



Idaho Public Utilities Commission

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Case No. PAC-E-14-07, Order No. 33188

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Commission finds Rocky Mountain Power investment in demand-side management program is prudently incurred

BOISE (Dec. 19, 2014) – About \$25.76 million of Rocky Mountain Power company investment in demand-side management (DSM) programs during 2010-13 was prudently incurred and beneficial to both the company and its southeast Idaho customers, state regulators determined. The commission’s finding does not impact customer rates.

DSM refers to programs that encourage customers to use less energy or shift use away from peak hours, thus reducing demand on Rocky Mountain’s generation system. Customers pay for most of the programs through a rider that appears on customer bills called “Customer Efficiency Services.” The rider is currently set at 2.1% of a customer’s monthly billed amount. Investment in an irrigation load control program (about \$8.1 million of the total \$25.76 million) has been shifted to recovery through base rates rather than through the rider.

The commission’s prudence review is to determine if the funds invested in the programs are reasonable and beneficial to customers, including customers who do not directly participate in the programs.

The programs, directed toward residential, commercial, industrial and irrigation customers, saved the utility 11,963 megawatt hours in 2010; 8,688 MWh in 2011; 11,420 MWh in 2012 and 18,324 MWh during 2013. That reduced consumption lowers power supply expense for all customers and eliminates or delays the need to build new generating facilities.

Commission staff audited the company’s internal controls and processes and interviewed DSM program managers. Staff said Rocky Mountain has “rigorous internal controls” to help ensure precise allocation of the costs and benefits within each DSM program. The staff noted that in 2012 and 2013 the company surpassed its Conservation Potential Assessment and that in all years except 2010 exceeded its energy savings goals as outlined in its long-range Integrated Resource Plan.

Rocky Mountain Power offers three programs to residential customers. “Home Energy Saver” provides products and services such as attic insulation and floor insulation, energy efficient

windows, CFL lighting and other services. “Refrigerator Recycling” offers rebates for removal and recycling of inefficient refrigerators and freezers. “Low-Income Weatherization” provides energy efficiency services to residential customers meeting income guidelines.

Three other programs targeted commercial, industrial and agricultural customers. “FinAnswer Express” helped commercial and industrial customers improve the efficiency of their lighting, HVAC, electric motors, building envelopes and other equipment. “Energy FinAnswer” was available to commercial and industrial customers in excess of 20,000 square-feet and included incentives for improvements to HVAC systems, motors, refrigeration, lighting and other equipment. “Agricultural Energy Services” was designed to improve overall efficiency of irrigation systems. *(In a separate case, these programs were consolidated into a single program to be marketed as “wattsmart Business.” All three were merged effective Nov. 1, 2014, under one tariff called Non-Residential Energy Efficiency, Schedule 140.)*

Only two of the programs did not pass cost-effectiveness tests. The portion of the Agricultural Energy Services program that offered irrigation customers a nozzle exchange as well as measures to make pivot and linear equipment more efficient has been discontinued. The Low-Income Weatherization program, while not yet cost-effective, will be continued while the company works with the commission and southeast Idaho community action agencies to increase participation.

The commission staff found that many of Rocky Mountain’s industrial and commercial customers are not aware of the energy efficiency programs available to them. The commission directed the company to work more closely with staff to develop a more structured advertising method targeting non-residential customers.

Documents related to this case, including the commission’s final order, are available on the commission’s Website at www.puc.idaho.gov. Under the “Electric” heading click on “Open Cases” and scroll down to Case No. PAC-E-14-07.

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