



Case No. IPC-E-16-33, Order No. 33736

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Idaho Power energy efficiency rider decreased April 1; customers to be refunded \$13 million in excess funds

BOISE (April 5, 2017) – The Idaho Public Utilities Commission is approving an Idaho Power Company application to slightly reduce the rider customers pay to fund demand-side management (DSM) programs from the current 4 percent of monthly billed amounts to 3.75 percent. The company asked for an effective date of June 1, but the commission made the increase effective April 1.

The commission also approved an Idaho Power request to refund customers \$13 million in DSM rider funds effective June 1 when several other adjustments will be made to customer bills, including the annual Power Cost Adjustment (PCA) and the Fixed Cost Adjustment (FCA).

Revenue raised from the rider must go to fund DSM programs, which include both energy efficiency – reducing consumption through more efficient use of energy – as well as shifting consumption to non-peak periods of the day, which reduces demand.

The impact of reducing the rider to 3.75 percent is only about 22 cents per month for the average residential customer who uses 1,000 kilowatt-hours per month. But the proposed \$13 million refund to customers on June 1 could reduce the overall impact of a potential PCA increase or, conversely, contribute to a larger decrease if the annual PCA is a reduction. While the PCA adjustment will not be known until after April 15, the proposed FCA adjustment is a request for an average 1.29 percent increase effective June 1. (Case No. IPC-E-17-02).

In recent years, the DSM rider has been collecting more than what Idaho Power spends on DSM programs. The rider collects about \$40 million per year. Idaho Power claims there was an approximate \$9 million surplus in the rider account at the end of 2016. The decision to refund \$13 million is an estimation of how much the rider account will grow by the time customers are refunded.

“As we have previously held, it is illogical to allow the company to recover DSM revenues from customers that far exceed DSM expenses,” the commission said. Even with a 0.25 percent

reduction in the rider, Idaho Power should generate enough revenue to fund DSM programs through 2020, the commission said.

Finally, the commission also adopted an Idaho Power request to eliminate the annual transfer of \$4 million in Energy Efficiency Rider funds to the PCA.

Commission staff had recommended that the commission order Idaho Power to provide its Energy Efficiency Advisory Group, which includes stakeholders and interested parties from outside the company, the current levels of rider funding, expenses and forecasts at each EEAG meeting. However, Idaho Power objected to that request, stating much of the information “may be considered confidential, material non-public information that is subject to regulations on disclosure per the United States Securities and Exchange Commission.”

The commission said that while it did not want Idaho Power to test SEC regulations, “we do expect the company to freely utilize staff and the EEAG in developing and refining its DSM programs.”

The commission’s order and other documents related to this case are available on the commission’s website at www.puc.idaho.gov Click on “Open Cases” under the “Electric” heading and scroll down to Case No. IPC-E-16-33.

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