

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 18, 2012**

REGULAR **CONSENT** **EFFECTIVE DATE** January 1, 2013

DATE: December 11, 2012

TO: Public Utility Commission

FROM: Juliet Johnson

THROUGH: Jason Eisdorfer and Maury Galbraith

SUBJECT: PACIFIC POWER: (Advice No. 12-020) Adjusts energy efficiency funding through Schedule 297.

STAFF RECOMMENDATION:

Staff recommends the Commission authorize Pacific Power's (PacifiCorp or Company) Schedule 297 tariff revisions, as described in Advice 12-020, effective January 1, 2013.

DISCUSSION:

In November 2007, pursuant to ORS 757.689, PacifiCorp filed to establish a mechanism to provide funding for energy efficiency in Oregon incremental to the Public Purpose Charge (Schedule 290). These incremental funds are collected through Schedule 297, referred to as the Energy Conservation Charge. In 2009, the Commission approved modifications to the Energy Conservation Charge for funding the 2010 and 2011 energy efficiency acquisitions. In 2011, the Commission approved modifications for 2012. The majority of funds collected go to the Energy Trust of Oregon (Energy Trust or ETO), through a Supplemental Funding Agreement. A portion of the funds are retained by the Company to fund tasks in support of Energy Trust programs.

PacifiCorp is requesting, effective January 1, 2013, the Energy Conservation Charge be increased by 8 percent in order to collect an additional \$2.04 million, for a total collection of \$26.96 million through Schedule 297 in 2013. This translates to a 0.2 percent overall rate increase. The average customer using 950-kilowatt hours a month will see a monthly bill increase of approximately 18 cents.

This increase was based on information provided by Energy Trust as to the amount of energy efficiency forecasted to be available and cost effective in PacifiCorp territory in

2013. Customer demand in 2013 reflects an upward trend in new construction and a new data center project in the Company's Oregon service territory. Table 1 shows a program level breakdown of energy efficiency projections in PacifiCorp's territory in 2013.

Table 1. Energy Efficiency Targets by Program (aMW Gross)

| Programs | 2013 - aMW |
|------------------------|-------------------|
| Existing Buildings | 5.26 |
| New Buildings | 2.61 |
| Production Efficiency | 5.74 |
| Existing Homes | 1.71 |
| New Homes and Products | 1.99 |
| NEEA | 1.78 |
| <i>Totals</i> | <i>19.09</i> |

According to the Energy Trust, the acquisition costs of efficiency are projected to be higher in 2013 than 2012 as a result of reduced potential energy savings available due to the impacts of updated codes, standards and revised baseline equipment saturations.

The Company notes that the cost/aMW in 2012 was \$2.14 million/aMW, compared to the 2013 acquisition costs, based on the 19.09 aMW proposed target, of \$2.42 million/aMW. This is an increase of \$0.28 million/aMW, or 13 percent. Table 2 provides an overall summary of the energy efficiency funding for PacifiCorp's Oregon service territory.

Table 2. Proposed Oregon Energy Efficiency Funding (\$ millions)

| | 2013 |
|------------------------------------------------|----------------|
| Public Purpose Charge (projected) | \$19.93 |
| Current Energy Conservation Charge Funding | \$24.92 |
| Incremental Energy Conservation Charge funding | \$2.04 |
| Total Energy Conservation Charge Funding | \$26.96 |
| <i>Total Oregon Energy Efficiency Funding</i> | <i>\$46.89</i> |

The Company's 2013 Integrated Resource Plan (IRP) modeling is underway but not complete. Therefore, the 2013 savings targets are not fully informed by a final IRP preferred portfolio. The Company will reanalyze the 2013 funding levels after the 2013 IRP is filed with the Commission and a final 2013 target is available. The Company will work with the ETO to determine if any further revisions to the Energy Conservation Charge would be appropriate.

The Company proposes to continue to retain four percent of the funds collected through the Energy Conservation Charge to perform tasks in support of ETO programs.

Staff has reviewed the Company's submittal and is supportive of increasing the Schedule 297 tariff rate by 8 percent to acquire the total target of 19.09 aMW in PacifiCorp territory in 2013.

PROPOSED COMMISSION MOTION:

PacifiCorp's revised Schedule 297 tariff, as described in Advice No. 12-020, go into effect January 1, 2013.