

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1158(3)

In the Matter of)	
)	
ENERGY TRUST OF OREGON)	ORDER
)	
Recommendations for 2007 Performance Measures.)	

DISPOSITION: 2007 PERFORMANCE MEASURES ADOPTED

At its Public Meeting on December 19, 2006, Staff presented to the Public Utility Commission of Oregon (Commission) the Proposed 2007 Performance Measures for the Energy Trust of Oregon (ETO). The performance measures and targets clearly define the Commission's minimum expectations of the ETO's performance. The Commission adopted 2006 performance measures for the Energy Trust in Order No. 05-920.

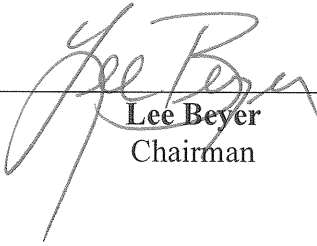
The Energy Trust has presented results for the first two quarters of Calendar year 2006 to the Commission and has demonstrated their actual performance exceeds the performance targets. The Energy Trust has forecasted their end of year results and those also exceed the performance targets. A description of the Proposed 2007 Performance Measures and discussion of the procedural history is contained in the Staff Report, attached as Appendix A and incorporated by reference.

At the December 19, 2006, Public Meeting, the Commission adopted Staff's Recommendation, and approved the Proposed 2007 Performance Measures to assess the performance of the Energy Trust of Oregon for 2007.

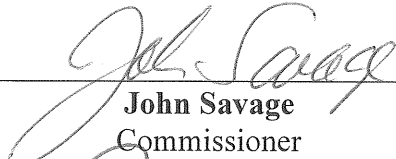
ORDER

IT IS ORDERED that the Proposed 2007 Performance Measures for the Energy Trust of Oregon are adopted.

Made, entered and effective DEC 21 2006.



Lee Beyer
Chairman



John Savage
Commissioner



Ray Baum
Commissioner



A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

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Industrial Customers of Northwest Utilities (ICNU) contacted Staff to express its support for this proposal. The Energy Trust is comfortable with this proposal with one caveat. The performance measure for gas efficiency (specifically, levelized cost) may be unrealistic and actually limit penetration in the gas efficiency market. The Energy Trust requests the following footnote be added to the gas performance measures. "Subject to change based on analysis in 2007 of program implementation experience, expanded gas utility participation and other factors." No other parties provided comments on this proposal.

Staff believes a thorough reevaluation of the performance measures in early 2007 is appropriate for two reasons:

- The addition of Cascade and Avista natural gas utilities will impact the target for total therms saved. Their input is also needed for review of cost effectiveness.
- The energy efficiency and renewables market is changing rapidly and benchmarks need to be updated.

PROPOSED COMMISSION MOTION:

The performance measures and targets stated in Attachment A be used in evaluating the performance of the Energy Trust of Oregon during calendar year 2007.

ETO 2007 PerfMeasures PMMemo.doc

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Attachment A
Proposed 2007 Performance Measures for the
Energy Trust of Oregon
December 8, 2006

The following performance measures and targets are intended to clearly define the Commission's minimum expectation of the Energy Trust of Oregon (Energy Trust or the Trust) performance. Should the Trust fail to meet these performance targets, the Commission will consider issuing a Notice of Concern pursuant to the Grant Agreement between the Commission and the Trust.

Savings targets for energy efficiency programs and development targets for renewable resource programs are set at an aggregated level rather than at a sector level to allow the Energy Trust flexibility to pursue programs in different sectors as market forces and technological advances would dictate. Implicit in these target levels is the assumption that Energy Trust will provide programs for all customer sectors, including those that have historically been underserved.

As part of our ongoing oversight of the Trust, the Commission will evaluate past utility performance and program performance by conservation and renewable resource programs across the country for use as a rough yardstick for Trust activities.

Electric Efficiency Performance Targets:

The Commission expects the Trust to obtain electricity efficiency savings of at least 20 MWh, computed on a three-year rolling average.

The Commission expects the Trust to obtain electricity efficiency savings at an average levelized life-cycle Trust cost of not more than two cents per kWh.

Natural Gas Efficiency Performance Targets:¹

The Commission expects the Trust to obtain natural gas efficiency savings of at least 700,000 therms, computed on a three-year rolling average.

The Commission expects the Trust to obtain natural gas efficiency savings at an average levelized life-cycle Trust cost of not more than 30 cents per therm.

¹ Subject to change based on analysis in 2007 of program implementation experience, expanded gas utility participation and other factors.

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Renewable Resource Development Targets:

The Commission expects the Trust's Utility-Scale Program to achieve 9 MWa of new renewable resource development annually, computed on a three-year rolling average, by funding projects consistent with each utility's acknowledged Integrated Resource Plan.

Performance is expected to vary year by year due to tax policies, energy policies, utility acquisition activities and market prices. Therefore, the Commission expects the Trust to submit with its draft action plan and budget each year projected Utility-Scale Program achievements for the coming year for Commission and public comment.

The Commission expects the Trust to secure at least 3 MWa of new renewable resources per year, computed on a three-year rolling average, from a variety of small-scale projects.

Financial Integrity:

The Commission expects the Trust to demonstrate its financial integrity by obtaining an unqualified financial audit opinion annually.

Program Delivery Efficiency:

The Commission expects the Trust to demonstrate program delivery efficiency by keeping its administrative and program support costs² below 11 percent of annual revenues.

Customer Satisfaction:

The Commission expects the Trust to demonstrate reasonable customer satisfaction rates by surveying its customers as part of its program evaluations. Preferably, the surveys will provide a scale showing the degree of satisfaction with Trust services and allow for open-ended responses. In addition, the Trust will report salient statistics regarding complaints it receives directly, or from utility customer services. Findings are to be reported to the Commission.

² For the purpose of these performance measures, program support costs are defined as all program costs except the following accounts: program management, program incentive, program payroll and related expenses, call center, and program outsource services.

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Benefit/Cost Ratios:

The Commission expects the Trust to report the benefit/cost ratio for its conservation acquisition programs in its annual report based on the utility system perspective and societal perspective. The Commission expects the Trust to report significant mid-year changes in benefit/cost performance as necessary in its quarterly reports.

Other Considerations:

In addition to considering the results of the above-mentioned performance measures, the Commission will also consider the performance of other conservation and renewable resource programs and public comments when making its annual decision to renew its Grant Agreement with the Trust. The Commission will seek comment from the public on such issues as the following:

- Is the Trust achieving good results in its conservation and renewable resource programs?
- Does the Trust conduct its business in an open and transparent way?
- Is the Trust receptive to public input?
- Does the Trust monitor program performance and make program adjustments effectively?
- Are the benefits of the Trust's programs reasonably spread among customer classes and geographic areas?
- Are the Trust's programs appropriately coordinated with related local, state, and regional programs?
- Is the Trust complying with the guidelines set forth in the Grant Agreement?
- Are there any significant issues that warrant the issuance of a Notice of Concern?
- Should the Grant Agreement be renewed for another year?