). The potential analysis must be based on a current conservation potential assessment study or other relevant work of PacifiCorp's service area within Washington State. This may be conducted within the context of PacifiCorp's integrated resource plan. If PacifiCorp chooses to use the supply curves that make up the conservation potential in the Council's Northwest Power Plan, the supply curves must be updated for new assumptions and measures.
- (b) PacifiCorp must consult with the Advisory Group beginning no later than July 1, 2015, to identify achievable conservation potential for 2016-2025 and set biennial targets for the 2016-2017 biennium, including necessary revisions to program details. *See* RCW 19.285.040(1)(b); WAC ~~480-109-010(2) and (3)~~480-109-100(3) and WAC 480-109-120(1).

10 (10) **Cost-Effectiveness Test is the Total Resource Cost (TRC) Test**

- (a) The Commission uses the TRC, as modified by the Council, as its cost-effectiveness test. PacifiCorp must demonstrate that the cost-effectiveness tests presented in support of its programs and portfolio are in compliance with the cost-effectiveness definition (RCW 80.52.030(7)) and system cost definition (RCW 80.52.030(8)) and incorporate the 10 percent conservation benefit and a risk adder consistent with the Council's approach. PacifiCorp will also consider quantifiable non-energy benefits unless the Company shows that they do not materially impact resource targets and potentials.
- (b) In addition to the Council-modified TRC, PacifiCorp must provide calculations of the Program Administrator Cost test (also called the Utility Cost test), Ratepayer Impact Measure test, and Participant Cost test described in the National Action Plan for Energy Efficiency's study "Understanding Cost-effectiveness of Energy Efficiency Programs." As of the date of this Order, the study is available on the website of the

United States Environmental Protection Agency at  
<http://www.epa.gov/cleanenergy/documents/suca/cost-effectiveness.pdf>.

- (c) Overall conservation cost-effectiveness must be evaluated at the portfolio level. Costs included in the portfolio level analysis include conservation-related administrative costs. PacifiCorp must also evaluate the conservation program by providing cost tests at the individual measure group (measure groups consist of one or more measures) and portfolio levels. All cost-effectiveness calculations will assume a Net-to-Gross ratio of 1.0 consistent with the Council's methodology.
- (d) Treatment of costs for EM&V and potential study or analysis activities in calculating program and portfolio cost-effectiveness will be handled as outlined in PacifiCorp's "Evaluation, Measurement & Verification Framework for Washington" document developed in conjunction with PacifiCorp's Washington Advisory Group and included as an Appendix 8 to PacifiCorp's Ten-Year Conservation Potential and 2014-2015 Biennial Conservation Target for its Washington Service Area.

11 (11) **Recovery Through an Electric Tariff Rider**

- (a) Annual Filing — PacifiCorp's annual tariff rider filing, required under Paragraph (8)(d), will recover the future year's budgeted expenses and any significant variances between budgeted and actual income and expenditures during the previous period.
- (b) Scope of Expenditures — Funds collected through the rider must be used on approved conservation programs and their administrative costs. Costs associated with planning are typically not incurred on an annual basis and may create variations in the SBC from year to year. Therefore, costs associated with planning activities may be recovered through the SBC over a period of two years so as to smooth any of these variations.
- (c) Recovery for Each Customer Class — Rate spread and rate design must match PacifiCorp's underlying base volumetric rates.

- (d) **Distribution and Production Efficiency Costs** — Recovery of costs associated with Distribution and Production Efficiency initiatives are not funded through the SBC because these programs are not customer conservation initiatives; these are company infrastructure conservation programs. As such, these costs are recovered in the general rate making process over time and may be requested through a general rate case, a deferred accounting petition or other allowed mechanism.