

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: NEIL PRICE
DEPUTY ATTORNEY GENERAL**

DATE: JUNE 14, 2013

**SUBJECT: APPLICATION OF PACIFICORP DBA ROCKY MOUNTAIN POWER
TO REVISE SCHEDULE 155 AGRICULTURAL ENERGY SERVICES,
CASE NO. PAC-E-13-10**

On May 24, 2013, PacifiCorp dba Rocky Mountain Power (“Rocky Mountain” or “Company”) filed an Application, including a Revised Schedule 155 Tariff Sheet and Evaluation Report, pursuant to *Idaho Code* §§ 61-301, 61-307, 61-622, and 61-623, with the Commission seeking an Order allowing the Company to modify its Electric Service Schedule No. 155, Agricultural Energy Services. The Company proposes to suspend the prescriptive measures in the Idaho Agricultural Energy Services program (“Program”).

Rocky Mountain requests that its Application be processed under Modified Procedure. The Company’s Application included a proposed effective date of July 15, 2013. Subsequently, the Company agreed to withdraw its proposed effective date and requests that its proposed changes become effective upon the service date of the Commission’s final Order.

APPLICATION

Rocky Mountain provides retail electric service to approximately 72,000 customers in the State of Idaho. The Company stated that it is filing this Application to amend the Program by suspending: (1) the Nozzle Exchange Program; and (2) incentives for the pivot and linear equipment measures listed in Table 1 of the current Schedule 155.

The Company employed a third party, Navigant Consulting (“Navigant”), to prepare an evaluation report. The complete report is included as Attachment B to the Application. Navigant cited several factors affecting Program energy savings:

- a) Reported energy savings for the majority of the energy efficiency measures that reduce flow were based on deemed or unit energy savings (UES) values, making it difficult to establish a reliable baseline for a bottom-up engineering analysis.
- b) Farmers may opt to participate in the Program in anticipation of future increases in watering requirements creating a self-selection bias in the analysis of the billing data and masking actual savings realized.
- c) Mobility of non-center-pivot and non-pump specific measures could have reduced the applicability of a retrospective billing analysis because energy impacts occurred across multiple meters.
- d) Lack of good data on crop planting history or participants' expansion efforts introduced uncertainty regarding energy consumption.
- e) The impact of growers bringing acreage in and out of production and the subsequent impacts on water use and energy consumption.
- f) Lack of information on soil characteristics for various participants impeded efforts to understand moisture retention at participant sites, and subsequent impacts on watering requirements.
- g) Where multiple measures were installed the resulting interaction complicated the analysis beyond the approved sampling methodology. The lack of baseline data combined with unknowns regarding the relative magnitude of the varying measures increased uncertainty.

The Program evaluation report includes findings and recommendations for the 2009-2011 time periods. The resource acquisition from a utility perspective was cost-effective, but the total resource look and other cost tests returned benefit to cost ratios below one. Based on these results the Company requested an additional review of individual Irrigation Energy Savers measures. The Navigant review indicates that while there is uncertainty regarding the analysis it appears that the Nozzle Exchange (including gaskets and drains) and prescriptive pivot and linear system upgrades are not cost effective based on the information available.

Rocky Mountain believes that cost-effectiveness and energy savings can be evaluated with more certainty through custom analysis. Accordingly, even the suspended Agricultural Energy Services measures will continue to be available for incentives through the custom option. Custom analysis is based on pre-installation measurements to develop savings estimates and

post-installation verification of savings on a site by site basis and should enable a more accurate assessment of project savings.

Attachment C, Idaho Agricultural Energy Efficiency Program Cost Effectiveness - Memo, demonstrates that removing the Nozzle Exchange and Pivot and Linear Irrigation system upgrades and allowing the measures in the custom program, will improve the economic performance of the Program in 2013. The Program passes the PTRC, TRC, UCT and PCT cost-effectiveness tests for the 2014-2016 period.

The Company states that all 2013 Idaho Agricultural Energy Services program incentive applications received with an equipment purchase date prior to the effective date of the new Program tariff will be eligible for incentives based on the current Program if the application is submitted within 90 days of the new tariff effective date. For equipment purchased after the effective date of the new Program tariff, eligibility will be based on the new Program tariff, and incentives for all measures will be available through the custom analysis. Customers must contact the Company prior to making any equipment changes.

The Company remarked that it will not reinstate prescriptive incentives until greater savings confidence can be achieved. The evaluation plan will be revised to reflect the suspension of the flow reduction measures. An engineering approach will be used rather than a billing analysis for the impact evaluation methodology. The Company plans to evaluate the 2012-2013 Program years in 2014.

STAFF RECOMMENDATION

Staff has reviewed Rocky Mountain's Application and agrees with the Company's request to process the Application through Modified Procedure with a comment deadline of July 15, 2013.

COMMISSION DECISION

Does the Commission wish to process Rocky Mountain's Application through Modified Procedure with a comment deadline of July 15, 2013?



Neil Price
Deputy Attorney General

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