



**ROCKY MOUNTAIN
POWER**
A DIVISION OF PACIFICORP

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201 South Main, Suite 2300
Salt Lake City, Utah 84111

November 21, 2012

IDAHO PUBLIC
UTILITIES COMMISSION

VIA OVERNIGHT DELIVERY

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

**Re: CASE No. GNR-E-12-01
IN THE MATTER OF THE COMMISSION'S INQUIRY INTO THE
COST-EFFECTIVENESS AND FUNDING OF LOW INCOME
WEATHERIZATION AND ENERGY CONSERVATION PROGRAMS
FOR ELECTRIC UTILITIES**

Dear Ms. Jewell:

Please find enclosed for filing seven copies of Rocky Mountain Power's reply comments in the above referenced matter

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,

Jeffrey K. Larsen
Vice President, Regulation

Enclosures

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IDAHO BAR NO. 8931

Attorney for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE COMMISSION'S) CASE NO. GNR-E-12-01
INQUIRY INTO THE COST-EFFECTIVENESS)
AND FUNDING OF LOW INCOME) REPLY COMMENTS
WEATHERIZATION AND ENERGY)
CONSERVATION PROGRAMS FOR)
ELECTRIC UTILITIES)
)

COMES NOW PacifiCorp, dba Rocky Mountain Power ("the Company"), by and through its attorney, provides reply comments on the Idaho Public Utilities Commission Staff's low income weatherization and energy conservation education report.

PROCEDURAL BACKGROUND

Idaho Power Company, Avista Utilities, and Rocky Mountain Power offer low-income weatherization programs and energy conservation education programs. During 2011 all three utilities had general rate cases pending before the Commission. Questions were raised in each of these proceedings on how best to determine each utilities appropriate funding level and how to accurately assess cost-effectiveness and customer need.

On February 15, 2012, the Commission initiated this generic proceeding and scheduled a public workshop for March 19-20, 2012, to explore the implementation, and evaluation of utility low-income weatherization and energy conservation education programs. The workshop occurred as scheduled. At the workshop Staff stated its intentions to prepare draft comments which would be circulated to the participating parties for comments. Staff considered parties' comments and reflected many of those comments in its report discussing findings and recommendations.

REPLY COMMENTS

The Company would like to express its appreciation and acknowledge the efforts of all parties in the collaborative effort to develop greater consistency around how Low Income Weatherization Assistance ("LIWA") program evaluations are conducted and program performance (cost-effectiveness guidelines and considerations) is measured. Also for the discussion and consideration on customer need, conservation education, and appropriate funding levels. The Company supports many of the proposals summarized in Staff's report. However, in addition to a correction regarding Rocky Mountain Power's treatment of LIWA in our 2011 annual report, the Company continues to have concerns with some of the recommendations and wants the Commission to be aware of those concerns.

The Company would like to note a correction to Staff's report regarding the treatment of costs associated with CAPAI production requests in the calculation of the Company's 2011 program cost-effectiveness results. Footnote 19 on page 12 of Staff's report reads:

"RMP's TRC of 0.74 does not include the costs of responding to CAPAI's production requests in either Case No. PAC-E-12-11 or Case No. PAC-E-12-13, but it does include the cost of responding to Staff's production requests and all other regulatory costs associated with

those cases. Evaluation costs are also excluded from the 0.74 because they are captured at the portfolio level.”

The Company wishes to point out that the TRC of 0.74 does include the Company’s costs of responding to CAPAI’s productions requests in both those cases, as well as the costs of Staff’s production requests. The TRC of 0.74 does exclude program evaluation costs which are included only at the portfolio level. If the costs of CAPAI’s production request had been excluded, the TRC would improve to 0.87¹.

The Company also wishes to comment and/or raise concerns regarding Recommendations 12, 16, 17, and 18.

Recommendation 12 focuses on evaluation methods. This recommendation states: “Staff recommends that utilities vary the independent contractors hired to evaluate these programs”. The Company recognizes the value of rotating evaluators and has recently hired a second firm to perform the commercial and industrial evaluations for a multi-year contract. Procurement of evaluation services is subject to a competitive bid process. If utilities are required to rotate evaluators, without consideration of cost, the evaluations may result in higher overall costs and lower benefit to cost ratio for the portfolio raising risks associated with prudence.

Recommendation 16 identifies a minimum of five factors that should be analyzed before determining whether an increase in LIWA funding is appropriate, provided a program is first determined to be cost-effective.

The Company recognizes the need and fully supports funding LIWA program. However, the Company shares similar concerns about CAPAI’s database that Staff

¹ Reference Rocky Mountain Power 2011 Energy Efficiency and Peak Reduction Annual Report – Idaho, page 25 Table 13.

summarized in its report. When the Company requested the report that CAPAI relied upon to claim significant increases in the participant waiting list in Case No. PAC-E-12-12 CAPAI was unable to replicate the report nor were they willing to provide any data to support their claims. The Company believes CAPAI should be required to provide meaningful reporting information as part of the justification for funding.

Absent reliable data Staff developed five factors that they believe should be considered to determine funding. The first item on that list is dependent on CAPAI's database. The Company recognizes the Commission has no jurisdiction over CAPAI, however if CAPAI is asking the Commission to set funding levels they should be required to demonstrate some level of need. At a minimum the Company would hope that CAPAI would commit to improve the accuracy and reliability of its data and be willing to provide an annual report to share that information with the utilities that are funding CAPAI's programs as well as Staff.

The Company does not believe the use of factor 3 which is based on rate increases is relevant to determining weatherization need or in addressing utility funding. Also if the Commission determines that it is appropriate to increase LIWA funding Rocky Mountain Power would respectfully request that the Commission order an increase in the Company's Schedule 191 Customer Efficiency Service Rate at the same time as funding increase is implemented.

Recommendation 17 is closely related to Recommendation 16. Funding should be contingent on reasonable assurances that the program is capable of being delivered cost-effectively.

Recommendation 18 would adjust the Company's funding for Low Income Energy Conservation Education (ConEd) from a total of \$50,000 to \$25,000 a year. Rocky Mountain Power supports a meaningful ConEd program and suggests funding should be adjusted to be up to \$25,000 per year pending program results indicating funds are fully utilized and program effectiveness is proven. If the agency was not able to utilize the full amount in one year the next year's contribution would be \$25,000 less any unspent funds from the previous year. Rocky Mountain Power committed to a one-time amount of \$50,000 in 2009, to date the kits from those funds has not been fully utilized.

The Company thanks Staff for its work and the Commission for the opportunity to comment on the Staff's report and looks forward to further refining the recommendations and strategies to improve the consistency of approach and financial performance of the utilities Low Income Weatherization Programs.

Respectfully submitted this 21st day of November 2012.



Daniel E. Solander
Senior Attorney
Rocky Mountain Power