Universal System Benefits

Public Service Commission

Department of Revenue

13P-06

Legislative Audit Division - July 2014

Energy and Telecommunications
July 18, 2014

Exhibit 6

Public Purpose Programs

- $149.6 Million collected between 2007 – 2012
  - $86.3 Million from regulated utilities
  - $63.3 Million from rural electric cooperatives

Program Responsibilities

- Public Service Commission
  - Approves/Modifies USB activities
- Department of Revenue
  - Large customer review

Recommendations to PSC

- Recommendation 1 – Some utilities have not established a USB surcharge as required by statute
  - Surcharges are non-bypassable
- Recommendation 2a – Some utility USB expenditures are not in compliance with statutes
  - Components of a utility's USB programs are driven by whether they are electric or natural gas utilities
- Recommendation 2b – PSC needs to better document its USB-related decisions
  - Reasons for PSC decisions are not well documented at times

Recommendations to DOR

- Recommendation 3a – Request large customer reimbursement information from utilities
  - Self-reporting by large customers is inconsistent
- Recommendation 3b – Review information from large customers and utilities to identify non-compliance
  - Failure to report USB expenditures undermines confidence in self-directed activities

Weaknesses in large customer program

- Little oversight of large customer expenditures
- No clearly defined standards
- No utility involvement in process
- DOR limitations

Large Customer Project Cost Effectiveness

Project	Cost	Energy Savings (kWh)	Energy Cost/kWh	Energy Payback (years)
Replace Pumps/Motors	$ 2,810,000	661,213	$ 0.0116927	363.45
Recondition Pump	$ 53,053	156,306	$ 0.0116927	29.03
Recondition Pump	$ 82,906	26,233	$ 0.0116927	270.29
Fluid Additive	$ 1,119,514	48,500,138	$ 0.0117084	1.97
Fluid Additive	$ 1,601,458	54,930,306	$ 0.0116927	2.49
Prepurchase Parts	$ 571,000	400,000	$ 0.0074959	190.44
Component Replace	$ 191,000	331,880	$ 0.0052834	105.55
Turn off Lights in day	$ 3,600			
Replace Air Filters	$ 79,800	913,000	$ 0.0065621	15.32
Modify Intake Pipes	$ 95,018	414,000	$ 0.0065621	34.98
Install Var. Freq. Drive	$ 150,000	2,971,000	$ 0.0065621	7.69
Light Bulb Change	$ 60,000	3,942	$ 0.0065172	2,325.45
Redirect Fuel Source	$ 55,000	27,472,849	$ 0.0065172	0.31
Install Var. Freq. Drive	$ 22,000	87,600	$ 0.0065172	38.54
Boiler Turndown	$ 25,000	18,100,205	$ 0.0065172	0.21
Replace Fuel Source	$ 10,000	267,427,480	$ 0.0065172	0.01
Replace H2O Treatmnt	$ 389,060	656,443	$ 0.0065319	90.74
Light Bulb Change	$ 14,000	2,321	$ 0.0067160	898.14
Compressor Upgrade	$ 1,000,000		$ 0.0067160	
Replace Wet Gas Comp	$ 8,700,000	6,120,000	$ 0.0077560	183.29
Snow Making Equip.	$ 77,610	151,499	$ 0.0839780	6.10
Light Bulb Change	$ 4,500	11,484	$ 0.0068142	[illegible]
Repl Instrumnt Dryer	$ 135,770	1,500	$ 0.0068142	13,283.05
Install Var. Freq. Drive	$ 16,231	220,000	$ 0.0174737	4.22
Compressor Replace	$ 216,127	405,838	$ 0.0067200	79.25
Motor Replacement	$ 8,694	31,473	$ 0.0902801	3.06
Uninterruptible Power	$ 34,026	48,333	$ 0.0006357	1,107.43
Pump Upgrade	$ 159,868	43,842	$ 0.0006357	5,736.13
Light Bulb Change	$ 2,183	41,023	$ 0.0006357	83.71

Legislative recommendation

- Determine if large customer self-directed USB expenditures are meeting the public purpose benefits of all other USB funded programs

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