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UTILITIES COMMISSION

1407 W. North Temple, Suite 330
Salt Lake City, Utah 84116

August 28, 2020

VIA ELECTRONIC FILING

Idaho Public Utilities Commission
11331 W. Chinden Blvd.
Building 8 Suite 201A
Boise, ID 83714

Attn: Jan Noriyuki
Commission Secretary

**RE: CASE NO. PAC-E-20-11
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER
REQUESTING A PRUDENCY DETERMINATION ON DEMAND-SIDE
MANAGEMENT EXPENDITURES.**

Please find enclosed for filing in the above captioned matter Rocky Mountain Power's Application requesting an order designating its demand-side management expenses as prudently incurred for 2018 and 2019 program years.

For informal questions related to this matter, please contact me at (801) 220-4214.

Sincerely,

Michael S. Snow
Manager, Regulatory Affairs

Enclosures

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Attorney for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF ROCKY MOUNTAIN POWER) **CASE NO. PAC-E-20-11**
REQUESTING A PRUDENCY)
DETERMINATION ON DEMAND-SIDE) **APPLICATION**
MANAGEMENT EXPENDITURES.)

COMES NOW, Rocky Mountain Power, a division of PacifiCorp (the “Company”), in accordance with Order No. 32788 and Rule of Procedures 052 and 201, *et. seq.*, and hereby respectfully applies to the Idaho Public Utilities Commission (the “Commission”) for an order designating Rocky Mountain Power’s demand-side management (“DSM”) expenditures for program years 2018 and 2019 in the amount of \$9,634,576 as prudently incurred (“Application”).

In support of this Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is authorized to do and is doing business in the state of Idaho. The Company provides retail electric service to approximately 84,000 customers in the state of Idaho and is subject to the jurisdiction of the Commission. Rocky Mountain Power is a public utility in the state of Idaho pursuant to Idaho Code § 61-129.

2. The Company presents the 2018 and 2019 annual DSM reports, (“Annual DSM Reports”), results of the programs cost effective analysis, and third-party program evaluations.

BACKGROUND

3. The Company has offered a variety of DSM programs to its customers since the 1970s. All of the DSM programs offered by Rocky Mountain Power in Idaho have been designed to be cost-effective. On March 2, 2006, the Commission approved an enhanced set of DSM programs and cost recovery of them through Electric Service Schedule No. 191, Customer Efficiency Services Rate Adjustment (“Schedule 191”), which was applied to customers’ bills beginning May 1, 2006.

4. This Application and the Annual DSM reports are consistent with the Memorandum of Understanding the Company entered into in Case No. GNR-E-12-01, and approved by Order No. 32788 (“MOU”). Pursuant to this MOU, Rocky Mountain Power has filed Annual DSM and peak reduction reports with the Commission for program years 2018 and 2019 under Docket No. PAC-E-05-10, and made them available on the Company’s website.^{1,2} These reports follow the format set forth in the MOU and evaluate DSM program performance, including expenditures, savings and cost effectiveness, as well as the balancing account activity associated with Schedule 191.

5. During 2018 and 2019, the Company’s DSM portfolio consisted of four distinct energy efficiency programs, offering incentives for a wide variety of energy efficiency measures to the Company’s residential, business and agricultural customers. Agricultural

¹ 2018 Annual Report:

https://www.pacificorp.com/content/dam/pacorp/documents/en/pacificorp/environment/dsm/idaho/2018_ID_DS_M_Annual_Report_Appendices.pdf.

² 2019 Annual Report:

https://www.pacificorp.com/content/dam/pacorp/documents/en/pacificorp/environment/dsm/idaho/2019_ID_DS_M_Annual_Report_4-20-20.pdf.

customers can also participate in the irrigation load management program.³ The Company continues to work with customers and the Commission to provide a comprehensive suite of DSM programs that provide the greatest opportunity for participation by all customer sectors.

6. DSM programs offered by the Company provide a wide range of services and financial incentives to assist customers with energy efficiency projects they wish to pursue.

The four energy efficiency programs subject to Schedule 191 in 2018 and 2019 were:

- Schedule 21 – Low Income Weatherization/Low Income Education;
- Schedule 118 – Home Energy Saver (“Wattsmart Homes”)
- Home Energy Reports (no tariff); and
- Schedule 140 – Non-Residential Energy Efficiency (“Wattsmart Business”)

PROGRAM EXPENDITURES

7. The Company requests a Commission determination that the DSM expenditures totaling \$9,634,576, which represents \$4,766,097 for 2018 and \$4,868,479 for 2019, were prudent and in the public interest. Expenditures by category are provided in the accompanying Appendix 2 of the Annual DSM Reports. These expenditures are categorized by program delivery administration, Company administration, customer and dealer/trade ally incentives, engineering, evaluation, marketing and program development. The expenditures submitted in this Application represent the activities that took place during program years 2018 and 2019 through a year-end cost true-up process.

³ In 2011, the Irrigation Load Control program was treated as a system-wide benefit and excluded from Schedule 191. Performance results were no longer included in the annual DSM reports, but were submitted as a confidential document to the Commission.

8. The Company reports its Schedule 191 balancing account quarterly to Commission Staff, and annually in the Annual DSM Reports. For added convenience, the 2018 and 2019 balancing account activity is provided in Tables 1 and 2 below.

Table 1 – 2018 Schedule 191 Balancing Account Activity

Month	Monthly Program Costs - Fixed Assets	Monthly Net Accrued Costs	Rate Recovery	Carrying Charge	Cash Basis Accumulated Balance	Accrual Basis Accumulated Balance
Dec-17					\$ (1,326,350)	\$(1,127,251)
Jan-18	\$ 201,220	\$ 14,765	\$ (346,807)	\$ (1,166)	\$ (1,473,103)	\$(1,259,239)
Feb-18	\$ 204,305	\$ 80,568	\$ (313,521)	\$ (1,273)	\$ (1,583,592)	\$(1,289,160)
Mar-18	\$ 490,717	\$ (56,695)	\$ (309,063)	\$ (1,244)	\$ (1,403,182)	\$(1,165,446)
Apr-18	\$ 252,658	\$ (19,354)	\$ (274,598)	\$ (1,178)	\$ (1,426,301)	\$(1,207,918)
May-18	\$ 225,696	\$ 138,621	\$ (307,626)	\$ (1,223)	\$ (1,509,454)	\$(1,152,450)
Jun-18	\$ 419,862	\$ (85,770)	\$ (508,443)	\$ (1,295)	\$ (1,599,330)	\$(1,328,097)
Jul-18	\$ 319,289	\$ 106,754	\$ (782,161)	\$ (1,526)	\$ (2,063,728)	\$(1,685,740)
Aug-18	\$ 537,997	\$ (64,187)	\$ (689,852)	\$ (1,783)	\$ (2,217,366)	\$(1,903,566)
Sep-18	\$ 327,674	\$ 5,193	\$ (552,374)	\$ (1,941)	\$ (2,444,007)	\$(2,125,013)
Oct-18	\$ 389,982	\$ (69,955)	\$ (384,812)	\$ (2,035)	\$ (2,440,873)	\$(2,191,835)
Nov-18	\$ 385,488	\$ 317,057	\$ (317,304)	\$ (2,006)	\$ (2,374,695)	\$(1,808,600)
Dec-18	\$ 874,126	\$ (248,947)	\$ (355,881)	\$ (1,763)	\$ (1,858,213)	\$(1,541,064)
2018 Totals	\$ 4,629,012	\$ 118,050	\$ (5,142,442)	\$ (18,433)		

Table 2 – 2019 Schedule 191 Balancing Account Activity

Month	Monthly Program Costs - Fixed Assets	Monthly Net Accrued Costs	Rate Recovery	Carrying Charge	Cash Basis Accumulated Balance	Accrual Basis Accumulated Balance
18-Dec					\$ (1,858,213)	\$(1,541,064)
19-Jan	\$ 349,549	\$ 63,705	\$ (358,584)	\$ (3,105)	\$ (1,870,353)	\$(1,489,499)
19-Feb	\$ 532,642	\$ 54,404	\$ (331,929)	\$ (2,950)	\$ (1,672,590)	\$(1,237,332)
19-Mar	\$ 474,360	\$ (40,735)	\$ (283,372)	\$ (2,628)	\$ (1,484,229)	\$(1,089,706)
19-Apr	\$ 404,631	\$ (76,084)	\$ (224,667)	\$ (2,324)	\$ (1,306,590)	\$(988,151)
19-May	\$ 343,792	\$ (37,426)	\$ (277,671)	\$ (2,123)	\$ (1,242,593)	\$(961,580)
19-Jun	\$ 244,759	\$ 234,956	\$ (395,852)	\$ (2,197)	\$ (1,395,882)	\$(879,914)
19-Jul	\$ 271,223	\$ 9,491	\$ (656,593)	\$ (2,648)	\$ (1,783,900)	\$(1,258,441)
19-Aug	\$ 626,460	\$ (172,323)	\$ (609,162)	\$ (2,959)	\$ (1,769,561)	\$(1,416,426)
19-Sep	\$ 338,018	\$ (5,387)	\$ (491,067)	\$ (3,077)	\$ (1,925,687)	\$(1,577,938)
19-Oct	\$ 296,698	\$ 64,218	\$ (281,124)	\$ (3,196)	\$ (1,913,308)	\$(1,501,342)
19-Nov	\$ 166,183	\$ 185,798	\$ (284,803)	\$ (3,288)	\$ (2,035,217)	\$(1,437,453)
19-Dec	\$ 718,679	\$ (58,748)	\$ (286,226)	\$ (3,032)	\$ (1,605,796)	\$(1,066,780)
2019 Total	\$ 4,766,994	\$ 221,867	\$ (4,481,050)	\$ (33,527)		

ENERGY EFFICIENCY SAVINGS AND COST EFFECTIVE

9. The annual energy efficiency portfolio savings achieved through the Company's DSM programs were 17,663 MWh in 2018 and 21,354 MWh for 2019, measured at the customers' meter.

10. The Company examines its programs from all cost effective tests, including the PacifiCorp Total Resource Cost ("PTRC"), Total Resource Cost ("TRC"), Utility Cost Test ("UCT"), Ratepayer Impact Measure ("RIM"), and Participant Cost Test ("PCT") at the measure category: program-level, sector-level and portfolio-level. Pursuant to Commission Order No. 33766, issued May 18, 2017, the Company now uses the UCT as the primary determinant for cost effectiveness. However, the Low Income Weatherization program still uses the PTRC test authorized by Commission Order No. 32788, issued April 12, 2013.

11. In 2018, the energy efficiency portfolio as a whole was only cost-effective from the PCT perspective. On an individual program level however, the Wattsmart Homes and Wattsmart Business programs passed the UCT.⁴ The Home Energy Reports program also passed the UCT if the one-time start-up costs of establishing a new program administrator are excluded.⁵ The Low Income Weatherization program passed the PTRC.⁶ It is also worth noting that cost effectiveness in general was adversely impacted by the reduction in avoided costs from the 2017 Integrated Resource Plan ("IRP").

12. In 2019, the energy efficiency portfolio was cost-effective from the UCT perspective.⁷ On an individual program level, the Wattsmart Homes, Home Energy Reports,

⁴ See Tables 8 and 17 of the 2018 Annual Report.

⁵ See Tables 9 and 10 of the 2018 Annual Report.

⁶ See Table 12 of the 2018 Annual Report.

⁷ See Table 1 of the 2019 Annual Report.

and Wattsmart Business programs all passed the UCT, and the Low Income Weatherization program passed the PTRC.⁸ Table 3 summarizes the cost effective results from 2018 and 2019 discussed above.

Table 3 – 2018 and 2019 Cost effective Results

Energy Efficiency Program	Cost/Benefit Test Type	2018	2019
Energy Efficiency Portfolio	UCT	0.94	1.09
Wattsmart Homes	UCT	1.13	1.11
Home Energy Reports	UCT (with startup costs)	0.82	N/A
	UCT (without startup costs)	1.86	2.03
Low Income Weatherization	PTRC	1.39	1.13
Wattsmart Business	UCT	1.04	1.25

ENERGY EFFICIENCY TARGETS

13. Table 4 is a comparison of the Company’s energy efficiency portfolio performance with the achievable technical potential identified in the Company’s conservation potential assessment (“CPA”) and the IRP selections over the 2018-2019 period. Consistent with the Northwest Power and Conservation Council’s regional power plans, the Company’s CPA uses acquisition ramp rates and assumes that 85 percent of the technical potential is achievable over 20 years to account for real world constraints affecting the acquisition of energy efficiency resources. Absent the achievability assumption and ramp rates, all discretionary resources (those that can technically be acquired at any time) would be available at the start of the planning period, which is unrealistic from both a planning and acquisition standpoint.

⁸ See Tables 8, 9, 11, and 16 of the 2019 Annual Report.

Table 4 – Energy Efficiency, Achievable Technical Potential, & IRP Selections

Source of Savings	Idaho MWh Savings (at generator)		
	2018	2019	2018-2019 Total
Achievable Technical Potential*	32,765	35,193	67,958
Integrated Resource Plan Selections*	22,950	23,060	46,010
Energy Efficiency Portfolio Performance	19,595	23,669	43,264

* Potential from 2017 DSM Potential Study and selections from 2017 IRP Update

14. As shown in Table 4, from 2018 through 2019 the Company achieved 43,264 MWh, at generator, of energy efficiency savings in Idaho, equating to 94 percent of the 46,010 MWh selected by the IRP. IRP savings are based on assumed typical acquisition rates, whereas actual program performance can fluctuate from year to year based on factors such as economic conditions, the timing of large project completions, etc.

PROGRAM EVALUATIONS

15. Evaluations are conducted using best-practice approaches and techniques including those outlined in the National Action Plan for Energy Efficiency Program Impact Evaluation and the California Evaluation Framework guides. The Company conducts process and/or impact evaluations to ensure the ongoing cost effectiveness of its energy efficiency programs through validation of energy savings and to provide information to assist in program management.

16. Process evaluations assess program delivery, from design to implementation, in order to identify efficiencies, including identifying what worked, what did not work, constraints, and potential improvements. Identifying opportunities for improvement is essential to making corrections along the way.

17. Impact evaluations determine the impacts (e.g. energy and demand savings) that directly result from a program. They also support analyses of cost effectiveness aimed at identifying relative program costs and benefits.

18. Evaluations are based on credible and transparent methods focused on successfully capturing the savings created by the programs. Evaluations develop retrospective estimates of energy savings attributable to a program. While retrospective in nature, the information obtained will be used to inform future potential assessments, plans, forecasts and targets.

19. Process and impact evaluations for the Wattsmart Homes 2017-2018⁹ and Wattsmart Business 2016-2017¹⁰ programs were published during the 2018-2019 prudency timeframe. Process and impact evaluations for the Low Income Weatherization 2016-2017, Wattsmart Business 2018-2019, and Home Energy Reports 2018-2019 programs are currently underway, and all three are anticipated to be published by the first quarter of 2021.

MODIFIED PROCEDURE

20. Rocky Mountain Power believes that a technical hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure, i.e., by written submissions rather than by hearing. RP 201 et seq. The Company stands ready to present testimony in support of this Application if the Commission determines a technical hearing is required.

⁹https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/environment/dsm/idaho/wattsmart_Homes_Program_Evaluation_2017-2018.pdf.

¹⁰ https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/environment/dsm/idaho/2016-2017_Idaho_WSB_Evaluation.pdf.

COMMUNICATIONS AND SERVICE OF PLEADINGS

21. Communications regarding this Application should be addressed to:

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In addition, the Company respectfully requests that all data requests regarding this matter be addressed to one or more of the following:

By e-mail (preferred) datarequest@pacificorp.com
michael.snow@pacificorp.com

By regular mail Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

REQUEST FOR RELIEF

22. WHEREFORE, for the reasons set forth above Rocky Mountain Power respectfully requests that the Commission approve this Application by: (1) issuing an order authorizing that this matter be processed by Modified Procedure; and (2) issuing a final order designating Rocky Mountain Power's 2018 and 2019 total DSM expenditures of \$9,634,576 as prudently incurred.

DATED this 28th day of August, 2020.

Respectfully submitted,

By Emily Wegener

Emily Wegener
Attorney for Rocky Mountain Power