



www.sierrapacific.com

Legal Department

6100 Neil Road, P.O. Box 10100 • Reno, Nevada 89520-0024 • 775.834.4208 • Fax: 775.834.4098

Hand Delivered

September 19, 2002

Crystal Jackson, Secretary
Public Utilities Commission of Nevada
101 Convention Center Drive, Suite 250
Las Vegas, Nevada, 89109

RE: Sierra Pacific Power Company ("Sierra Pacific"); Docket No. 02-3017

Dear Ms. Jackson:

In accordance with the Presiding Commissioner Escobar Chanos's request during the hearing on September 17, 2002, enclosed are the original and 9 copies of a Demand-Side Stipulation, with a revised Attachment containing the changes suggested during the hearing.

If you have any questions about this filing, please do not hesitate to call me.

Sincerely,

Connie L. Westadt,
Assistant General Counsel
Cheryl K. Hachman
Assistant General Counsel

CKH:jmh
Enclosures

cc w/encl: C. Barker; all parties

02 SEP 19 PM 4:00

WHEREAS, Sierra Pacific's application was filed pursuant to Nevada Revised Statutes ("NRS") 704.741 and the Supply-Side Plan, Demand-Side Plan and Financial Plan Stipulation approved by the Commission in Docket No. 01-7004 (Interim Order issued November 13, 2001);

WHEREAS, the Commission held a hearing in this Docket on July 17, 2002, and during that hearing, the Presiding Commissioner continued the hearing until 10:00 a.m. September 17, 2002;

WHEREAS, during the collaborative process required by the Commission-approved Supply-Side Plan, Demand-Side Plan and Financial Plan Stipulation prior to the filing of Sierra Pacific's Amended Demand Side Plan, the Parties have developed and agreed on a total resource cost test for all programs other than educational and consultation programs;

WHEREAS, after several discussions, the Parties have reached an agreement on the components and associated costs for Sierra Pacific's Amended Demand-Side Plan; and

WHEREAS, the Parties believe that this Stipulation represents a just and final resolution that is in the public interest of all issues in this Docket;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, it is hereby agreed by and between the Parties as follows:

1. The Parties recommend that the Commission issue an order approving an Amended Demand-Side Management Action Plan with the modified trial programs and budgeted expenditures described in Attachment A hereto and recovery of the cost of those trial programs in accordance with NAC 704.9485(1).

2. The provisions of this Stipulation are not severable, and in the event this Stipulation is not approved by the Commission without change it shall be deemed withdrawn without prejudice to any claims or contentions which may have been made in this proceeding by

any party, and it shall not be admissible as evidence or in any way described or discussed in any proceeding hereafter.

Signed and entered into this ^{19th} ~~9th~~ day of September, 2002.

Sierra Pacific Power Company

Regulatory Operations Staff of the
Public Utilities Commission of Nevada

By: Connie L. Westadt
Connie L. Westadt,
Assistant General Counsel

By: Thomas A. Vallas
Thomas A. Vallas,
Assistant Staff Counsel

Nevada Attorney General's
Bureau of Consumer Protection

Land and Water Fund of the Rockies

By: Christopher Van Dyck
Christopher Van Dyck,
Senior Deputy Attorney General

By: _____
Jon Wellinghoff, Esq.
Beckley Singleton Chtd.

Westroe County Senior Law Project
Ernst Nielsen
Ernst Nielsen

any party, and it shall not be admissible as evidence or in any way described or discussed in any proceeding hereafter.

Signed and entered into this ___ day of September, 2002.

Sierra Pacific Power Company

Regulatory Operations Staff of the
Public Utilities Commission of Nevada

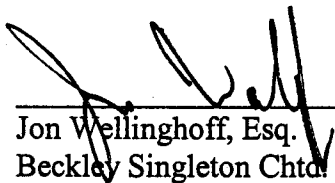
By: _____
Connie L. Westadt,
Assistant General Counsel

By: _____
Thomas A. Vallas,
Assistant Staff Counsel

Nevada Attorney General's
Bureau of Consumer Protection

Land and Water Fund of the Rockies

By: _____
Christopher Van Dyck,
Senior Deputy Attorney General

By:  _____
Jon Wellinghoff, Esq.
Beckley Singleton Chtd.

For the calendar year 2003, the Parties agree to the following list of trial demand-side management ("DSM") programs and budget expenditures for Sierra Pacific Power Company ("Sierra Pacific"). The remainder of 2002 is to be used to plan and develop these programs. All programs are still considered "trial" and all incremental labor and non-labor expenses will be tracked in a deferred accounting mechanism and recovered in accordance with NAC 704.9485(1). For calendar year 2004, Sierra Pacific will file an amended demand side action plan coincident with the filing of Nevada Power Company's 2003 integrated resource plan.

PART I -- ENERGY EDUCATION AND CONSULATION

A. All Customers

Non Profit Agency Support and Grants	\$40,000
New Home Construction Builder Support	50,000
Energy Star for New Home Construction	50,000
Trade and Home Show	30,000
Web Support	30,000
Small Commercial Customer Education	80,000
Irrigation Customer Education	30,000
Energy Consultants, Sierra Pacific	<u>150,000</u>
Total Budget for Part I(A)	\$460,000

B. Low Income Customers

1. Partnering With Weatherization Sub-Grantees of the Nevada State Housing Division ("NSHD")

- a. Provide NSHD sub-grantees (essentially NSHD sub-contractors for weatherization of low-income housing) with training to learn from the designs and lessons of the Sierra Pacific's low-income programs and technical expertise. \$20,000
- b. Provide inspection and monitoring support for sub-grantees' work. \$40,000
- c. Provide sub-grantees with weatherization materials and labor and other energy savings or comfort improvement technologies. \$140,000
- d. Provide sub-grantees with management and delivery development support. \$56,000

Sierra Pacific will work with the NSHD and all the awarded NSHD sub-grantees to engage in an implementation process in which the various roles and responsibilities for the implementation of programs described above and the other three Low Income Customer Education programs (described hereinafter) are determined. In all cases, as part of this planning process, Sierra Pacific will work with NSHD and all interested parties to assure a reporting mechanism is developed and in place to capture the cost of delivering these

programs. This reporting mechanism should include the number of homes improved, the technology used for each improvement, the cost of each improvement, and the estimated kW, kWh and yearly customer savings. Sierra Pacific will then provide a report on the program deliverables to the Commission. Sierra Pacific will randomly audit and test the improvements to ensure it is getting the results being claimed.

Total Budget for Part I (B)(1): \$256,000

2. Integrating Education with Weatherization Services

Sierra Pacific will work with the NSHD and its sub-grantees and other interested parties to capture additional energy savings by providing key education materials to the participants at the time of measure installation. Education materials could address thermostat use, appliance use, lighting use, new technologies available, as well as information about the weatherization materials installed. The education could be provided by Sierra Pacific's staff or in the form of written educational packages for handing out and discussing with customers. Sierra Pacific's staff will train the sub-grantees' installation staff and other interested parties delivering energy conservation messages and programs so that they can provide the education directly to customers at the time of program delivery.

Total Budget for Part I (B)(2): \$40,000.

3. Ductwork Installation and Inspection

Significant benefits can be gained from improving the way that air-conditioning (AC) ductwork is installed, maintained, inspected and repaired. Sierra Pacific will provide training on AC ductwork at several levels:

- a. For the Weatherization program, train the subgrantees and other interested parties for better installation and repair of ductwork.
- b. For bond and tax credit financed new construction, train the contractors and installers that are under contract with the project developers.
- c. Train the inspectors and provide inspection services to ensure that the installers are meeting appropriate standards.

Total budget for Part I (B)(3): \$72,000

4. Multifamily Housing and Income Limits

Existing low-income multifamily projects typically include households that meet the federal poverty threshold for federal funds for qualifying weatherization programs and households with incomes that are above the federal threshold for such funds [about 20% of the total units (or households) in low-income multi-family housing]. Thus, the federal poverty threshold fails to serve the weatherization needs of a large portion of the households in low-income multi-family projects and creates lost energy efficiency opportunities. There are approximately 40 such "above-the-federal-threshold-multifamily households" in low-income projects in Sierra Pacific's service area. Additional funds from Sierra Pacific to address these "above-the-federal-threshold-multifamily-households" would result in significant energy savings and would substantially improve the application of the weatherization program. Additional technologies may be better addressed with a "whole unit" evaluation, and thus, a technology meeting should be held prior to funds being spent. Assuming that weather normalization of each of the roughly 40 "above-the-federal-threshold-multifamily households" would cost approximately \$2,000, the budgeted expenditure for this program is \$80,000. In addition to the technology meeting prior to the expenditure of the budgeted funds, a report will be developed to address technology used, number of units improved, an estimation of yearly savings, in kw, kwhr and dollars. Sierra Pacific will provide this report to the Commission.

Total budget for Part I (B)(4): \$80,000

Total budget for Part I: \$908,000

PART II – TECHNOLOGY AND MARKET TRIALS

Total budget for Part II: \$100,000, as set forth in Sierra Pacific's proposed Amended DSM Action Plan.

PART III – ALL OTHER PROGRAMS

The second refrigerator collection program, residential CFL (custom florescent lights) program, Energy Star appliance promotion, vending machine miser program, and irrigation pumps and motors program should be implemented as proposed by Sierra Pacific. The budget for these programs is:

Second refrigerator collection	\$217,000
Residential CFL program	14,000
Energy Efficient Appliances	191,000
Vending Misers	49,000
Irrigation Pumps and Motors	<u>133,000</u>
Subtotal budget	\$604,000

In addition to the above-listed "other" programs, Sierra Pacific will offer small commercial customers a custom incentive program for a wide range of air conditioning, lighting efficiency and building performance measures, a proposed program budget of \$388,000. This program could include either prescriptive rebates or custom incentives based on the estimated level of kWh and peak kW savings from individual projects. Part of this program could recommend to small commercial customers that they attend TOU training to fully understand this pricing option to determine if it makes sense for their business. The final program design will attempt to maximize the benefits available from the efficiency measures and will attempt to maximize to produce total benefits exceeding total costs based on the Total Resource Cost Test.

Total budget for Part III: \$992,000

ALL DSM PROGRAMS FOR 2003

Total budget for 2003 for Sierra Pacific Power Company in Docket No.02-3017: \$2,000,000.

Part I	\$908,000
Part II	100,000
Part III	<u>992,000</u>
TOTAL	\$2,000,000