

PacifiCorp

2009 Annual Review of DSM Programs - California

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Introduction

PacifiCorp, d.b.a. Pacific Power, (“PacifiCorp” or “Company”) works with its customers to reduce the need for investment in supply-side resources and infrastructure by reducing energy and peak consumption through cost-effective energy efficiency programs.

PacifiCorp currently offers three energy efficiency programs in California approved by the California Public Utilities Commission (“Commission”), with expenditures associated with these programs recovered through the Surcharge to Fund Public Purpose Programs, Schedule S-191.

This report provides details on program results and activities, expenditures and Schedule S-191 revenue for the performance period from January 1, 2009 through December 31, 2009. Program results are summarized in Table 1 below.

Table 1¹

2009 Total Portfolio Performance

Total Revenues Collected	\$ 1,865,337
Expenditures	\$ 816,551
kWh/Yr Savings (Gross - At Generation)	2,752,831

As shown in Table 1 above, in 2009, PacifiCorp acquired resources through its energy efficiency program activity totaling 2,752,831 kWh/year in California (at generation).

¹ Please see Note 2 on following page for complete explanation of Net to Gross and Line Loss Assumptions.

2009 Performance and Activity

Table 2 below shows savings by program and by sector acquired by PacifiCorp's California energy efficiency programs in 2009².

Table 2 – 2009 Performance

California Energy Efficiency Results by Program and Sector - 2009

Program	Units	kWh/Yr Savings (at site)	kWh/Yr Savings (at generator)	Public Purpose Charge Expenditures
Low Income Weatherization	275	256,886	285,657	\$ 350,923.56
Home Energy Savings (D-118)	3,375	1,160,564	1,290,547	\$ 237,622.03
Total Residential	3,650	1,417,450	1,576,204	\$ 588,545.59
Energy FinAnswer (A-125)	2	41,832	46,388	\$ 17,937.02
FinAnswer Express (A-115)	30	986,553	1,093,989	\$ 143,521.22
Total Commercial	32	1,028,385	1,140,376	\$ 161,458.24
Energy FinAnswer (A-125)	1	21,811	23,965	\$ 42,664.55
FinAnswer Express (A-115)	4	11,182	12,286	\$ 23,614.34
Total Industrial and Irrigation	5	32,993	36,251	\$ 66,278.89
Total		2,478,828	2,752,831	\$ 816,282.72
Additional residential expenditures for administration related to prior programs				\$ 267.96
Total Public Purpose Charge expenditures				\$ 816,550.68

Major Trends and Activities

Overall, program participation and savings significantly increased from 2008 levels. In 2008, the Company acquired savings of 524,303 kWh/year compared to the acquisition of 2,752,303 kWh/year in 2009. The Home Energy Savings, FinAnswer Express and Energy FinAnswer programs were launched during May 2008; therefore 2009 represents the first full year of program operations for the entire portfolio. Total program expenditures also increased significantly, from \$326,217 in 2008 to \$816,551 in 2009.

² The savings values in this table are shown prior to any net-to-gross adjustment. The values at generation include line losses between the customer site and the generation source. The Company's assumed line losses by sector are 11.20% for residential, 10.89% for commercial and 9.87% for industrial. These values are based on the Company's 2001 Transmission and Distribution Loss Study by Management Applications Consulting published in June 2004.

Program Changes

The Company proposed changes to the FinAnswer Express (Schedule A-115) Commercial and Industrial program in October 2009. Details of the changes are provided in the Stakeholder Meetings, Communications and Filings section below.

Stakeholder Meetings, Communications and Filings

The Company communicates frequently with stakeholders in California including the Division of Ratepayer Advocates (DRA) and the Commission's Energy Division, regarding the Company's California energy efficiency programs. The primary communications, meetings and filings for 2009 are listed below with brief descriptions.

As part of PacifiCorp's Application ("A.") 07-07-011 for approval of new energy efficiency programs, PacifiCorp agreed to submit to DRA by February 28, 2009, a white paper which set forth PacifiCorp's long term energy efficiency strategic plan for each customer sector through 2020. On January 30, 2009, PacifiCorp provided a Draft of the *Long-term energy efficiency strategic plan for Pacific Power's service territory in California* to DRA for comment, along with three appendices including supporting documentation. On February 28, 2009, PacifiCorp provided DRA and Energy Division with the final white paper, *Long-term energy efficiency strategic plan for Pacific Power's service territory in California* ("California Energy Efficiency Strategic Plan"), pursuant to the terms of the settlement in A.07-07-011. This white paper is posted on the Company's Web site³ and referenced as program changes are proposed.

On March 16, 2009, PacifiCorp filed its *Annual Review of Energy Efficiency Programs in California for 2008* with DRA and the Energy Division.

On October 23, 2009, PacifiCorp provided DRA and Energy Division with information on planned changes to the FinAnswer Express program in California for 2010. The information was provided to allow for feedback and to ensure PacifiCorp's plans are aligned with California's plans for energy efficiency. The changes included: a) the addition of new measures and new measure categories, b) changes to existing measures and c) an increase in incentive levels. Many of the changes were driven by modifications to federal and state codes and standards. The Company requested that the changes become effective on January 1, 2010 to coincide with the effective dates of the modified codes.

³http://www.pacificpower.net/content/dam/pacific_power/doc/Business/Save_Energy_Money/CA_energy_efficiency_strategic_plan_white_paper.pdf

The changes are consistent with the California Energy Efficiency Strategic Plan. Sections of the plan which relate to the FinAnswer Express program changes were identified to highlight action items in the plan that were addressed by the program changes.

As described in Application 07-07-011, PacifiCorp is required to provide notification of program changes on the Company Web site at least 45 days prior to implementation. The Company and Energy Division discussed the planned changes at a teleconference on October 29, 2010. Subsequent to this meeting, the changes were posted on the Company's Web site and changes went into effect on January 1, 2010.

Outreach and Communications

The following outreach, communications and promotional activities occurred to support PacifiCorp's energy efficiency programs in California during 2009. Public Purpose funds were used to support these efforts.

Events

Business Energy Efficiency Breakfasts –

June 9, 2009 Crescent City, California
June 10, 2009 Yreka, California

Trade allies and customers were invited to learn about the resources available to help them save energy and money for themselves and their clients. The focus was the energy efficiency programs for business customers, Energy FinAnswer and FinAnswer Express.

Siskiyou Golden Fair –

August 12 – 16, 2009 Yreka, California

The Company and energy efficiency program delivery contractors staffed a booth at this multi-day event to increase awareness of the energy efficiency programs. The focus was residential programs with business customer materials available.

Advertising

PacifiCorp advertises specific energy efficiency programs. Print advertisements for the refrigerator recycling program ran on several occasions in regional newspapers between February and November 2009, and advertisements regarding the Energy FinAnswer and FinAnswer Express programs ran in March, July and October of 2009.

Bill Inserts

PacifiCorp included information about specific elements of the Home Energy Savings program as inserts in customer bills during the February, May, August and October billing cycles.

Direct Mail

PacifiCorp conducted a direct mail campaign to California business customers during June 2009 that provided information about incentives available through Energy FinAnswer and FinAnswer Express programs.

In addition to these program-specific communications and outreach activities, PacifiCorp also included energy efficiency messages and customer stories in several Company-sponsored communications during 2009. No public purpose funds were used to support the following activities.

Advertising

PacifiCorp included energy efficiency messages in radio and print ads as part of its Customer Awareness campaign that ran from January through May 2009 and in October and November 2009.

Company Newsletter Customer Examples

PacifiCorp provides the Energy Insights (for community leaders and large business customers) and Energy Connections (for mid-sized business customers) newsletters on a quarterly basis. Examples of customer projects supported by the Company's energy efficiency programs are included in these newsletters.

PacifiCorp also provides the Voices newsletter to residential customers nine times per year as an insert with customer bills. Messages about energy efficiency are included in the Voices newsletter.

Web site

The Company's Web site (www.pacificpower.net) includes information on energy efficiency incentive programs, tips and other resources for customers to save energy and money.

Residential Energy Efficiency Programs and Activity

Low Income Weatherization

PacifiCorp partners with local non-profit agencies to provide weatherization services through the Low Income Energy Efficiency (LIEE) Program to income-eligible households at no cost to the service recipient. Details of the LIEE program and the California Alternate Rates for Energy (CARE) program are included in the Annual Low Income Assistance Programs Progress Report that PacifiCorp submits to the Commission each year on or before May 1.

Results for 2009 are provided in Table 3 below.

Table 3

Low Income Weatherization Performance - California	
kWh/Yr Savings (at Site)	241,040
kWh/Yr Savings (at Gen)	285,657
Expenditures - Total	\$ 350,924
Participation - Total # of Completed/Treated Homes	275
Number of Homes Receiving Specific Measures	
Ceiling Insulation	12
Floor Insulation	3
Wall Insulation	-
Weather-stripping	91
Replacement Windows	90
Storm Windows	-
Duct Insulation/Sealing	46
Insulated Doors	58
Attic Ventilation	-
Infiltration	73
Water Pipe Insulation and Sealing	28
Water Heater Repair/Replacement	32
Faucet Aerators	231
Showerheads	190
Programmable Thermostats	14
Furnace Repair/Tune-up/Filters	13
Furnace Replacement	9
Compact Fluorescent Light bulbs (CFL)	1,911
CFL Fixtures	12
Replacement Refrigerators	33
Home Repairs	25
Microwaves	26
Dehumidifiers	5
Cooler Cover	7
Outlet Gaskets	55

Home Energy Savings Incentive Program (Schedule D-118)

The Home Energy Savings program was approved by the Commission effective February 19, 2008 and was made available to customers starting in May 2008. The program offers incentives for the following broad categories of equipment and services:

Appliances and Lighting

- Appliances—washing machines, refrigerators, dishwashers, water heaters
- Lighting—both compact fluorescent lamps (“CFLs”) and fixtures
- Ceiling fans
- Services—refrigerator/freezer and clothes washer recycling

Heating Ventilating and Air Conditioning (“HVAC”) Equipment and Services

- High-efficiency central air conditioning equipment
- Air conditioning equipment tune-ups
- Evaporative coolers
- Duct sealing

New Homes

- Windows and insulation
- Appliances
- Heating and cooling systems, duct sealing

The Home Energy Savings program is designed to leverage the marketing and delivery of energy efficient equipment and services through local business and service providers. Program delivery methods vary based on the type of equipment or service and include the following:

- 1) Manufacturer buy-down for CFLs resulting in the retailer offering a lower price to the customer;
- 2) Scheduled refrigerator/freezer pickup at customer’s home with incentive payment after unit is recycled; and
- 3) Post-purchase application and incentive payment for other types of equipment and services.

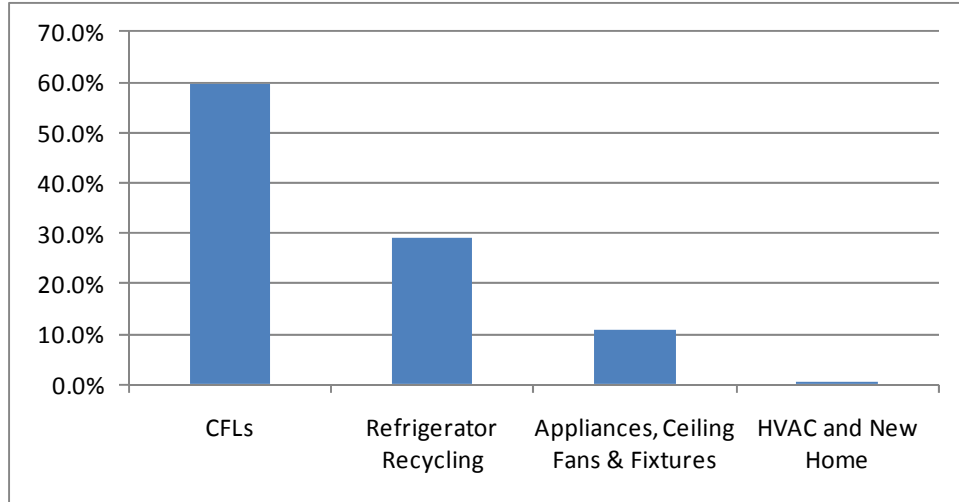
Calendar year 2009 was the first full year of program performance. Program expenditures (including incentives), kWh savings and incentives paid are outlined in the table below. Incentives paid reflect only payments to end-use customers; Expenditures include costs of recycling and incentives paid to retailers, contractors and manufacturers.

Table 4

2009 Home Energy Savings Program Performance

kWh/Yr Savings 2009 (Gross - At Gen)	1,290,547
Expenditures	\$ 237,622
Incentives Paid	\$ 67,930

Table 5
2009 Home Energy Savings Program Percent Savings by Measure Category



Details of 2009 measure level participation and savings are provided in Table 6 below.

Table 6
2009 Home Energy Savings Measure Performance

Home Energy Savings Measures	Unit	# of Units	Participants	kWh/Yr
	Measure			Savings
(Gross - At Site)				
Ceiling Fans	Units	1	1	105
Clothes Washer-Tier One	Units	64	64	17,552
Clothes Washer-Tier Two	Units	305	305	89,553
Clothes Washer Recycling	Units	0	0	0
Dishwasher	Units	76	76	6,439
Electric Water Heater	Units	13	13	2,292
Refrigerator	Units	169	169	9,858
Fixtures	Fixtures	15	7	1,380
Total Appliances, Ceiling Fans and Fixtures		643	635	127,179
Evaporative Cooler	Units	0	0	0
AC/HP Tune-Up	Projects	7	7	574
Central A/C Equipment	Units	0	0	0
Duct Sealing	Projects	3	3	153
New Homes-Electric	Homes	0	0	0
New Homes-Gas	Homes	0	0	0
Total HVAC, Evaporative Cooling & New Home		10	10	727
Refrigerator Recycling	Units	260	236	339,465
CFLs	Bulbs	24,409	2,441	693,193
Totals		25,322	3,322	1,160,564
kWh/Yr Savings at Generation				1,290,547

Note: CFL Participation based on 10 bulbs per participant

Table 7

Refrigerator Recycling Measure Details - 2009

Refrigerator Recycling Measure	Unit Count	Per Unit Savings (kWh/Yr)	Gross Savings (kWh/Yr) at Site
Refrigerator	211	1,149	242,439
Freezer	49	1,590	77,910
Total Units Recycled	260		320,349
Energy Savings Kits	236	81	19,116
		Total	339,465

The refrigerator recycling portion of the program includes pick up and recycling of up to two refrigerator/freezer units and delivery of an energy savings kit that includes two CFLs, a refrigerator thermometer and a brochure with energy saving tips.

Program Changes

Enhancements to the Home Energy Savings program are planned to be introduced during calendar year 2010. The enhancements align with PacifiCorp's California Energy Efficiency Strategic Plan and include the addition of advanced lighting technologies. Changes also include new incentive measures and changes to existing measures driven by increased codes and standards. The changes are generally designed to increase program participation.

Non-Residential Energy Efficiency Programs and Activity

FinAnswer Express (Schedule A-115)

This program is for typical lighting, HVAC, premium efficiency motor and other retrofits or new installations which increase energy efficiency. The program offering includes an expedited energy analysis and pre-calculated incentives based on the equipment installed (\$/fixture, \$/motor, \$/ton, etc.). The program is marketed primarily through trade allies, PacifiCorp staff, the program Web site (<http://www.pacificpower.net/wattsmart>), and other outreach efforts including print advertising.

Program expenditures (including incentives), kWh savings and incentives paid are outlined in the table below. Incentives paid reflect payments to end-use customers; expenditures include support provided to equipment suppliers and contractors.

Table 8

2009 FinAnswer Express Program Performance

kWh/Yr Savings 2009 (Gross - At Gen)	1,106,275
Expenditures	\$ 167,136
Incentives Paid	\$ 63,832

Details of program savings by measure type are provided in the table below. kWh savings in Table 9 do not include line losses. The percentage of savings attributable to each measure group is not affected by line losses.

Table 9

2009 Savings by Measure Group

Measure Group	Savings (kWh/Yr) at Site	% of Total
Lighting	910,395	91%
Non-Lighting	87,340	9%
	<u>997,735</u>	

Major Trends and Activities

Pacific Power Energy Efficiency Alliance

During 2009, the Company continued to support the Pacific Power Energy Efficiency Alliance, a trade ally network which provides support to distributors and contractors who participate in offering the Company's energy efficiency programs. Distributors, contractors and others are recruited, approved and

trained on the Company's programs. Upon approval, trade allies can promote the programs and are listed on the Company's program Web site as a participating vendor. In June 2009, PacifiCorp held vendor meetings to review the FinAnswer Express program and the support available for participating vendors. By the end of 2009, 18 unique⁴ vendors had been approved and trained on the program.

Program Changes

As previously noted, program changes were proposed by PacifiCorp in October 2009. The changes were posted for notification on November 16, 2009 and became effective on January 1, 2010. The primary changes include:

- Addition of new measure categories (Food service, Dairy and Farm Equipment, and Compressed Air)
- Addition of new measures to existing categories (Lighting and Lighting Controls, Motors, HVAC, Building Envelope, Appliances, Irrigation and Network PC Power Management)
- Modifications to certain measures (Lighting, Motors, HVAC, Refrigeration, Irrigation and Custom Measures)

Energy FinAnswer (Schedule A-125)

This program is for more complex retrofits and new construction. The program offering includes:

- a vendor-neutral, investment-grade energy analysis to identify energy efficiency opportunities, and
- cash incentives equal to \$0.12 per kWh annual energy savings plus \$50 per kW average monthly demand savings (up to 50% of project costs)

Incentives offered through this program are subject to a cap that prevents the incentive from bringing the payback period for a project below one year. Lighting energy savings per project are capped because lighting-only projects are handled through the FinAnswer Express program. The program includes a commissioning requirement and a post-installation verification to document the energy savings and measure costs for installed measures.

For comprehensive new construction and major renovation projects where the whole building exceeds energy code by at least 10%, the following services and incentives are available: design assistance, design team incentives, and a sliding scale incentive formula that provides a higher incentive rate for projects based on the percentage that a project exceeds energy code.

⁴ Several vendors participate in more than one technology category.

The program is marketed primarily via PacifiCorp account managers, trade allies, the program Web site (<http://www.pacificpower.net/wattsmart>), Energy FinAnswer consultants and project staff. Other leads come via word-of-mouth, past participants and other company outreach efforts.

Program expenditures (including incentives), kWh savings and incentives paid are outlined in Table 10 below. Incentives paid reflect payments to end-use customers; expenditures include expenses related to site-specific energy engineering work, program design, marketing and administration.

Table 10

2009 Energy FinAnswer Program Performance

kWh/Yr Savings 2009 (Gross - At Gen)	70,352
Expenditures	\$ 60,602
Incentives Paid	\$ 8,306

Details of program savings by measure type are provided on Table 11 below. kWh savings in Table 11 do not include line losses. The percentage of savings attributable to each measure group is not affected by line losses.

Table 11

2009 Savings by Measure Group

Measure Group	Savings (kWh/Yr) at Site	% of Total
Pumps	39,588	62%
HVAC	22,288	35%
Lighting	1,767	3%
	<hr/> 63,643	

Surcharge to Fund Public Purpose Programs Balancing Account Summary

Table 12 below shows 2009 Public Purpose Surcharge (S-191) monthly expenditures and revenues.

Table 12

2009 Public Purpose Account Report

Month	Expenditures	S-191 Revenue	Net Accrual	Balance
Dec-08				\$ 1,001,355
Jan-09	\$ (9,430)	\$ 112,173	\$ 13,500	\$ 1,117,597
Feb-09	\$ (35,075)	\$ 154,460	\$ 27,500	\$ 1,264,482
Mar-09	\$ (72,072)	\$ 177,076	\$ 50,000	\$ 1,419,486
Apr-09	\$ (41,889)	\$ 167,410	\$ (25,000)	\$ 1,520,007
May-09	\$ (36,810)	\$ 148,181	\$ (10,000)	\$ 1,621,379
Jun-09	\$ (81,055)	\$ 159,073	\$ (1,000)	\$ 1,698,397
Jul-09	\$ (51,113)	\$ 156,453	\$ 8,000	\$ 1,811,737
Aug-09	\$ (71,204)	\$ 171,495	\$ 10,000	\$ 1,922,027
Sep-09	\$ (57,906)	\$ 172,717	\$ (5,000)	\$ 2,031,838
Oct-09	\$ (98,376)	\$ 159,357	\$ (2,000)	\$ 2,090,819
Nov-09	\$ (73,469)	\$ 143,853	\$ (25,000)	\$ 2,136,202
Dec-09	\$ (188,151)	\$ 143,090	\$ 8,000	\$ 2,099,141
2009 Total	\$ (816,551)	\$ 1,865,337	\$ 49,000	\$ 2,099,141

Column Explanations:

Expenditures: Monthly expenditures for approved energy efficiency programs

S-191 Revenue: Revenue collected through Schedule S-191, Public Purpose Charge.

Net Accrual: Two accrual entries are made each month. The first estimates revenues to be received that month, and the second reverses the estimate from the previous month. The amount shown here is the net of the two entries

Balance: Current balance of the account. A running total of account activities. If more is collected in Revenue than is spent in Monthly Program Costs for a given month, then the Balance will be increased by the net amount. A positive balance means cumulative revenue exceeds cumulative expenditures; a negative balance means cumulative expenditures exceed cumulative revenue.

During calendar year 2009, the balance in the Public Purpose account increased by \$1,097,786. Therefore, PacifiCorp collected \$1.097 million more than was spent on program delivery during the year. Program expenditures increased more than \$490,000 or 150% from 2008 to 2009, and further enhancements designed to increase program participation are planned.