

PacifiCorp

Annual Review

of

Energy Efficiency Programs

in

California for 2008

March 16, 2009

Table of Contents

Summary	Page 3
Residential Programs	
Low Income Weatherization	Page 4
Home Energy Savings Program (Schedule D-118)	Page 4
Commercial, Industrial & Irrigation Programs	
FinAnswer Express (Schedule A-115)	Page 7
Energy FinAnswer (Schedule A-125)	Page 7
Commercial Sector	Page 8
Industrial and Irrigation Sector	Page 8
Summary of Surcharge to Fund Public Purpose Programs (Schedule S-191)	Page 9

SUMMARY

In 2008, PacifiCorp achieved energy savings of **524,303 kWh/year**¹ through its energy efficiency programs offered to California customers. Table 1 below summarizes the 2008 results by program and sector.

Table 1: 2008 Energy Efficiency Results by Program and Sector

Program	Units²	kWh/yr (at site)	kWh/yr (at generator)	Public Purpose Charge Expenditures
Low Income Weatherization	51	48,450	54,561	\$ 142,177.09
Home Energy Savings (D-118)	941	307,183	345,927	\$ 75,292.16
Total Residential	992	355,633	400,488	\$ 217,469.25
Energy FinAnswer (A-125)	0	0	0	\$ 6,064.07
FinAnswer Express (A-115)	4	104,453	117,218	\$ 50,382.42
Total Commercial	4	104,453	117,218	\$ 56,446.49
Energy FinAnswer (A-125)	1	5,473	6,073	\$ 37,051.18
FinAnswer Express (A-115)	1	473	525	\$ 14,678.33
Total Industrial and Irrigation	2	5,946	6,597	\$ 51,729.51
Total		466,032	524,303	\$ 325,645.25
Residential expenditures for administration related to prior programs				\$ 572.16
Total Public Purpose Charge expenditures				\$ 326,217.41

The Home Energy Savings, FinAnswer Express and Energy FinAnswer programs were launched in May 2008 upon approval by the California Public Utilities Commission (CPUC)³. Accordingly, the results above reflect a partial year of operation and initial program ramp-up.

¹ Savings reported are gross savings, prior to net-to-gross adjustment. The savings are shown at both the customer site and at the generator. Line loss assumptions used to calculate savings at the generator are taken from the PacifiCorp 2004 Electric Operations Loss Study prepared by Management Applications Consulting.

² Unit counts represent participant counts with the exception of the Home Energy Savings refrigerator recycling measures, where the count reflects the number of refrigerators and freezers recycled. Detailed unit and participant count information by program is provided in this report.

³ The programs were approved April 24, 2008, with an effective date of February 19, 2008.

RESIDENTIAL PROGRAMS

Low-Income Weatherization

PacifiCorp provides low-income weatherization services through the Low Income Energy Efficiency (LIEE) Program. Information on the LIEE program and the California Alternate Rates for Energy (CARE) program is included in the Annual Low Income Assistance Programs Progress Report that PacifiCorp submits to the CPUC each year on or before May 1.

Home Energy Savings Program (Schedule D-118)

The Home Energy Savings program was approved by the CPUC effective February 19, 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

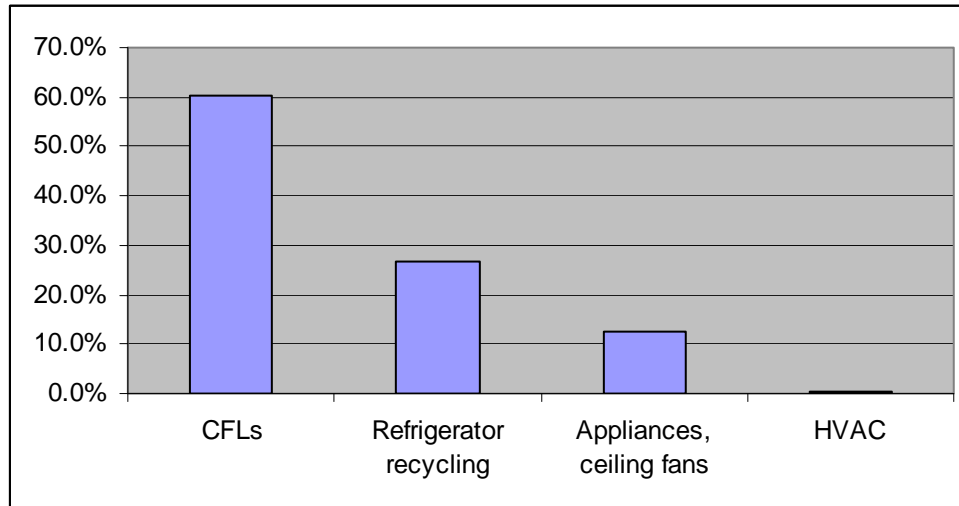
- Windows, insulation
- Appliances
- Heating and cooling systems, duct sealing

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 all other types of equipment and services.

The charts below show the percentage of 2008 energy savings results by measure category, and participation and gross savings by measure achieved by the Home Energy Savings program. The bulk of the savings in 2008 came from lighting and refrigerator recycling.

2008 Home Energy Savings Program Percent Savings by Measure Category



2008 Home Energy Savings Program Participation and Savings by Measure

Measure	Units	Participants	Gross kWh/yr (at customer site)	Percent of Total
CFLs	6,858	686	185,509	60.4%
Refrigerator Recycling	62	52	82,506	26.9%
Clothes Washer Tier 1 Units (MEF 1.72-1.99)	21	21	5,752	
Clothes Washer Tier 2 Units (MEF 2.0+)	93	93	27,256	
Refrigerator	47	47	2,781	
Dishwasher	25	25	1,683	
Electric Water Heater	2	2	286	
Ceiling Fans	4	2	420	
Appliances, Ceiling Fan Total	192	190	38,178	12.4%
Evaporative Cooling, HVAC	3	3	990	0.3%
Totals	7,115	931	307,183	100%

Note: the participant count for CFLs assumes 10 CFLs per participant.

Refrigerator Recycling Measures Detail

Refrigerator Recycling Measure	Unit count	Per Unit Savings (kWh/yr)	Gross savings (kWh/yr)
Refrigerators recycled	46	1,149	52,854
Freezers recycled	16	1,590	25,440
Total units recycled	62		78,294
Energy Savings Kit ⁴	52	81	4,212
Total			82,506

2008 Home Energy Savings Program Highlights

California Customer Survey

A survey was conducted to determine the effectiveness of program marketing efforts and ease of program participation, and to obtain feedback for improvements to the program. Overall, the results of the survey were positive. The program administrator contacted 21% of the customers who applied for participation in the program. Based on results compiled in November 2008, nearly 80% of customers felt that the program was easy to participate in and were very satisfied with their experience. 90% of participants said that they found out about the program from a retailer, confirming the need to continue to develop solid relationships with our retail partners.

It's a Green Day

PacifiCorp was a prime sponsor of "It's a Green Day," held at the Del Norte County Fairgrounds in November 2008. The event, co-sponsored by the Del Norte Solid Waste Management Authority in conjunction with The Daily Triplicate, highlighted energy efficient practices for consumers and contractors. Approximately 400 people attended.

COMMERCIAL, INDUSTRIAL & IRRIGATION PROGRAMS

The Company offers two programs for commercial, industrial and irrigation customers:

- FinAnswer Express (Schedule A-115)
- Energy FinAnswer (Schedule A-125)

These programs were approved by the CPUC effective February 19, 2008. Below are descriptions of the programs and highlights from 2008.

⁴ Each participating household receives an energy savings kit that contains two compact fluorescent lamps (CFLs), a refrigerator thermometer strip, a pamphlet with information on ways to save energy in the home (the Pacific Power Bright Ideas booklet), and a letter from Pacific Power. The energy savings reported is based on the CFLs.

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, our Web site (pacificpower.net/casave), and other outreach efforts including print advertising.

During 2008, the Company initiated 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 were recruited and trained on the Company’s programs. Upon completing training, trade allies can promote the programs and are listed on the Company’s program Web site as a participating vendor. In June 2008, PacifiCorp held kickoff vendor meetings to introduce the FinAnswer Express program and the support available for participating vendors. By the end of 2008, 10 unique⁵ vendors had been approved and trained on the program. Below is a summary of these vendors by technology and vendor type:

	Contractors	Distributors	Total
Lighting	4	2	6
HVAC	4	0	4
Motors	3	1	4
Total	11	3	14

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

⁵ Three vendors signed up to participate in more than one technology category.

that provides a higher incentive rate for projects based on the percentage that a project exceeds energy code.

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

Table 1 on page 3 includes savings documented based on post-installation results for each project installed in 2008. Savings for FinAnswer Express premium efficiency motors are based on deemed values. The participant counts for FinAnswer Express in 2008 reflect incentive applications or projects completed in 2008.

Commercial Sector Results for 2008

FinAnswer Express Commercial - Installed Project Savings by Measure Type

Project type	Measure	Participant Count	Gross kWh/yr savings (at site)	Gross KW savings (at site)
Retrofit	Lighting	4	104,453	19

One additional commercial Energy FinAnswer participant received program services but did not complete their project as of the end of 2008. The measures for this project include high-efficiency lighting, skylights, and high-efficiency HVAC.

Industrial and Irrigation Sector Results for 2008

FinAnswer Express Industrial - Installed Project Savings by Measure Type

Project type	Measure	Participant Count	Gross kWh/yr savings (at site)	Gross KW savings (at site)
Retrofit	Lighting	1	473	0

Energy FinAnswer Industrial - Installed Project Savings by Measure Type

Project type	Measure	Participant Count	Gross kWh/yr savings (at site)	Gross KW savings (at site)
Retrofit	Irrigation pump variable frequency drive (VFD)	1	5,473	0

In addition to the installed Energy FinAnswer project, there were eight industrial and irrigation Energy FinAnswer participants who received program services but did not

complete their projects as of the end of 2008. The measures for these projects include irrigation system improvements and variable frequency drives for fan and pump motors.

SURCHARGE TO FUND PUBLIC PURPOSE PROGRAMS

Table 2 below shows 2008 Public Purpose Surcharge monthly expenditures and revenues.

Table 2: Public Purpose Account Report

Month	Expenditures	S-191 Revenue	Net Accrual ⁶	Balance
Dec-07				\$248,987
Jan-08	(\$3,182)	\$20,441	\$2,500	\$268,747
Feb-08	(\$4,069)	\$22,516	\$1,000	\$288,194
Mar-08	(\$3,168)	\$21,012	\$1,500	\$307,538
Apr-08	(\$5,923)	\$18,740	(\$4,000)	\$316,355
May-08	(\$9,907)	\$18,401	\$500	\$325,349
Jun-08	(\$37,628)	\$20,914	\$1,000	\$309,634
Jul-08	(\$26,860)	\$21,552	\$2,000	\$306,326
Aug-08	(\$46,116)	\$24,144	\$2,000	\$286,355
Sep-08	(\$34,384)	\$22,936	(\$500)	\$274,407
Oct-08	(\$51,366)	\$22,215	(\$500)	\$244,756
Nov-08 ⁷	(\$19,810)	\$688,110	\$68,500	\$981,556
Dec-08	(\$83,805)	\$96,104	\$7,500	\$1,001,355
2008 Total	(\$326,217)	\$997,085	\$81,500	\$1,001,355

2008 Filings Summary

Advice Letter 359-E

This was a compliance filing related to the approval of Application 07-07-011. This increased the Schedule S-191 collection rate to implement the programs described in this report, including Home Energy Savings, Energy FinAnswer and FinAnswer Express. This advice letter was approved on April 24, 2008 with an effective date of February 19, 2008.

Application 08-06-031, Decision 08-12-019

On December 4, 2008, the CPUC granted PacifiCorp a significant increase in funding for its CARE and LIEE programs in order to expand the number of customers served. These rates became effective January 1, 2009.

⁶ 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.

⁷ The Schedule S-191 collection rate was increased effective February 19, 2008, but due to an oversight, was not recorded in the Company accounting records until November 2008. The large November entry for Schedule S-191 Revenue represents the cumulative collection due to the increase from February through November 2008.