

March 9, 2012

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

Oregon Public Utility Commission  
550 Capitol Street NE, Ste 215  
Salem, OR 97301-2551

Attn: Filing Center

**RE: UM 1158 – Comments of Pacific Power on the Proposed 2012 Performance Measures of the Energy Trust of Oregon**

Pacific Power appreciates the opportunity to provide comments on the proposed 2012 performance measures which are intended to clearly define the Commission's minimum expectation of the Energy Trust of Oregon ("ETO") performance. Current and well defined metrics help all parties assess performance and incorporate changes as required.

Electric efficiency performance targets:

- Pacific Power recommends that the electric utility targets be disaggregated into Pacific Power and Portland General Electric components and that performance against each be evaluated. Pacific Power relies on energy efficiency as part of its integrated resource plan (IRP) to meet the electrical requirements of its customers. Assessing overall performance could lead to a situation where overall performance is acceptable, but achievement in each utility's service area is not. Since ETO targets represent a minimum level of expected results within Pacific Power's IRP, it is reasonable to disaggregate and separately evaluate these components.
- Pacific Power also recommends that the minimum acquisition metric be set consistent with the Company's IRP target for Oregon. Substantial collaborative effort has been invested in aligning goal nomenclature and identifying cost effective resources throughout the planning processes of both the ETO and the Company. In addition, substantial efforts are invested annually in developing delivery budgets that include providing funds beyond the costs to achieve the minimum planning targets. After ten years of collective achievements with the ETO, Pacific Power believes the bar should be increasing for the metrics, and that a minimum metric or target that is less than the expected IRP target is not reasonable.
- Lastly, for transparency and to aid reporting of results, Pacific Power recommends these targets be annotated to indicate if they are net or gross, and if they include the impacts of line losses. All assumptions and assumption sources should be specified.

Pacific Power is in support of the performance targets with the recommended changes indicated above. These targets and budgets were established in alignment with the ETO's proposed action plan for 2012 - 2013. If there are material changes in how the savings are achieved in 2012, including modification of the current fuel neutrality policy, the Company would not support including those savings towards the satisfaction of the ETO's 2012 targets. Further, if any such revision is made, it should originate in the planning process and be fully developed at a minimum in the year prior to the year in which savings are proposed to be counted against the targets, and preferably during a refresh to the conservation potential assessment process.

Levelized Cost:

- Pacific Power agrees levelized cost is an important measure of delivery performance, and is useful as a quick comparison for resource costs. However, it is unclear to Pacific Power if these metrics are to be calculated as 10 percent above the proposed minimum targets as defined in the previous section (IRP targets less 10 percent), or 10 percent above the conservative/IRP targets. If it is the latter, it appears there is actually a 20 percent band around these levelized costs. Pacific Power recommends this be clarified to include only a 10 percent band and to tie explicitly to the minimum targets. Since this is an important metric, but is ultimately a calculation that is sensitive to input assumptions, Pacific Power recommends that the discount rate and aggregate portfolio measure life assumption used be annotated as part of the metric. In addition, we recommend that if the underlying measure lives are changed, and result in an aggregate portfolio measure life greater than one year or the discount rate changes during the reporting period, that the changes and report metrics be reported under both old and new input assumptions.

In conclusion, Pacific Power supports the move to an annual set of metrics, and appreciates the opportunity to provide these comments as part of the continuous efforts to improve the overall Oregon energy efficiency infrastructure. The ETO's delivery of a consistent level of firm cost-effective energy efficiency results over the past ten years has been a valuable least cost resource for Pacific Power's customers.

Please contact Bryce Dalley, Director, Regulatory Affairs and Revenue Requirement, at (503) 813-6389 for questions on this matter.

Sincerely,



William R. Griffith  
Vice President, Regulation

Enclosure

cc: Service list in UM 1158

### CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing comments on the parties of record for Docket UM 1158, on the date indicated below by email and US mail (unless paper service is waived), addressed to said parties at his or her last-known address(es) indicated below.

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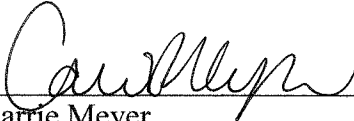
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DATED: March 9, 2012

  
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