



Oregon

Theodore R. Kulongoski, Governor



OREGON
DEPARTMENT OF
ENERGY

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June 24, 2004

Mr. Lee Sparling
Ms. Janet Fairchild
Public Utility Commission
555 Capitol Street NE, Suite 215
Utility Program
Salem, OR 97308-2148

Dear Colleagues:

Thank you for the opportunity to provide comments on the draft Performance Measures you have proposed for use in monitoring how effectively the Energy Trust of Oregon (ETO) is spending its share of the public benefits funds collected under Senate Bill 1149. Our specific comments are noted below for each measure.

Measure 1 – Financial Integrity

We support the PUC position.

Measure 2 – Operation Efficiency and Effectiveness

2.1 – Annual/biennial performance audit – We support the PUC position.

2.2 – Customer satisfaction surveys – We support the PUC position.

2.3 – Administrative costs – The basis for the administrative cost performance measure should be Item #5 in the Memorandum of Understanding between the PUC, ODOE and ETO. This provision states that the PUC shall consult with ODOE and ETO to develop a **common measure** of administrative cost for all uses of the public purpose funds collected under ORS 757.612. The purpose of the common measure is so the Legislature can compare the relative administrative effectiveness of the various program implementers. We believe that in simplest form this common measure is likely to be a template that captures the administrative costs as agreed upon by those organizations that implement SB 1149. The template must be detailed and specific to eliminate interpretation. In our opinion the criteria offered by PUC staff **does not** define a common measure and allow for comparison among program implementers. We would be happy to work with staff to develop such a template.

2.4 – Savings Targets – The electricity, natural gas, and renewable resource targets, established in 4a, 4b, and 4c are acceptable. One concern we have is how the savings will be calculated. Residential and small commercial projects can be started and completed in the same year. Savings can then be tabulated by year-end relatively easily. This is not the case for large commercial and industrial projects. These projects can take many months to implement making the timing of how to assign savings for purposes of the performance measures problematic. It may be useful to negotiate up front with ETO on a program-by-program basis how

the energy savings will be calculated and applied against the performance measures so as to avoid painful and adversarial disputes later on.

Performance Measure 3 – Equitable Distribution of Programs

We agree that this is an important issue. Senate Bill 1149 requires that there be a balance of activity between PGE service territory and Pacific service territory. We recommend that the PUC add a measure that quantifies this balance by requiring 40 percent of the activity occur in each service territory.

This concludes our comments. Please contact me at 503.378.5268 if I can be of further assistance.

Sincerely,

A handwritten signature in black ink that reads "William P. Nesmith". The signature is written in a cursive style with a prominent initial 'W'.

William P. Nesmith
Assistant Director
for Conservation