

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF ROCKY MOUNTAIN POWER)	CASE NO. PAC-E-14-07
REQUESTING A PRUDENCY)	
DETERMINATION ON ITS DEMAND-SIDE)	NOTICE OF
MANAGEMENT EXPENDITURES FOR)	MODIFIED PROCEDURE
YEARS 2010-2013)	
)	ORDER NO. 33122

On July 7, 2014, PacifiCorp dba Rocky Mountain Power filed an Application requesting the Commission find that the utility’s demand-side management (DSM) expenses for the years 2010 through 2013 were prudently incurred. More specifically, Rocky Mountain seeks to recover \$25.76 million in deferred costs for seven DSM programs. “DSM” generally refers to utility activities and programs that encourage customers (i.e., on the “demand-side” as opposed to the “generation side”) to use less overall energy or use less energy during peak usage hours.¹ Rocky Mountain’s DSM programs include: Low Income Weatherization/Education (Schedule 21); Irrigation Load Control (Schedules 72 and 72A)²; FinAnswer Express (Schedule 115); Refrigerator Recycling (Schedule 117); Home Energy Saver (Schedule 118); Energy FinAnswer (Schedule 125); and Agricultural Energy Services (Schedule 155). The Company is requesting permission to recover its DSM expenses from the deferral accounts and is not requesting an increase in its DSM tariff rider (Schedule No. 191).

On July 29, 2014, the Commission issued its Notice of Application and set a deadline for intervention. Order No. 33082. Petitions to Intervene were filed by the Idaho Conservation League (ICL) and Monsanto Company. The Commission granted intervention to ICL and Monsanto, and issued its Notice of Parties on August 27, 2014. The parties subsequently agreed to process this case under Modified Procedure and proposed a schedule as set out in greater detail below. In this Order, we establish a schedule to process this case under Modified Procedure.

¹ DSM programs can be specific and focused such as the immediate and temporary curtailment of usage, or broad and less immediate such as the installation of energy efficient equipment and other energy efficiency programs.

² Schedule 72 and 72A were cancelled in Order No. 32760 (Case No. PAC-E-12-14) when the Irrigation Load Control Program was treated as a system-wide benefit in 2011.

BACKGROUND

The Company has offered a variety of DSM programs to its customers since the 1970s. In 2006, the Commission approved an enhanced set of DSM programs and provided a mechanism for cost recovery of Rocky Mountain's energy efficiency and DSM programs. Typically, DSM programs have two steps. First, the utility designs and implements a variety of DSM programs to promote energy efficiency and conservation, or reduce customer demand during periods of peak demand and/or in times of supply constraint. Second, utilities periodically report on the effectiveness of their DSM programs and seek permission to recover the deferred costs of the DSM programs.

In Order No. 29976 issued in March 2006, the Commission authorized Rocky Mountain to establish a DSM tariff rate (or "rider") as a separate line item on customers' bills under tariff Schedule No. 191. The DSM tariff rider is the mechanism used to recover the costs of most DSM programs. The Company was authorized to defer the costs of its DSM programs until such time as the Commission finds that the "Company's DSM expenditures and programs are or will be found to be reasonably and prudently incurred and executed." Order No. 29976 at 6.

THE APPLICATION

A. The DSM Programs

Rocky Mountain offered various DSM/energy efficiency programs during 2010-2013 to all major customer classes including residential, commercial, industrial and agricultural. Exh. No. 1 at 324. The Company offered residential customers three DSM programs: Home Energy Saver, Residential Refrigerator Recycling, and Low Income Weatherization. These programs are discussed below.

Home Energy Saver – this program is designed to provide a number of products and services to customers in new or existing homes, multi-family housing units, or manufactured homes for customers taking service under Schedules 1 and 36. Services and products under this program include: attic insulation, floor insulation, wall insulation, energy efficiency windows, CFL lighting, and other services. This program is administered by PECEI, a private non-profit corporation, which has been implementing energy efficiency programs since 1990. Exhibit No. 1 at p. 326.

Refrigerator Recycling – this program is designed to decrease electric usage through the voluntary removal and recycling of inefficient refrigerators and freezers. Customers receive a \$30 incentive for each qualifying appliance and

an energy saving kit which includes two CFL bulbs, a refrigerator thermometer card and other energy-saving educational materials. This program is administered by JACO Environmental, which is one of the largest recyclers of household appliances in the United States. *Id.* at 332-33.

Low Income Weatherization – this program provides energy efficiency services through local non-profit agencies to residential customers meeting income-eligible guidelines. Services are provided at no cost to eligible customers. Services provided under this program including ceiling/wall/ floor insulation, furnace repair, air infiltration, replacement door/windows, and other services. The Company’s non-profit program administrators include the Eastern Idaho Community Action Partnership and Southeastern Idaho Community Action Partnership. The Company provides 85% of the cost of approved measures with the balance of funds provided by the Idaho Department of Health & Welfare. *Id.* at 335. In addition to conservation services, the Company also provides energy conservation education to low-income residential customers for Company customers that receive Low Income Home Energy Assistance (LIHEAP) funds. The information packet includes items such as a low-flow showerhead, outlet/switch plate gaskets, one CFL bulb, and other efficiency products. *Id.* at 334-36.

The Company also provided three DSM programs for its commercial, industrial and agricultural customers. These programs included:

The FinAnswer Express – this program is designed to help commercial and industrial customers to improve the efficiency of their lighting, HVAC, electric motors, building envelopes, and other equipment. This program is administered by two contractors. *Id.* at 339.

Energy FinAnswer – this program is available to all commercial and industrial customers with buildings in excess of 20,000 square feet. The program provides energy engineering incentives of 12¢ per kWh for the first year energy savings and \$50 per kW of average monthly demand savings up to a cap of 50% of the approved project cost. This program is operating in conjunction with the more streamlined FinAnswer Express and also seeks efficiency improvements in HVAC systems, motors, refrigeration, lighting, irrigation, and other equipment. *Id.* at 344-46.

Agricultural Energy Services – this program is designed to improve the overall energy efficiency of irrigation systems for customers taking service on tariff Schedule 155. Portions of this program were suspended in 2013 in Order No. 32879. *Id.* at 342-43.

B. The Deferred Expenses

Rocky Mountain asserts in its Application that the seven DSM programs resulted in energy savings for the years 2010-2013. Dir. Testimony, p. 8, Table 1. The utility reports that five of the programs were cost-effective in all years with two exceptions noted here. Application at 4. First, the Company indicated the Agricultural Energy Service Program was not cost-effective in 2013 when its benefit/cost ratio for the total resource cost (TRC) test³ was 0.84. Second, the Company stated that its Low Income Weatherization Program was not cost-effective under the TRC or UCT tests in any of the years under review. Dir. Testimony at 15. The Company reports that it has taken actions to improve the cost-effectiveness of the Low Income Weatherization Program. *Id.* at 16. Rocky Mountain requests authorization to recover \$25,765,486 in DSM expenses from the DSM rider account and asserts these expenses were “prudently incurred.” Application at 1. The requested expenses per year are set out below:

YEAR	EXPENDITURES
2010	\$7,515,026
2010	\$8,100,681 (load control incentives) ⁴
2011	\$2,815,694
2012	\$3,459,989
2013	<u>\$3,874,096</u>
	\$25,765,486

Source: Direct Testimony at p. 2.

In support of its Application, the Company submitted prefiled testimony, exhibits, the results of its cost-effectiveness analysis, and the third-party program evaluation reports. Application at 1. The Company requested and the parties agreed to process the Application under Modified Procedure with the schedule set out below.

NOTICE OF MODIFIED PROCEDURE

YOU ARE HEREBY NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules

³ The Company uses several analytical tools to “test” the cost-effectiveness of its DSM programs. These tests include: the TRC; the utility cost test (UCT) from the utility’s perspective; the participant cost test (PCT) from the average participating customer’s perspective; and the PacifiCorp total cost test (PTCT) which is a variant of the TRC with a 10% adder to reflect non-energy benefits. Dir. Testimony at 13.

⁴ In 2011 the two Irrigation Load Control programs under tariff Schedules 72 and 72A were cancelled and a new program was offered to customers using a third-party aggregator, EnerNOC. The load control expenses for 2011 and beyond are no longer included in the DSM rider from tariff Schedule 191. Order No. 32760.

of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission **on or before November 14, 2014**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and Rocky Mountain at the addresses reflected below:

Commission Secretary	Ted Weston
Idaho Public Utilities Commission	Daniel E. Solander
PO Box 83720	Rocky Mountain Power
Boise, ID 83720-0074	201 S. Main, Suite 2300
	Salt Lake City, UT 84111
Street Address for Express Mail:	E-mail: ted.weston@pacificorp.com
	daniel.solander@pacificorp.com
472 W. Washington Street	
Boise, ID 83702-5918	

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Case Comment or Question Form" under the "Consumers" tab, and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to Rocky Mountain at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if Rocky Mountain desires to submit reply comments, it must do so **no later than December 1, 2014**.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application, testimonies, reports, and exhibits have been filed with the Commission and are available for public inspection during

regular business hours at the Commission offices. The Application and testimonies are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Open Electric Cases," and then click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-503 and 61-336. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons must file comments in opposition or in support of Rocky Mountain's prudency Application no later than November 14, 2014.

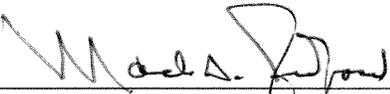
IT IS FURTHER ORDERED that Rocky Mountain may file reply comments, if necessary, no later than December 1, 2014.

IT IS FURTHER ORDERED that parties serve their discovery and written comments on each other via e-mail and that discovery shall be answered within 14 days.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 9th
day of September 2014.



PAUL KJELLANDER, PRESIDENT

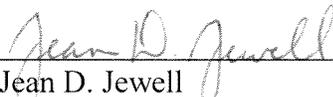


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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