

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1158

In the Matter of	)	
	)	
ENERGY TRUST OF OREGON	)	MEMORANDUM
	)	
Recommendations for Performance	)	
Measures.	)	

At the July 6, 2004 Public Meeting, the Commission provided the opportunity for interested persons to submit additional comments on the Commission Staff's (Staff) recommendations for performance measures for the Energy Trust of Oregon (ETO). In a subsequent ruling, I adopted a schedule requiring such comments to be filed on August 5, 2004, and clarified that the Commission would be addressing this matter at the August 17, 2004 Public Meeting.

To assist the Commission in resolving this matter, the Commissioners ask the UM 1158 participants to include discussion of the italicized questions in their August 5 comments:

**I. Measures v. Conditions**

The ETO's performance on some measures, such as receiving an unqualified audit opinion and ensuring that at least 80 percent of the conservation funds will be spent in the service territory where they were collected, can be characterized as a pass-fail requirement. Performance on other measures, such as the savings and cost measures, falls more on a continuum. The Commission is inclined to distinguish pass-fail measures as conditions that must be met, as opposed to targets that may not be met under certain circumstances.

*Should any of the performance measures discussed in Staff's June 29th public meeting memorandum be restated as conditions that must be met to avoid issuance of a Notice of Concern? Should any other conditions be added?*

**II. Individual Program Performance**

Staff's recommendation focuses on overall energy efficiency and renewable resource performance, as opposed to individual program performance. Performance targets could also be set for individual programs (other than a pilot, an experimental program or a program in early stages of operations). A program is cost-

effective if its cost per kWh or therm saved is less than the estimated cost avoided by saving the kWh or therm. This test can also be stated as a requirement that the benefit-cost ratio exceed one.

*Should individual energy efficiency programs be subject to a cost-effectiveness condition? If so, what actions should the Commission take if an individual program (other than a pilot, experimental program or a program in early stages of operation) is not cost-effective? What is a reasonable period of time to establish a program?*

### **III. Minimum vs. Superior Performance**

Staff's proposed targets are set to signal deficient performance that may warrant a Notice of Concern. Targets could also be set to indicate good performance by the ETO relative to utilities (past and present) and comparable organizations. ETO performance better than these targets might be strong evidence that the grant agreement should be extended. The Commission is interested in exploring the adoption of both types of targets.

*Should more than one target level be established for some performance measures? What action should the Commission take if the ETO fails to meet minimum performance targets?*

### **IV. Grant Agreement**

Including the performance measures in the grant agreement would ensure that the Commission's expectations are clearly stated and conveyed to the ETO and others. Since the targets may well change from year to year (e.g., to reflect a changing mix of energy efficiency programs or measures), the grant agreement could include a description of the measures and a process for setting and revising targets and reviewing performance.

*How and when should performance measures be incorporated into the grant agreement?*

### **V. Customer Satisfaction**

Staff recommended that the customer satisfaction target be set at a 75 percent approval rating, based apparently on the ETO's reference to the Chartwell report.

*How should customer satisfaction be measured? What alternative measures should be considered? If Staff's recommendation is adopted, how should the percentage approval rating be calculated? Is 75 percent a reasonable figure?*

As previously indicated, written comments should be directed to the Administrative Hearings Division, Public Utility Commission of Oregon, Docket UM 1158, PO Box 2148, Salem, Oregon 97308-2148. Persons submitting reply comments must file an original and five copies, as well as an electronic version of the document in either Word file format or Adobe Acrobat. Electronic copies should be submitted as an attachment to an e-mail sent to [carol.hulse@state.or.us](mailto:carol.hulse@state.or.us). Other persons will be able to view the electronic copies via the agency's website.

Dated at Salem, Oregon, this 26th day of July, 2004.

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**Michael Grant**  
Administrative Law Judge