

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF

FROM: NEIL PRICE
DEPUTY ATTORNEY GENERAL

DATE: FEBRUARY 5, 2016

SUBJECT: APPLICATION OF PACIFICORP DBA ROCKY MOUNTAIN POWER
FOR AUTHORITY TO INCREASE SCHEDULE 191 CUSTOMER
EFFICIENCY SERVICES RATE, CASE NO. PAC-E-16-02

On January 19, 2016, PacifiCorp dba Rocky Mountain Power (“Rocky Mountain” or “the Company”) submitted an Application to the Idaho Public Utilities Commission (“Commission”), pursuant to RP 052, RP 201, *Idaho Code* §§ 61-301, 61-301, 61-307, 61-622, and 61-623, seeking authority to increase the Schedule 191 Customer Efficiency Services Rate to 2.70% in order to recover costs associated with acquiring and administering cost-effective demand-side management (“DSM”) programs in its Idaho service territory. The Company proposes an April 1, 2016 effective date for the increase.

On January 22, 2016, Idaho Conservation League (“ICL”) filed a Petition to Intervene in this case. On February 3, 2016, the Commission granted ICL’s Petition. *See* Order No. 33461.

APPLICATION

In its Application, Rocky Mountain included some background regarding the implementation of its Schedule 191 rate. Rocky Mountain mentions that it has offered a variety of demand-side management programs to its customers since the 1970s. The Company states that the Commission initially approved cost-recovery of DSM programs through Schedule 191, Customer Efficiency Services Rate, which was applied to customers’ bills beginning May 1, 2006. The collection rate was originally set at 1.5%. Subsequently, the collection rate has fluctuated but is currently at 2.10%. Rocky Mountain argues that in order to closer align

Schedule 191 revenues with projected expenditures the Company proposes to increase the Schedule 191 collection rate from 2.10% to 2.70%.

Rocky Mountain further explained that, in November 2014, the Commission approved the Company's application to consolidate three of its non-residential energy efficiency programs into a single new program called wattsmart Business. According to the Company, its DSM expenditures increased approximately 38% from \$3.2 million in 2014 to \$4.4 million in 2015. Rocky Mountain attributes this \$1.2 million increase to the wattsmart Business sectors. The Company claims that the increased expenditures produced a corresponding increase in kilowatt-hour savings.

Rocky Mountain estimates that Class 2 savings at site increased from 11,410 megawatt hours (MWh) in 2014 to approximately 15,440 MWh in 2015, a 36% increase. The Company's current forecast for DSM expenditures in 2016 and 2017 ranges from \$4.4 to \$5.0 million per year, included as Attachment B to Rocky Mountain's Application.

As stated above, Schedule 191 rate is currently at 2.10%. The Company's Application provided calculations demonstrating that at the current level of 2.10% annual Schedule 191 revenues would be approximately \$3.947 million, see Attachment A.

Attachment B to Rocky Mountain's Application summarizes the actual monthly DSM expenditures and Schedule 191 revenue collection through December 31, 2015, with a net receivable balance owed to the Company of \$0.7 million. Attachment B also shows that at the current Schedule 191 rate, the DSM balancing account will be under-collected by approximately \$1.2 million as of December 31, 2016.

Attachment C contains the same balancing account analysis as Attachment B except the Schedule 191 rate is adjusted to 2.70%, effective April 1, 2016, as proposed in this Application. The Company projects that, assuming the 2.70% rate for Schedule 191 revenue with an April 1, 2016 effective date, the balance in the deferred account will be under-collected by approximately \$280,000 as of December 31, 2016.

Attachment D contains a clean and legislative copy of the Company's revised tariff sheets for Schedule 191. The Company also provided copies of the press release and customer bill insert as Attachment E to the Application. The Company states that the bill inserts were included in customer's bills by January 26, 2016, and will continue through a full billing cycle.

In summary, in order to address the current under-collection balance alleged by Rocky Mountain and keep it from continuing to grow, the Company proposes to increase the Schedule 191 rate to 2.70%. The Company estimates that the proposed 0.6% increase in the Schedule 191 rate will result in the collection of approximately \$5.1 million on an annual basis.

COMMISSION DECISION

Does the Commission wish to process Rocky Mountain's Application through Modified Procedure with a March 16, 2016 deadline for written comments?

/s/ Neil Price

Neil Price

Deputy Attorney General

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