

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF ROCKY MOUNTAIN ) CASE NO. PAC-E-22-03**  
**POWER’S APPLICATION FOR )**  
**AUTHORITY TO INCREASE ELECTRIC )**  
**SERVICE SCHEDULE 191—CUSTOMER ) ORDER NO. 35363**  
**EFFICIENCY SERVICES RATE )**  
**)**

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On January 24, 2022, Rocky Mountain Power Company, a division of PacifiCorp, (“Company”) applied to the Idaho Public Utilities Commission (“Commission”) for authority to increase its Schedule No. 191 – Customer Efficiency Service Rate Adjustment from 2.25% to 2.75%. *Application* at 1. The Company stated that the increase would “better align revenue collections with demand-side management (“DSM”) expenditures while gradually balancing the deferred account associated with acquiring and administering DSM programs in Idaho over the next three years.” *Id.* The Company requested that its Application be processed through modified procedure and take effect April 1, 2022. *Id.*

On February 16, 2022, the Commission issued a Notice of Application and Modified Procedure setting deadlines for the Company and interested persons to comment. *See* Order No. 35322. Comments were received from Commission Staff (“Staff”) and two customers. The Company did not reply.

Now, the Commission issues this final Order rejecting the Company’s Application.

**BACKGROUND**

The Commission has supported cost-effective DSM programs. The Company has offered a variety of DSM programs to its customers since the 1970s. *Application* at 2. DSM programs are designed with the goal to be cost-effective. *Id.* On March 2, 2006, the Commission approved cost recovery of the Company’s DSM programs through Schedule 191 applied to customer bills. *Id.* The Company represented that its proposed increase was consistent with the Company’s previous Schedule 191 rate adjustment approved in Case No. PAC-E-18-12. *See* Order No. 34255. In that case, the Company gradually balanced the DSM account over the 2018-2021 period. *Application* at 3. To monitor the balance of Schedule 191, the Commission implemented an annual reporting process. *Id.* As of December 31, 2021, the Company reported that its Schedule

191 balance was over-collected by \$180,721. *Id.* However, the Company estimates that its future DSM expenditures will exceed revenue collections without adjustment. *Id.*

### THE APPLICATION

The Company's Application included a summary of the projected monthly DSM expenditures and Schedule 191 revenues collected through December 31, 2024. *See Application* at Attachment A. Using the currently approved 2.25 percent tariff rate, the Company anticipated that by the end of 2024, the DSM balancing account would be under-collected by about \$2.7 million. *Application* at 3. However, the Company represented that if it adjusted the Schedule 191 tariff rate to 2.75 percent, the balancing account would be over-collected by \$217,005 by the end of 2024—assuming the DSM expenditures each year remained consistent. *Id.*; see also Attachment B. The Company estimated that adjusting the Schedule 191 collection rate to 2.75 percent would result in a \$5.52 per-year increase in the average residential customer's bill. *Id.* at 4; see also Attachment D.

### COMMENTS

#### A. Staff's Comments

Staff supported the Company's request to increase the Schedule 191 tariff rate anticipating the proposed new rate would better align DSM revenues with the Company's projected expenses. *Staff Comments* at 3. The Company anticipated that its DSM expenditures would increase from \$4.7 million in 2021 to \$5.7 million in 2022, 2023, and 2024—due to the Company's proposed implementation of the Battery Demand Response and Wattsmart Business Demand Response programs<sup>1</sup> *Id.*; see also *Company's Response to Production Request* 5. Staff confirmed that adjusting the tariff rate to 2.75 percent, as proposed by the Company, would better align the Company's projected revenue needs for DSM expenditures through 2024. *Staff Comments* at 3. Staff also confirmed the Company properly applied the new Schedule 191 tariff rate adjustment to customer classes. *Staff Comments* at 3.

Staff expressed concern over the Company's failure to apply for approval of its proposed Wattsmart Business Demand Response Program before applying for authority to adjust the Schedule 191 rate. *Id.* Staff stated that the Company included \$750,000 in projected annual expenses associated with the Wattsmart program—without having received authorization from the

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<sup>1</sup> The Company applied for authority to implement the Battery Demand Response program in Case No. PAC-E-21-16. The Commission has not issued a final order in that case. The Company has not applied for authority to implement the Wattsmart Business Demand Response program as of the date of this Order.

Commission. *Id.* Staff worried that DSM program expenditures could grow by more than a million dollars for each of the next three years, partially due to unauthorized programs. *Id.* Accordingly, Staff suggested the Company should adjust its tariff rider when the Commission issues the orders approving or rejecting the Company’s proposed demand response programs. *Id.*

***B. Public Comments***

Two customers filed public comments opposing the Company’s Application. One customer stated that the Company “does not have the right to increase customer bills by .5 percent in order to recover investments made on behalf of customers to provide energy efficiency programs.” *Comments of Erica Richardson* (03/04/2022). Ms. Richardson stated that if she were required to pay for such a program, “it should be a one-time payment, not a reoccurring payment for an indefinite amount of time.” *Id.* Another customer stated “energy efficiency programs should be a voluntary decision—not mandatory.” *Comments of Val Orme* (03/11/2022).

**COMMISSION FINDINGS AND DECISION**

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, -502, and -503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and to fix the same by order. *Idaho Code* §§ 61-502 and -503.

Having reviewed the record we issue this final Order rejecting the Company’s Application. We are concerned the Company’s proposed DSM expenditures forecast includes expenses for programs that have not yet been approved by the Commission. It is premature to authorize the Company’s proposed Schedule 191 tariff rate increase when we have not authorized two of the programs that act as the catalyst for the Company’s need to recover additional DSM rider funds to ensure proper funding. The Company should first obtain final Commission approval of its Battery Demand Response (Case No. PAC-E-21-16) and seek approval of the Wattsmart Business Demand Response programs.

We have long viewed DSM as a cost-effective energy efficiency tool. This Commission has encouraged utilities to pursue and offer cost-effective DSM and energy-efficiency programs and has regularly authorized corresponding expenditures as prudently incurred for rate making purposes. Although we reject the Company’s Application at this time this does not bar the Company from seeking to modify the rate under Schedule 191 after the programs whose expenses

are to be recovered by such mechanism have been reviewed and possibly approved by Commission order.

**ORDER**

IT IS HEREBY ORDERED that the Company's Application is rejected.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code § 61-626.*

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 1<sup>st</sup> day of April 2022.



ERIC ANDERSON, PRESIDENT

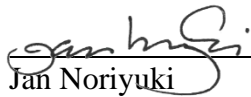


JOHN CHATBURN, COMMISSIONER



JOHN R. HAMMOND JR., COMMISSIONER

ATTEST:



Commission Secretary

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