Office of the Secretary
Service Date
November 13, 2014

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF PACIFICORP DBA ROCKY MOUNTAIN POWER FOR AUTHORITY TO MAKE REVISIONS TO ITS ELECTRIC SERVICE SCHEDULE 155, AGRICULTURAL ENERGY SERVICES	**CASE NO. PAC-E-14-08** **ORDER NO. 33178**

On August 22, 2014, PacifiCorp dba Rocky Mountain Power ("Rocky Mountain" or "Company") filed an Application, pursuant to *Idaho Code* §§ 61-301, 61-307, 61-622, and 61-623, with the Commission seeking to consolidate Electric Service Schedules: No. 115 – FinAnswer Express; No. 125 – Energy FinAnswer; and No. 155 – Agricultural Energy Services, with modification, under a new Electric Service Schedule No. 140, Non-Residential Energy Efficiency. Rocky Mountain requests that these three Electric Service Schedules be cancelled effective November 1, 2014.

On September 25, 2014, the Commission issued a Notice of Application, Notice of Intervention Deadline and Notice of Modified Procedure with a 21-day comment period. *See* Order No. 33138. Subsequently, Idaho Conservation League ("ICL") filed a Petition to Intervene and was granted permission to intervene as a party. *See* Order No. 33152. Commission Staff and ICL submitted written comments regarding the Company's Application. Rocky Mountain later submitted reply comments.

THE APPLICATION

Rocky Mountain states that in filing its Application it is seeking to: (1) consolidate three non-residential energy efficiency programs into a single program, wattsmart Business; (2) enable any future modifications to the tariff similar to Schedule 115 format; (3) increase incentive levels; (4) expand the tariff to include energy management services and incentives; (5) update and expand the prescriptive incentive offer; and (6) include a new offer for small businesses.

The Company also included the direct testimony and exhibits of Ms. Kathryn C. Hymas, Vice President of Rocky Mountain Power Finance and Demand-Side Management ("DSM") in support of its Application.

Rocky Mountain requested that the Commission process its Application through Modified Procedure.

STAFF COMMENTS

Staff recommended the Commission approve the Company's Application. Staff emphasized that its recommendation was not an endorsement of any particular program expenditure and that it would analyze the prudency of the Company's DSM expenditures in the Company's next DSM prudency case.

Staff stated that its analysis consisted of a review of the program changes, cost-effectiveness calculations and compliance with the Demand Side Management Memorandum of Understanding ("DSM MOU").

According to Staff, the Company's proposal attempts to increase program participation and avoid participant confusion by consolidating its three non-residential programs into a single Idaho program called "wattsmart Business." The Company also proposes to modify and expand some incentives due to code and standard changes, third-party recommendations, and new market data. Prescriptive measures changes, such as lighting, HVAC, food service, compressed air, farm and dairy have been modified and updated.

Staff believes that, with some customers, their current program could unintentionally impede program performance by making customers move between different commercial/industrial programs because the scope of a project changes. Staff believes the Company's proposed modifications may make the programs more comprehensive and increase participation. Staff noted that the Company has previously consolidated its non-residential programs in its Utah service territory.

Staff referred to the DSM MOU's requirement that the Company analyze cost-effectiveness from a variety of perspectives, including the Total Resource Cost (TRC) and the Utility Cost Test (UCT)[1], with the overall goal of being cost-effective. If a measure or program is not cost-effective on a stand-alone basis, the utility must explain why the measure or program was implemented or continued. During a DSM prudency review, Staff takes into consideration the reasonableness of all measures and programs offered (or not offered) in the context of a

[1] The **TRC** test reflects the program's total cost and benefits to all customers in the utility's service territory. A benefit cost ratio greater than 1.0 means that the program is beneficial to the utility and its ratepayers on a total resource cost basis. The **UCT** calculates a program's costs and benefits from the utility's perspective (i.e., how the program will impact the utility's revenues requirement).

broad-based DSM portfolio. Staff notes that all measure categories are forecasted to pass either the TRC or UCT on a stand-alone basis and the *wattsmart Business program is cost-effective from both the TRC and UCT.*

Staff remarked that the Company's approach puts an emphasis on systematically changing individual or organizational behavior towards energy management. According to Staff, these programs have been increasingly implemented around the country and in the Northwest with demonstrated energy savings and overall cost-effectiveness. Staff believes the Company's additions and modifications to its program are appropriate. Rocky Mountain's proposal consists of traditional DSM offerings, such as capital projects, and relatively newer approaches such as Energy Management. Staff believes the proposed changes appear to be reasonable and are focused on improving participation.

ICL COMMENTS

ICL recommended the Commission approve Rocky Mountain's Application, subject to some minor changes. According to ICL, combining the existing separate programs into a single wattsmart Business program will assist customer understanding and should reduce RMP's administrative burdens.

ICL expressed a concern that Rocky Mountain's proposed procedure to make program changes does not allow for public involvement until late in the process. ICL suggested an informal comment opportunity provided by the Company.

ICL disagrees with Rocky Mountain's assumption that no additional energy savings will result from an on-site energy manager. ICL believes that this is a highly conservative estimate, as merely having someone focused on energy will almost certainly result in savings from simple things like turning off lights, or addressing malfunctioning equipment.

ICL believes that updating the baseline should depend on the lighting installed in Rocky Mountain's Idaho service territory, rather than a change in the standard. ICL recommended the Commission require RMP to document their Idaho business customers have actually converted from T12 to more efficient lights.

ICL opposes the Company's proposal to discontinue the New Construction Design Assistance, Design Honorarium and Design Team Incentives, and recommended the Company continue to offer these programs in the combined wattsmart Business portfolio.

While ICL supports the Company's proposal to target small businesses, ICL believes that the Company should include additional measures beyond lighting, specifically measures to address office equipment as well as heating and cooling needs. ICL argues that Rocky Mountain should encourage parties to wring the maximum amount of savings from each interaction. ICL recommended the Commission approve the proposed small business offering and encourage Rocky Mountain to expand its program measures.

ICL lauded Rocky Mountain for proposing important changes to its non-residential programs. According to ICL, Rocky Mountain's proposals, overall, reflect best practices of leading programs around the country. ICL made the following recommendations: (1) approve the consolidation of non-residential programs into wattsmart Business; (2) allow a flexible tariff provided that stakeholders may comment on changes in the same manner and timing as Commission Staff; (3) approve the Energy Management Offering including the co-funding of an on-site energy manager; (4) approve updated prescriptive incentives based on revised RTF savings and changes in codes and standards actually reflected in RMP's Idaho service territory; and (5) approve the Small Business Offering and encourage RMP to add additional measures beyond lighting.

COMPANY REPLY COMMENTS

The Company submitted reply comments in response to ICL's proposed changes to Rocky Mountain's Application. The Company stated that it proposed removing the incentive for New Construction Design Assistance, the Design Honorarium and Design Team Incentives due to the comprehensiveness of the new offering and the low participation in these offerings. The proposed streamlined program simplifies customer participation and provides the elements of the existing programs that have been moving the market.

While Rocky Mountain values customer input, the Company does not feel that mandating an informal comment period for interested stakeholders is required. Notwithstanding, the Company will ensure ICL or other interested stakeholders are given the opportunity to informally review proposed changes at the same time as Staff and provide comments.

The Company agrees with ICL that updating the baseline should align with the lighting installed in the Company's Idaho service territory. This research was completed and the Company recommended the Commission not mandate another lighting baseline study. Given that the general service fluorescent lighting federal standard (effective July 14, 2012 for lamps) applies to lighting manufacturers and imports of lighting, and does not necessitate customers change their lighting until it fails, the baseline change for Idaho was made approximately 18 months later on January 1, 2014, after conducting research in 2013 to inform the timing for the change. The research built upon work undertaken by the Bonneville Power Administration and included sales and survey data from commercial lighting contractors, distributors and manufacturers as well as recent program participants in PacifiCorp service territories (ID, UT, WY, WA and CA). The research concluded that January 1, 2014, was an appropriate time to make the baseline change. Thus, the Company does not believe additional research to document that Idaho business customers have actually converted from T12 to more efficient lights provides added value.

The Company recommended approval of the small business lighting as submitted in the Application. However, the Company will continue to review other possible qualifying measures for the small business offering that are found to be cost-effective, and will bring those measures forward for Staff and stakeholder input prior to implementation.

In conclusion, Rocky Mountain made the following recommendations based on its original Application and reply comments: approve the discontinuance of the New Construction Design Assistance, Design Honorarium, and Design Team Incentives; not mandate an informal comment period for interested stakeholders to comment on proposed changes; not require additional research on Idaho business customers' conversion from T12 to more efficient lights; and approve the small business lighting as submitted in the Application.

COMMISSION FINDINGS

The Commission has reviewed Rocky Mountain's filing and considered the parties' various recommendations regarding the Company's proposed consolidation of Electric Service Schedules: No. 115 – FinAnswer Express; No. 125 – Energy FinAnswer; and No. 155 – Agricultural Energy Services, with modification, under a new Electric Service Schedule No. 140, Non-Residential Energy Efficiency. The Commission finds that the Company's proposal to consolidate the aforementioned Electric Service Schedules is fair, just and reasonable. The Commission agrees that the consolidation of these schedules represents a necessary "streamlining" of the Company's service offerings.

The Commission recognizes ICL's recommendation to increase customer participation in these types of proceedings. Nonetheless, the Commission finds that a separate proceeding to solicit customer input through an "informal" process is unnecessary. The Commission is satisfied that customers currently have an adequate opportunity to comment in these types of proceedings. Specifically, the Commission notes that Rocky Mountain has committed to allow its customers, including groups such as ICL, to its review proposals and provide opportunities for them to comment contemporaneously with Staff.

Additionally, the Commission approves the discontinuance of the New Construction Design Assistance, Design Honorarium, and Design Team Incentives as proposed in the Company's Application. Staff and ICL did not object to the discontinuance of these program incentives.

The Commission approves the Small Business Lighting offer proposed by the Company. The Commission finds that utilizing Company-approved and managed contractors to assist small business customers to identify energy efficiency upgrades, estimate savings and incentives, and install high-efficiency equipment is a worthy endeavor that may yield significant energy conservation savings.

Finally, the Commission cannot identify any benefit derived from mandating the Company to conduct additional research on Idaho business customers' conversion to more efficient lighting. The new federal fluorescent lighting standard for manufacturers and imports went into effect in 2012, and will necessitate a conversion to more efficient lighting as small business customers replace their lighting.

CONCLUSIONS OF LAW

Rocky Mountain Power is an electrical corporation. The Commission has jurisdiction and authority over Rocky Mountain and the issues in this case under Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et. seq*.

O R D E R

IT IS HEREBY ORDERED that Rocky Mountain's Application to consolidate its Electric Service Schedules: No. 115 – FinAnswer Express; No. 125 – Energy FinAnswer; and No. 155 – Agricultural Energy Services, with modification, under a new Electric Service Schedule No. 140, Non-Residential Energy Efficiency, is approved.

IT IS FURTHER ORDERED that the discontinuance of certain incentives and the implementation of a new Small Business Lighting offer, as discussed more fully above, are also approved.

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. 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 13th day of November 2014.

PAUL KJELLANDER, PRESIDENT

MACK A. REDFORD, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Jean D. Jewell
Commission Secretary

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