

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298**FILED**10/30/18
01:22 PM

October 30, 2018

**Agenda ID 16986
Ratesetting**

TO PARTIES OF RECORD IN APPLICATION 17-09-010

This is the proposed decision of Administrative Law Judge Kao. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's November 29, 2018 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, ex parte communications are prohibited pursuant to Rule 8.2(c)(4)(B).

/s/ ANNE E. SIMON

Anne E. Simon

Chief Administrative Law Judge

AES:mph

Attachment

Decision PROPOSED DECISION OF ALJ KAO (Mailed 10/30/2018)**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of PacifiCorp (U901E), an Oregon Company, to Continue its Energy Efficiency Programs and the Surcharge to Fund Public Purpose Programs.

Application 17-09-010

DECISION GRANTING APPLICATION OF PACIFICORP TO CONTINUE ENERGY EFFICIENCY PROGRAMS THROUGH 2020 AND REQUIRING FURTHER ALIGNMENT WITH ENERGY EFFICIENCY ROLLING PORTFOLIO FRAMEWORK**Summary**

This decision approves the application of PacifiCorp to continue administering two energy efficiency programs through 2020. This decision also approves PacifiCorp's request to reduce its Surcharge for Public Purpose Programs, consistent with its proposed budget for 2019-2020 energy efficiency programs, and approves PacifiCorp's request for authorization to submit future rate change requests via advice letter. This decision adopts several requirements applicable to PacifiCorp's administration of energy efficiency programs, consistent with the California Public Utilities Commission's energy efficiency framework for the large investor owned utilities.

This proceeding is closed.

1. Background

PacifiCorp, which provides electric service in six states,¹ with approximately 45,000 customers in Del Norte, Modoc, Shasta and Siskiyou Counties, seeks to continue energy efficiency programs that the California Public Utilities Commission (Commission) initially authorized in Decision (D.) 08-01-041. The Commission reviewed and approved PacifiCorp's request to continue administering its energy efficiency programs, through 2016, in D.14-04-008. On June 8, 2016, PacifiCorp filed a petition for modification of D.14-04-008 to continue administration and funding of its energy efficiency programs through 2017. The Commission, in D.16-09-052, granted PacifiCorp's petition. On September 15, 2017, PacifiCorp filed a petition for modification of D.16-09-052 to continue administration and funding of its energy efficiency programs through 2018. In D.17-11-020, the Commission authorized PacifiCorp to continue its energy efficiency programs through 2018, and to collect \$2.675 million for January 1 through December 31, 2018.

Concurrent with its petition for modification of D.16-09-052, PacifiCorp filed the instant application (Application) to request Commission authorization to:

- 1) continue operating its energy efficiency programs through 2020;
- 2) decrease its Surcharge to Fund Public Purpose Programs, Schedule S-191 (Surcharge); and
- 3) request future adjustments to its Surcharge collection rates via a Tier 2 advice letter.

The Application is uncontested.

¹ California, Idaho, Oregon, Utah, Washington and Wyoming.

On May 8, 2018, the assigned Commissioner and Administrative Law Judges (ALJs) issued a scoping ruling, directing PacifiCorp to file and serve information to which the Application referred, including correspondence with the Commission's Energy Division staff pursuant to D.14-04-008 and D.16-09-052.

On July 19, 2018, ALJ Kao issued a ruling directing PacifiCorp to file and serve further information to facilitate the Commission's review of the Application (A.)17-09-010. On August 16, 2018, PacifiCorp filed and served its response to the July 19, 2018 ruling.

On September 13, 2018, ALJ Kao issued a ruling directing PacifiCorp to file and serve further information regarding the net to gross values used in PacifiCorp's cost-effectiveness calculations. On October 1, 2018, PacifiCorp filed and served its response to the September 13, 2018 ruling.²

2. Issues Before the Commission

The issue before us is whether PacifiCorp's application and the specific requests therein, as listed in Section 1, are reasonable and should be approved. With respect to PacifiCorp's request to continue its energy efficiency programs through 2020, the main factor we consider is the cost-effectiveness of PacifiCorp's energy efficiency portfolio. Also, as part of our deliberation on the Application, we consider whether and to what extent PacifiCorp has complied with past Commission direction regarding alignment of its energy efficiency activities with those of the large investor owned utilities (IOUs), and possible further alignment

² The September 13, 2018 ruling directed PacifiCorp to file and serve its response by September 24, 2018. PacifiCorp requested and was granted a one-week extension, to October 1, 2018, to file and serve its response.

Footnote continued on next page

pursuant to D.18-05-041, the Commission's decision on the large IOUs' 2018-2025 energy efficiency business plans.³

3. Compliance with D.14-04-008 and D.16-09-052

In D.14-04-008, the Commission directed PacifiCorp to consult with Commission staff prior to filing a new application for approval of energy efficiency programs to determine whether a new cost calculator used in D.14-04-008 was appropriate, and requested that PacifiCorp use unmodified Database for Energy Efficiency Resource (DEER) values for measures where the DEER values are available for future applications.⁴ With respect to a new cost calculator, the Application states "[t]o better align future cost-effectiveness analysis with the value of energy efficiency to PacifiCorp's system, as identified through its most recent Integrated Resource Plan (IRP), PacifiCorp proposes to use a company-specific modeling framework to assess energy efficiency program cost-effectiveness. This modeling framework is currently used by PacifiCorp in the other four states where it delivers programs and is designed to calculate benefits and costs from each of the standard California Standard Practice Manual perspectives using PacifiCorp-specific inputs."⁵

In D.16-09-052 the Commission directed that PacifiCorp's filing process, where feasible, "synchronize with those of the other regulated utilities offering

³ The four large IOUs are Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company.

⁴ D.14-04-008 *Decision Authorizing PacifiCorp to Reactivate the Surcharge to Fund Public Purpose Programs and to Continue its Energy Efficiency Programs Through 2016*, issued April 11, 2014, Ordering Paragraph 5.

⁵ A.17-09-010 *Application of PacifiCorp (U901E) to Continue its Energy Efficiency Programs and the Surcharge to Fund Public Purpose Programs*, filed September 15, 2017 (Application), at 16-17.

energy efficiency programs.”⁶ The Application describes the following activities as demonstration of PacifiCorp’s compliance with this directive:

- Between November 2016 and January of 2017, PacifiCorp met several times with Commission Staff to discuss its cost effectiveness methodology and process.
- PacifiCorp set its three year efficiency targets based on its 2017 IRP, which was published in April of 2017.
- Once the efficiency targets were established by its 2017 IRP, PacifiCorp worked to update its avoided cost methodology (also known as the Decrement Study), which is based on the IRP and was published on July 3, 2017.
- During July 2017, PacifiCorp again worked with Staff to discuss ways to continue its programs in light of cost-effectiveness challenges identified from the updated avoided cost methodology.
- July 2017 through August 2017, PacifiCorp worked with its existing program delivery vendors to adjust program delivery expectations and costs. Once the final program restructuring was completed PacifiCorp re-ran cost-effectiveness analysis on the programs. PacifiCorp shared the cost effectiveness results with Staff in late August as a final step prior to filing the Application.⁷

We find that PacifiCorp has complied with the Commission’s directives in D.14-04-008 and D.16-09-052. In Section 7 we adopt several further requirements in order to further align PacifiCorp’s California energy efficiency portfolio with those of the large IOUs.

⁶ D.16-09-052 *Decision Granting Petition of PacifiCorp to Modify Decision 14-04-008 to Continue its Energy Efficiency Programs Through 2017*, issued September 30, 2016, at 3.

⁷ Application, at 5-6.

4. Cost-Effectiveness of PacifiCorp's 2019-2020 Portfolio

PacifiCorp's application includes forecasted cost-effectiveness estimates of its proposed California portfolio for 2018 through 2020.⁸ According to the Application, the Total Resource Cost (TRC) test estimates range from 0.53 in 2018 to 0.66 in 2020. The Program Administrator Cost (PAC) test estimates range from 0.9 in 2018 to 1.1 in 2020. The Application proposes that the Commission evaluate PacifiCorp's portfolio cost-effectiveness based on the PAC test, rather than on both the TRC and the PAC test, which is the Commission's policy for evaluating the large IOUs' energy efficiency portfolios.⁹ PacifiCorp argues its service territory is "fundamentally different" from those of the large IOUs, specifically that its California customer base is small and dispersed among rural communities, making it more costly to reach these customers.

PacifiCorp elaborates on this point, stating:

Our experience over time with multiple RFPs and vendors in our markets has generated insight into costs [sic] efficiencies and challenges of the California market including: smaller retailers with limited product selections compared to larger stores with more extensive offerings; reported willingness to make major purchases at larger retailers in Oregon; long drive times for any program funded inspections or trade ally engagement; fewer trade allies; and tendency for small market trade allies to be generalist instead of specialists which limits time and interest in promoting program eligible equipment.

The rural and dispersed nature of PacifiCorp's California service territory has always been a challenge and tends to lead to higher per-unit delivery costs, as economies of scale available in a larger market cannot be realized. Additionally, costs for activities including reporting, quality assurance, and

⁸ Application, at 21, Table 4.

⁹ D.12-11-015 *Decision Approving 2013-2014 Energy Efficiency Programs and Budgets*, issued November 15, 2012, at 19 and 53.

contractor outreach are all necessary for delivery of comprehensive programs, but require minimum expenditures that do not vary appreciably with participation volume. The same is true for program evaluation and utility administration expenses.¹⁰

PacifiCorp does not offer substantiation beyond the size of its California service territory (*i.e.*, number of customers and square feet) or other data that would allow for a concrete comparison between PacifiCorp's service territory and those of the large IOUs. Nevertheless, these circumstances do not support PacifiCorp's proposal that we rely only on its PAC estimates to evaluate its portfolio cost-effectiveness. These circumstances – that its California customer base is small and dispersed among rural communities, making it more costly to reach these customers – are more closely associated with considerations the Commission has made for hard to reach (HTR) customers, specifically by assigning a higher default net to gross (NTG) ratio for programs or measures targeted at HTR customers. PacifiCorp does not, however, account for HTR customers in this manner, explaining that the NTG values it utilizes are consistent, to the extent possible, with approved DEER NTG values.¹¹

The Commission's long-standing policy regarding cost-effectiveness for demand-side resources, including energy efficiency, is to consider both the TRC and the PAC, never the PAC alone.¹² We further note that determinations on

¹⁰ Application, at 19.

¹¹ *PacifiCorp's (U901E) Response to Administrative Law Judge's Ruling Requiring Supplemental Information*, filed August 16, 2018 (PacifiCorp August 16, 2018 Response), Response to Question 3(b); and *PacifiCorp's (U901E) Response to Administrative Law Judge's Ruling Requiring Supplemental Information*, filed October 1, 2018 (PacifiCorp October 1, 2018 Response), Response to Question 1.

¹² See, e.g., R.14-10-003 *Administrative Law Judge's Ruling Providing Revised Literature Review*, issued February 23, 2017, Attachment A.

whether and how to use the different cost-effectiveness tests (including the TRC and PAC), to the extent such use deviates from current Commission policy, is appropriately within scope of the Integrated Distributed Energy Resources Rulemaking, (R.) 14-10-003. To approve such a deviation as PacifiCorp requests, in this proceeding, would contravene the Commission's goal, in R.14-10-003, to develop uniform, consistent cost-effectiveness tests, practices, and definitions across all demand-side resources. We maintain our preference for applying a consistent standard across the IOUs (*i.e.*, requiring that a utility's portfolio TRC and PAC both meet or exceed 1.0).

We note that PacifiCorp initially provided NTG values, in its August 16, 2018 response, that appeared inconsistent with approved DEER NTG values. In response to the September 13, 2018 ruling requiring further information, PacifiCorp adjusted its NTG values to be consistent with approved (as of September 4, 2018) DEER NTG values, and additionally provided supplemental information demonstrating that the incremental value of avoided greenhouse gas emissions, consistent with values adopted in D.17-08-022, increases its portfolio TRC estimates (for 2019 and 2020) to values that meet or exceed the Commission's cost-effectiveness standard. Specifically, PacifiCorp's TRC estimate, for 2018-2020, is 1.18 and its PAC estimate is 1.55.¹³ PacifiCorp does not recommend using these estimates beyond this proceeding, noting that it "plans and operates its entire six-state service territory as a single system. As a result, certain rulemaking [sic] that are tailored for the larger investor-owned utilities result in outcomes that may not be appropriate for PacifiCorp and its

¹³ PacifiCorp October 1, 2018 Response, Response to Question 2.

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customers."¹⁴ We acknowledge PacifiCorp's caution, and will limit our finding regarding the cost-effectiveness of its energy efficiency programs to this proceeding. We find it necessary to reiterate our direction, in D.14-04-008 (approving PacifiCorp's application to continue energy efficiency programs through 2016), that PacifiCorp must use unmodified DEER values for measures where DEER values are available. We further specify that PacifiCorp must use only DEER values that are approved as of the date of a relevant energy efficiency submission or filing, be it a budget advice letter or a future application to continue energy efficiency programs beyond 2020. More generally, PacifiCorp must use the same adopted cost-effectiveness tools and parameters that apply to the large IOUs in their submissions and filings to assess cost-effectiveness.

5. Proposed Reduction to the Public Purpose Programs Surcharge

PacifiCorp proposes to reduce its Public Purpose Programs surcharge (Surcharge), based on its balancing account analysis indicating a balance, at present rates, of approximately \$6.3 million, which is more than three times the \$1.9 million annual budget PacifiCorp proposes. PacifiCorp proposes to reduce Surcharge rates, according to the rate spread previously approved by the Commission,¹⁵ to reduce its annual collection by approximately two million dollars, from \$3.9 million to \$1.9 million.

PacifiCorp explains its proposed reduction to Surcharge rates is intended to collect approximately one-third of the proposed budget, with the remainder to be furnished from the current balance in PacifiCorp's Demand Side Management

¹⁴ PacifiCorp August 16, 2018 Response, Response to Question 3(b).

¹⁵ PacifiCorp August 16, 2018 Response, Response to Question 7.

Balancing Account. PacifiCorp's general proposal to reduce Surcharge rates is reasonable and should be approved.

PacifiCorp's proposed Surcharge rates are based in part on December 2011 test year sales. Based on its forecasted December 2019 test year sales, which are subject to review in its current general rate case application,¹⁶ we do not anticipate a significant impact to PacifiCorp's general cost recovery strategy. PacifiCorp will need to re-calculate the Surcharge to reflect the Demand Side Management Balancing Account balance as of the issue date of this decision. PacifiCorp shall then submit a Tier 1 advice letter within ten days of the issue date of this decision to provide: (a) a new version of Exhibit D to the Application and (b) tariffs that incorporate the new Surcharge amount.

6. Proposed Submission of Future Rate Change Proposals via Advice Letter

PacifiCorp also requests authorization to submit future proposed Surcharge rate changes via a Tier 2 advice letter, which the Commission approved for proposed Surcharge rate changes subsequent to D.14-04-008, through 2016. D.14-04-008 further specifies that "the Commission wants PacifiCorp's filing process to synchronize with those of its peers." PacifiCorp's request is consistent with the Annual Budget Advice Letter (ABAL) process established in D.18-05-041, in which the large IOUs would seek Commission approval, via a Tier 2 advice letter submitted on the first business day of September, for the next year's funding levels. PacifiCorp indicates it is feasible to follow the ABAL process the Commission adopted for the large IOUs.

¹⁶ Application 18-04-002 *In the Matter of the Application of PACIFICORP (U901E), an Oregon Company, for an Order Authorizing a General Rate Increase Effective January 1, 2019*, filed April 12, 2018.

PacifiCorp's proposal to seek future rate changes through a Tier 2 advice letter, as modified and combined with the requirements we adopt to further align PacifiCorp with the Commission's energy efficiency rolling portfolio framework, discussed in the following section, is reasonable and should be approved.

7. Further Alignment With Rolling Portfolio Framework

As part of the Commission's review of PacifiCorp's application, the assigned ALJ directed PacifiCorp to address the feasibility of meeting the following requirements that apply to the large IOUs, pursuant to D.18-05-041 (approving the large IOUs' 2018-2025 energy efficiency business plans). Apart from two items, which we address below, PacifiCorp indicates it is feasible to meet the following requirements as they apply to PacifiCorp's California service territory:

1. Portfolio TRC (and PAC) must meet or exceed 1.0.
2. PacifiCorp must track and report the overall portfolio-level common metrics adopted in D.18-05-041.
3. PacifiCorp shall discontinue incentives for compact fluorescent lights (CFLs) no later than December 31, 2018.
4. PacifiCorp must:
 - a. submit ABALs that include a forecast TRC (and PAC) that meets or exceeds 1.0, and verification of prior year savings; and
 - b. conform to portfolio level metrics requirements as prescribed in D.18-05-041 and other subsequent Commission guidance and decisions related to metrics submissions and filings.

PacifiCorp states that tracking and reporting on metrics regarding hard to reach customers "will add complexity and administrative costs."¹⁷ Specifically,

¹⁷ PacifiCorp August 16, 2018 Response, Response to Question 4(b).

PacifiCorp indicates data on language and housing type may not be readily available and, in order to collect and track such data, PacifiCorp would need to modify its incentive applications and processes. For its small commercial customers, PacifiCorp indicates it can determine business size and leased/rented facilities except for some mid-market participants.¹⁸

PacifiCorp's residential hard to reach population is at least 39 percent of all residential customers, based on the number of customers who qualify for California Alternative Rates for Energy (CARE); and more than 86 percent of its small commercial customers meet the hard to reach business size criteria (*i.e.*, demand is less than 20 kilowatts).¹⁹ The Commission has a public policy interest in determining the extent to which these customers are being served. Additionally, although we continue to prefer to apply the same cost-effectiveness standards for all IOUs, further details about PacifiCorp's hard to reach populations and the extent to which hard to reach customers are served may provide a basis for revisiting that preference in a future proceeding. Therefore, we will require PacifiCorp to track and report on Overall Portfolio Level metrics as they apply to its California service territory. We acknowledge PacifiCorp may incur costs to track savings in hard to reach markets, and encourage PacifiCorp to identify the least-cost approaches for gathering this data. PacifiCorp may also identify specific challenges or caveats in its reporting, such as in gathering

¹⁸ PacifiCorp August 16, 2018 Response, Response to Question 4(b) states "[f]or reporting on Leased/Rented for small business, participant-provided data is available except for some mid-market (Instant Incentive) participants."

¹⁹ PacifiCorp August 16, 2018 Response, Response to Question 2(a) and 2(b).

participant data in certain mid-market offerings, but should demonstrate its best effort in gathering the data.

PacifiCorp further states it “does not believe it would be feasible to achieve its energy savings targets with” a TRC that meets or exceeds 1.0, for the same reasons it requests the Commission to evaluate its portfolio cost-effectiveness based solely on the PAC.²⁰ Based on our discussion in Section 3.2 of this decision, we will approve PacifiCorp’s application on the basis that its energy efficiency portfolio TRC and PAC estimates, when accounting for incremental greenhouse gas benefits, meet or exceed 1.0. Building from this conclusion, we will require PacifiCorp to include in its ABALs the TRC and PAC estimates of its energy efficiency portfolio based on the interim greenhouse gas adder adopted in D.17-08-022, unless and until superseded by a subsequent Commission decision.

We remain interested in seeing PacifiCorp improve the cost-effectiveness of its California portfolio. Of particular note are PacifiCorp’s administration expenses, which PacifiCorp states “do not vary appreciably with participation volume.”²¹ We are nevertheless interested in ensuring general alignment among all IOUs on this point. In D.12-11-015 the Commission determined administrative costs should be consistent across all IOUs, and set a cost cap on administration expenses of 10 percent of total energy efficiency expenditures. Although we decline to enforce that cap as part of disposing of the instant Application, we will require PacifiCorp’s energy efficiency portfolio, as part of its next application (to continue energy efficiency programs beyond 2020) to comply with the 10 percent administrative cost cap. To demonstrate progress toward

²⁰ PacifiCorp August 16, 2018 Response, Response to Question 4(a).

²¹ Application, at 19.

meeting the 10 percent administrative cost cap, we will require PacifiCorp, as part of its ABAL submissions, to provide a breakdown of its year-to-date expenses, including at minimum the following categories: incentive payments, program evaluation, and administrative expenses.

PacifiCorp should also take note that, pursuant to D.18-05-041, the large IOUs are required to submit ABALs, for program year 2022 and thereafter, with a forecast TRC (and PAC) that meets or exceeds 1.25; the Commission may apply this same standard to PacifiCorp in future energy efficiency applications. And, as we have done with the rolling portfolio framework for the large IOUs, the Commission may in the future consider some form of consolidation or alignment among the small multi-jurisdictional utilities' energy efficiency portfolios.

8. Motion to File Information Under Seal

On August 16, 2018, PacifiCorp filed a motion to file under seal confidential information contained in spreadsheets supporting the response provided in PacifiCorp's August 16, 2018 response labeled as Confidential Attachment ALJ 3a. PacifiCorp represents that the information in Attachment ALJ 3a includes third party proprietary information and is entitled to confidential treatment consistent with past Commission decisions. We have granted similar requests in the past and do so here regarding PacifiCorp's Confidential Attachment ALJ 3a.

9. Conclusion

It is reasonable to approve PacifiCorp's application to continue its energy efficiency programs through 2020. It is also reasonable approve PacifiCorp's request to reduce the Surcharge to better match its energy efficiency budget with its anticipated Demand Side Management Balancing Account balance. And it is reasonable to approve, with modifications, PacifiCorp's request to submit future

proposed Surcharge rate changes via a Tier 2 advice letter. The modifications we adopt will further align PacifiCorp with the large IOUs and will assist the Commission in considering future applications by PacifiCorp for authorization to continue or alter its energy efficiency programs.

10. Comments on Proposed Decision

The Commission mailed the proposed decision of the assigned administrative law judge in this matter to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission’s Rules of Practice and Procedure. On _____, _____ filed comments and on _____, _____ filed reply comments.

11. Assignment of Proceeding

Carla J. Peterman is the assigned Commissioner and Julie A. Fitch and Valerie U. Kao are the assigned ALJs in this proceeding.

Findings of Fact

1. PacifiCorp has complied with the Commission’s directives in D.14-04-008 and D.16-09-052.
2. Using correct DEER values and accounting for incremental value of avoided greenhouse gas emissions, pursuant to D.17-08-022, PacifiCorp’s TRC estimate for 2018-2020 is 1.18 and the PAC estimate is 1.55. These findings are limited to this Application.
3. PacifiCorp’s initial calculation of its cost-effectiveness estimates reflected utilization of some incorrect NTG values.
4. PacifiCorp’s proposed reduction to Surcharge rates will reduce its annual collection from \$3.9 million to \$1.9 million. The current balance in PacifiCorp’s

Demand Side Management Balancing Account will furnish the remainder of PacifiCorp's proposed budget.

5. PacifiCorp's proposal to submit future proposed Surcharge rate changes via a Tier 2 advice letter is consistent with the ABAL process the Commission established for the large IOUs.

Conclusions of Law

1. It is reasonable to approve PacifiCorp's application to continue its energy efficiency programs through 2020.

2. It is reasonable to approve PacifiCorp's request to reduce the Surcharge to better match its energy efficiency budget with its anticipated Demand Side Management Balancing Account balance.

3. It is reasonable to approve, with modifications, PacifiCorp's request to submit future proposed Surcharge rate changes via a Tier 2 advice letter. The modifications we adopt will further align PacifiCorp with the large IOUs and will assist the Commission in considering future applications by PacifiCorp for authorization to continue or alter its energy efficiency programs.

4. It is reasonable to require PacifiCorp to meet certain requirements, as specified in Section 3.5 of this decision, to provide greater alignment with the large IOUs and to aid the Commission's evaluation of cost-effectiveness and the extent to which hard to reach customers are being served by PacifiCorp's energy efficiency programs.

5. It is reasonable to grant PacifiCorp's motion to file under seal confidential information contained in its August 16, 2018 response.

O R D E R**IT IS ORDERED** that:

1. PacifiCorp is authorized to continue its energy efficiency programs through 2020.
2. PacifiCorp is authorized to reduce its Public Purpose Programs Surcharge as discussed in Section 3.3 of this decision. PacifiCorp must re-calculate the Public Purpose Programs Surcharge to reflect the Demand Side Management Balancing Account balance as of the issue date of this decision. PacifiCorp shall then submit a Tier 1 advice letter within ten days of the issue date of this decision to provide: (a) a new version of Exhibit D to the Application and (b) tariffs that incorporate the new Public Purpose Programs Surcharge amount.
3. PacifiCorp must conform to 'Overall Portfolio Level' metrics requirements as prescribed in Decision 18-05-041 and other subsequent Commission guidance and decisions related to portfolio metrics submissions and filings.
4. PacifiCorp must discontinue incentives for compact fluorescent lights no later than December 31, 2018.
5. PacifiCorp must submit an Annual Budget Advice Letter (ABAL), which shall be a Tier 2 advice letter, for the next year's funding levels. PacifiCorp shall submit its ABAL on the first business day of September. Each ABAL shall include:
 - a forecast Total Resource Cost and Program Administrator Cost that meets or exceeds 1.0;
 - verification of prior year savings; and
 - a breakdown of year-to-date expenses, including at minimum the following categories: incentive payments, program evaluation, and administrative expenses.

6. In calculating its Total Resource Cost and Program Administrator Cost, PacifiCorp must use only Database for Energy Efficiency Resources values approved as of the date of each Annual Budget Advice Letter submission or future pleading, as applicable. PacifiCorp must also use the same adopted cost-effectiveness tools and parameters that apply to the large investor owned utilities in their submissions and filings to assess cost-effectiveness.

7. PacifiCorp's August 16, 2018 motion to file under seal the information contained in its Confidential Attachment Administrative Law Judge 3a is granted. This information will remain under seal for three years from the issue date of this decision, and not be accessible or disclosed to persons other than Commission staff except on further order or ruling of the Commission, and the ALJ to whom this matter is assigned, or the ALJ then designated as the law and motion judge. If PacifiCorp believes that it is necessary for this information to remain under seal for longer than three years, it may file a motion showing good cause for extending this order by no later than 30 days before the expiration of this order.

8. Application 17-09-010 is closed.

This order is effective today.

Dated _____, at San Francisco, California.