

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of the Implementation of an
Energy Conservation Program for Northern
States Power Company (Gas Utility)

ISSUE DATE: April 22, 1988

DOCKET NO. G-002/M-87-233

ORDER ACCEPTING COMPLIANCE
FILINGS AND REQUIRING FILINGS

PROCEDURAL HISTORY

On January 5, 1988, the Minnesota Public Utilities Commission (the Commission) issued its ORDER APPROVING NORTHERN STATES POWER COMPANY'S (GAS UTILITY) CONSERVATION IMPROVEMENT PROGRAM AND REQUIRING NEW PROJECTS AND INFORMATIONAL FILINGS in the above-captioned docket. That Order accepted Northern States Power Company's (NSP or the Company) conservation improvement program, but required the Company to develop and submit a marketing plan for a commercial energy audit project and to design and submit a project to serve residential customers living outside the Twin Cities metropolitan area.

On March 7, 1988, the Company submitted its compliance filing to that Order. The Company proposed two commercial projects: the Commercial Audit Project and the Commercial/Industrial (C/I) End Use Study. NSP also proposed to offer furnace tune and clean services at no charge to low-income NSP gas customers in Moorhead, Minnesota.

The Minnesota Department of Public Service (DPS or the Department) recommended acceptance of the Company's proposals for the Commercial Audit Project and the Commercial/Industrial End Use Study. The DPS also recommended that the Commission withhold approval of the Furnace Tune and Clean project until the Company submits more information on it. The DPS recommended that the Commission order NSP to make the filing within 15 days. Finally, the Department recommended that the Commission require the Company to file a standard form for status report information and a revised evaluation plan in its May 1, 1988 CIP filing.

NSP had no objection to the Department's recommendations, but requested 30 days to file the information on the Furnace Tune and Clean Project.

FINDINGS AND CONCLUSIONS

COMMERCIAL PROJECT PROPOSAL

The Commission's Order of January 5, 1988 requires NSP to work with the DPS to develop and submit a marketing plan for a commercial energy audit project for gas customers, with an approximate budget of \$25,000. The Company was required to offer NSP Electric's existing commercial audit to NSP gas customers who are most likely to have the greatest potential for conservation of gas.

The Company proposed two commercial projects: the Commercial Audit Project and the Commercial/Industrial (C/I) End Use Study, with 1988 budgets of \$12,575 and \$12,500 respectively. The Company proposed to offer NSP Electric's existing C/I Energy Audits to commercial customers in Lake City, Minnesota. This community does not have NSP electric service and the city's commercial sector is relatively old and could provide unique opportunities for conservation improvements.

The Company estimated that the participants would reduce their natural gas consumption by something less than the 10.8% reduction in natural gas consumption that participants in NSP Electric's Energy Checkup Program experienced. NSP stated that this project would prove cost-effective for the participant since the audit is provided at no cost, but not cost effective for non-participating customers or for the utility.

The Commission finds that this project complies with the Commission's January 5, 1988 Order and will approve it as part of the Company's CIP. It gives participants the opportunity to learn of conservation possibilities through free energy audits which can result in significant energy savings. It also allows auditors to note further opportunities for commercial conservation.

The Commission acknowledges the difficulty of quantifying the projected cost-effectiveness of proposed projects, particularly audit projects which provide both direct and indirect energy savings. The Commission finds that NSP's cost effectiveness information is based on data from a project which differs from this proposal in a number of significant ways. It is based on data from NSP Electric's Energy Checkup Program Final Evaluation Report which was filed in December, 1986. The audits performed in that project and analyzed in the Report are more detailed and substantially more costly for the utility to provide than the Quick-Check audit proposed for this project. Even so, the evaluation report showed that the electric utility's Energy Checkup was a cost-effective method of encouraging customers to implement many conservation measures. While a less detailed Quick-Check audit may provide less potential for energy savings, it costs substantially less than the Energy Checkup audit. Further, NSP Gas has contracted with NSP Electric to provide the audits. NSP Electric's experience with its Commercial Audit project has resulted in lower administrative and

development costs. Also, reduced start-up costs will enhance this project's cost effectiveness. The Commission believes that this project will meet prevailing cost-effectiveness standards. The Commission will approve this project and will more fully evaluate its cost-effectiveness after actual operational data has been collected and analyzed by NSP.

COMMERCIAL/INDUSTRIAL END USE STUDY

NSP proposed to perform a Commercial/Industrial End Use Study to collect information on customer end uses, fuel uses, and business/building characteristics. The Company stated that the information from the study will allow NSP to evaluate opportunities for cost-effective conservation projects. The Company stated that the project would be cost-effective because the information generated would increase the efficiency and effectiveness of current and future projects.

The Commission agrees with NSP that commercial end-use information is valuable to identify and more efficiently target conservation opportunities. Further, the Commission finds that this project has the potential to be cost effective. This type of research will result in more efficient project development, targeting of promotion efforts, and resource allocation for NSP and for all of the industry. The Commission will approve this project for inclusion in the Company's CIP.

FURNACE TUNE AND CLEAN UP PROJECT

The Company proposed to offer furnace tune and clean service at no charge to low-income NSP gas customers in Moorhead, Minnesota. The customer would be able to choose to have the work done by either NSP personnel or a certified heating contractor. NSP also proposed to repair or replace the customer's furnace, if that was absolutely necessary.

The Commission is encouraged by the general concept of this proposal. However, it must have more detailed information regarding the actual work that would be done as part of the tune and clean service. The Commission will require the Company to file with the Commission and the parties to this matter an itemized list of the tasks, work items, adjustments/level of planned adjustments etc. to be included in the proposed project. The filing will be due within 30 days of the issue date of this Order.

INTERIM STATUS REPORTS

The Commission finds that the Company's interim status reports do not meet the requirements of the Commission's January 5, 1988 Order. That Order requires that status reports contain at a minimum the following information:

1. The number of participants compared to projected participation levels;
2. Dollar expenditures compared to the total projected budget;

3. The number of conservation improvements completed;
4. A discussion of unanticipated barriers to participation and strategies to remove such barriers; and,
5. A discussion of any unforeseen project problems or project changes.

The Commission realizes that NSP gets most of this information from participating energy organizations. However, the Commission believes that NSP can design a simple, standard form for those energy agencies conducting NSP CIP projects to use in reporting on the projects. This will ensure that all the information required by the Commission is obtained and filed. The Commission will order the Company to develop a standard form for the collection of comprehensive status report information and include it in NSP's May 1, 1988 CIP filing.

Nonetheless, the Commission will accept the interim status reports the Company has filed. Although they do not contain the type of comprehensive information the Commission requires, they address only three months of activities and can be updated and clarified after NSP develops the form described above.

EVALUATION PLAN

In response to the Commission's January 5, 1988 Order, the Company filed a revised evaluation plan. The Commission finds that the new evaluation plan will provide enough information for project evaluations, with one exception. The plan does not specify whether consumption data will include a project's overall effect on peak and average consumption. The Commission believes that this information is important in evaluating the effectiveness of CIP projects and will order the Company to include this information in each of its CIP project evaluation plans. The Commission will order the Company to file a revised evaluation form in its May 1, 1988 filing.

ORDER

1. The Commission hereby approves NSP's proposed Commercial Audit project and proposed Commercial/Industrial End Use Study.
2. NSP must file within 30 days the information described above relating to its proposed furnace tune and clean project.
3. NSP shall file the following as part of its annual conservation improvement program filing due May 1, 1988 under Minn. Rules, part 7840.0500: 1) a standard form for the collection of comprehensive status report information as described above; and 2) a revised evaluation form as described above.

4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

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