



SNAKE RIVER ALLIANCE

IDAHO'S NUCLEAR WATCHDOG & CLEAN ENERGY ADVOCATE

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IDAHO PUBLIC
UTILITIES COMMISSION

May 7, 2015

To: Idaho Public Utilities Commission

IPC-E-15-06

From: Ken Miller, Clean Energy Program Director, Snake River Alliance

Re: Snake River Alliance Comments In the Matter of the Application of Idaho Power Company for a Determination of 2014 Demand-Side Management ("DSM") Expenses As Prudently Incurred.

On behalf of our members throughout Idaho Power's Idaho and Oregon service areas, the Snake River Alliance appreciates the opportunity to provide its comments on the above-referenced case, filed with the Public Utilities Commission ("PUC" or "Commission") on March 13, 2015. These comments are submitted to the Commission in response to its Notice of Application, Notice of Intervention Deadline, and Notice of Modified Procedure, ORDER NO. 33273.

The Alliance supports, without seeking modification but while desiring to bring certain issues to the attention of the PUC, Idaho Power's application to recover its 2014 DSM expenses as having been incurred prudently and in the general interest of its customers.

The Alliance believes Idaho Power continues to make good progress toward the maturation of its DSM programs, which were nearly non-existent at the beginning of this century. We recognize that Idaho Power's DSM programs have been an important part of regional efforts in the Pacific Northwest to achieve significant energy efficiency goals. There have been times, as recently as within the past decade, when in our view Idaho Power's commitment to energy efficiency and demand response programs has for good reason called into question.

The DSM Rider

The Alliance understands that in this docket the PUC may be asked to reduce the rate of bill-payer collections through the energy efficiency rider (the "rider"). Should the Commission be asked to do so, we urge it to resist such efforts because any reduction in the existing DSM rider is premature, as there is much more room to improve and expand the Company's DSM programs. Keeping a positive balance in the account allows for greater opportunities to increase energy efficiency on Idaho Power's system, and therefore reduce the need to burn coal and natural gas.

DSM rider balances rise and fall due to a number of circumstances, including but not limited to economic conditions that impact overall electricity consumption and also improvements in the energy efficiency of certain consumer appliances and other devices and, as we are witnessing, climatic changes that Idaho Power and other Idaho electricity providers are experiencing nationwide, as Idaho Power acknowledged in its most recent first quarter 2015 10-Q filing to the U.S. Securities and Exchange Commission:

“Idaho Power is also actively monitoring various pending environmental regulations, including the U.S. Environmental Protection Agency’s proposed rule under Section 111(d) of the Clean Air Act, that may have a significant impact on its future operations. Given the uncertainties regarding the outcome, timing, and compliance plans for these environmental matters, Idaho Power is unable to estimate the financial impact of these regulations but does believe that future capital investment for infrastructure and modifications to its electric generating facilities to comply with these regulations could be significant.”

The Alliance has expressed appreciation for Idaho Power’s acknowledgment of the impacts of pending environmental regulations that will impact its operations. It is significant in this docket because these impacts will be significant, and programs such as the DSM programs Idaho Power is operating and plans to develop in the future may reduce the company’s exposure to risk resulting from forthcoming environmental regulations.

Idaho Power Could Improve Customer Participation on DSM Issues

When Idaho Power was asked (pp. 33-34 – Direct Testimony, Darlene Nemnich) in her direct testimony, “What opportunities exist generally for external parties to provide input and guidance to Idaho Power’s DSM efforts, Ms. Nemnich responded, in part:

“In 2002, Idaho Power created the EEAG to provide a forum to gather ideas and suggestions from customers and special interest representatives about formulating and implementing DSM programs. Members include customer representatives from residential, irrigation, commercial, and industrial sectors, as representatives for senior citizens, limited income individuals, environmental organizations, state Agencies, the Idaho Public Utilities Commission, the Public Utilities Commission of Oregon, and Idaho Power...”

We believe Idaho Power’s history with its DSM programs, its input from its EEAG, and input from this Commission and from stakeholders has helped shape Idaho Power as a more forward-looking electric utility on issues of energy efficiency and demand response, and bill-payers across its service territory are realizing benefits as a result of its DSM efforts.

The Alliance’s Ask to the Commission is to Protect Bill-Payers from Future Increases

As the Commission knows, one of the most important components of its energy program is how utility and PUC decisions impact all bill payers. In that spirit, we raise two points that we know the PUC is already processing:

- An efficiency rider balance can be high enough that it does what it was intended to do even in Idaho - reduce revenues to a utility and thereby direct the utility to pursue a recovery mechanism such as a fixed cost adjustment.
- Or, that efficiency rider balance may be so low that it should actually be reduced to lower the burden on customers.

We believe more can be done to inform Idaho Power customers about the company's DSM offerings, and that those programs could be better conveyed to customers. We also believe the company has received that message as a result of previous dockets, including in Order 33161 on November 4, 2014, and the Errata to Order No. 33161 issued on November 7, 2014.

It is not our goal to unwind what we believe is a compelling DSM prudence case by Idaho Power, and we believe our Commission as well as Idaho Power agrees. The Alliance always appreciates an opportunity to endorse the good efforts of Idaho's electric utilities. We once again appreciate the opportunity to recommend approval of Idaho Power's application in this case, and also of its concerns about the long-term impacts of any energy efficiency decisions we as a state make going forward.

Respectfully submitted,

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