

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

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| <b>IN THE MATTER OF ROCKY MOUNTAIN</b> | ) | <b>CASE NO. PAC-E-24-10</b> |
| <b>POWER’S APPLICATION FOR A</b>       | ) |                             |
| <b>PRUDENCY DETERMINATION OF ITS</b>   | ) | <b>ORDER NO. 36529</b>      |
| <b>DEMAND SIDE MANAGEMENT EXPENSES</b> | ) |                             |
| <b>INCURRED IN 2022 AND 2023</b>       | ) |                             |

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On August 19, 2024, Rocky Mountain Power, a division of PacifiCorp (“Company”) filed an application (“Application”) with the Idaho Public Utilities Commission (“Commission”) requesting an order designating a total of \$9,102,982 in Demand Side Management (“DSM”) expenditures as prudently incurred for 2022 and 2023. The Company funds its DSM programs through Schedule 191-Customer Energy Efficiency Service Rate Adjustment (“Schedule 191”). Schedule 191 funds four energy efficiency programs and two load management programs.

The Company requested a prudency determination on 2022 DSM expenditures of \$4,194,713 and 2023 DSM expenditures of \$4,908,269. The Company represented that in 2022 the Company’s Schedule 191 DSM programs achieved 16,017 megawatt-hours (“MWh”) of savings, and 18,812 MWhs of savings in 2023. The Company stated that its accrual basis accumulated balance was \$180,721 overfunded on January 1, 2022, and \$551,345 underfunded on December 31, 2023.

The Company included process and impact evaluations for its Wattsmart Business 2020-21, Home Energy Reports (“HER”) 2020-21, and Low Income Weatherization 2018-19, which were published during 2022-23’s prudency timeframe. The Company also represented that it conducted in-house audits of its two partner agencies that administer its Low Income Energy Conservation Education program in Idaho, and worked with those agency partners to develop a uniform tracking mechanism that both agencies will use for program tracking and reporting.

**STAFF COMMENTS**

Commission Staff (“Staff”) reviewed the Company’s Application, annual reports, program evaluations, and discovery responses. Staff Comments at 2. Staff believed that the Company’s DSM programs were generally well managed and cost-effective, and Staff recommended that the Commission designate \$9,043,899 of 2022 and 2023 DSM expenditures as prudently incurred. *Id.*

Staff audited the Company's Tariff Rider expenses and Staff believed that most of the Company's DSM expenses were well documented; however, Staff discovered two expenses that Staff believed were improperly recorded to the Idaho jurisdiction and, in total, \$59,083 was charged to the Idaho Tariff Rider that should have been assigned to Utah. *Id.*

With respect to the Wattsmart Homes Whole Building Evaluation, Staff was concerned with the method used to determine evaluated savings. *Id.* at 4. Staff believed that the Company's method of comparing the results of one energy simulation to another did not provide meaningful evaluation of the program's impact on the Company's system. *Id.*

As such, Staff believed that the 2022 impact evaluation did not provide validation of program savings estimates with a high degree of rigor, and Staff recommended that the Company conduct a follow-up impact evaluation of the Whole Building measure category using billing data to quantify the energy savings impacts to the Company's system. *Id.* at 5. Staff believed the Company should include data from prior program years if necessary to build a sufficient data set to conduct a meaningful evaluation, and that the evaluation should consider any changes to building codes, modeling practices, or program operations in the selected evaluation period. *Id.*

Based on its review, Staff recommended that: (1) the Commission issue an order designating \$9,043,899 of the Company's 2022 and 2023 DSM expenses as prudently incurred; and, (2) the Commission direct the Company to conduct a follow-up impact evaluation of the Whole Building measure category using billing data to quantify the energy saving impacts to the Company's system. *Id.* at 7.

### **COMPANY REPLY COMMENTS**

The Company agreed that the two expenses discovered by Staff were improperly recorded to the Idaho jurisdiction, reducing the total 2022-2023 DSM expenses for Idaho by \$59,083 and resulting in a remaining amount of \$9,043,899. Company Reply Comments at 2.

However, the Company did not believe it was necessary or prudent to re-evaluate the Whole Home measure category for 2021-2022 using billing data because (1) for the 2021-2022 period, the Whole Home measure category only accounted for 2% of the total kilowatt hour ( kWh) savings for the Wattsmart Homes program; and, (2) the nationally accredited REM/Rate model is widely used by Home Energy Rating Systems across the United States and adheres to nationally recognized standards for home energy efficiency analysis. *Id.* The Company believed that

deviating from that national standard in favor of conducting a billing analysis, as Staff recommended, would incur additional cost to the program. *Id.*

### **COMMISSION FINDINGS AND DECISION**

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, 61-502, and 61-503. The Commission is vested with the power to “supervise and regulate every public utility in the state and to do all things necessary to carry out the spirit and intent of the [Public Utilities Law].” *Idaho Code* § 61-501. 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 61-503.

Having reviewed the Application and all submitted materials, the Commission finds it fair, just, and reasonable to designate \$9,043,899 of the Company’s 2022 and 2023 DSM expenses as prudently incurred.

The Commission appreciates the Company’s efforts to continue offering cost-effective DSM programs to customers in Idaho. The Commission believes that it is important that all customer classes have access to economically viable DSM programs, ensuring the DSM programs can have maximum impact across the system. For programs to provide their intended value, it is critical that the Company utilize the most accurate information to refine the Company’s program offerings. While the Commission does not find it necessary to direct the Company to conduct any follow-up impact evaluations at this time, the Commission expects the Company to make sure that the development, implementation, and analysis of its DSM programs is conducted in a manner that prioritizes accuracy and efficiency to provide cost-effective results, and the Company is encouraged to work with Staff when possible to achieve that end.

### **ORDER**

IT IS HEREBY ORDERED that \$9,043,899 of the Company’s 2022 and 2023 DSM expenses is designated as prudently incurred.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date upon this Order regarding 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. *Idaho Code* §§ 61-626.

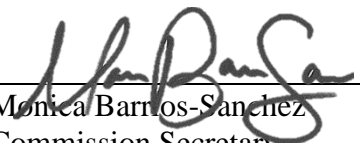
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 2<sup>nd</sup> day of April 2025.

  
EDWARD LODGE, PRESIDENT

  
JOHN R. HAMMOND JR., COMMISSIONER

*Recused*  
DAYN HARDIE, COMMISSIONER

ATTEST:

  
Monica Barros-Sanchez  
Commission Secretary

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