ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP

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Salt Lake City, Utah 84111

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June 14, 2010

VIA ELECTRONIC FILING
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Idaho Public Utilities Commission
472 West Washington
Boise, ID 83702-5983

Attention: Jean D. Jewell
Commission Secretary

Re: Case No. PAC-E-10-03
In the Matter of the Application of Rocky Mountain Power for an Increase to the Customer Efficiency Services Rate

Rocky Mountain Power, a division of PacifiCorp, hereby submits for filing an original and seven (7) copies of its comments in response to comments filed by the Idaho Public Utilities Commission Staff, the Idaho Irrigation Pumpers Association and the Idaho Conservation League in the above referenced matter.

Informal inquiries may be directed to Ted Weston, regulatory manager, at (801) 220-2963.

Sincerely,

Jeffrey Larsen (AW)

Jeffrey K. Larsen
Vice President, Regulation

Enclosures

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Attorneys for Rocky Mountain Power

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER FOR AN INCREASE TO THE CUSTOMER EFFICIENCY SERVICE RATE	))))))	**CASE NO. PAC-E-10-03** **REPLY COMMENTS**

COMES NOW Rocky Mountain Power, a division of PacifiCorp (the "Company"), before the Idaho Public Utilities Commission ("Commission") with the following reply comments to positions taken by the Idaho Conservation League ("ICL") and the Idaho Irrigation Pumper Association ("IIPA") opposing the Company's request to increase the Customer Efficiency Service Rate ("DSM Tariff Rider"). The Company is generally supportive of the comments and position recommended by the Idaho Public Utilities Commission Staff ("Staff") in this Case.

1) While the justifications differ, both ICL and IIPA have proposed to remove the costs associated with the Company's irrigation load control program from recovery through the DSM Tariff Rider. The Company strongly disagrees with ICL and IIPA's proposal to recover costs associated with this program through general rates. Deferring demand-side management ("DSM") costs for recovery through the DSM Tariff Rider, removes at least in part the utility

disincentives posed by DSM programs (i.e. the potential under recovery of prudent expenses without an ability to earn a return). ICL recognizes this fact in stating that "the tariff rider is an important mechanism for encouraging DSM investments in that it provides timely cost recovery." Comments of ICL, at p. 4. Requiring recovery of the irrigation load control program through general rates will result in a significant disincentive, not only for Rocky Mountain Power but for other utilities regulated by the Commission.

2) Rocky Mountain Power is concerned with the contradictions contained in ICL's comments. ICL commends "Rocky Mountain's efforts thus far in pursuing their DSM programs," acknowledges that the "Irrigation Load Control continues to be a highly successful program," and "encourages Rocky Mountain and the Commission to pursue other load control programs." Id. at 4-5. Then, however, ICL states Rocky Mountain failed to justify recovery of the accumulated balance and is concerned about the inability to control the accumulated balance Id. at 9. It appears to the Company ICL expects Rocky Mountain Power to offer and to grow the DSM programs that ICL acknowledges results "in lower rates and bills overall" Id. at 5 but should not be allowed to recover the costs associated with the programs.

3) IIPA further proposes that costs associated with the irrigation load control program be considered "system" costs rather than "jurisdictional" costs. Comments of IIPA at page 3. Once again, the Company strongly disagrees with this assertion. This proposal is inconsistent with the "Revised Protocol" and with Staff's comments in this Case where Staff states that "all customers realize a net benefit from the cost effective use of DSM initiatives, including energy efficiency and load management programs because of the reduced need for higher cost supply-side resources." Comments of Staff at page 4.

4) ICL erroneously argues that the costs associated with the irrigation energy services program (Schedule 155) are not "legitimate" Id. at p. 6. Rocky Mountain Power strongly disagrees with this assertion. The standard economic test that compares the benefits to the costs paid by the utility (and recovered through the DSM Tariff Rider in the Idaho jurisdiction) is the Utility Cost Test ("UCT"). The UCT benefit cost ratio for the 2009 program is provided in Attachment 2 of the Application and is 1.69. The ratio indicates that each 2009 dollar invested (and recovered through the DSM Tariff Rider) for this program is forecasted to generate $1.69 in net benefits. The UCT results for this program in 2007 and 2008 were 2.021 and 2.271 respectively. As such, Rocky Mountain Power disagrees with ICL's assertion that illegitimate DSM tariff rider costs were incurred prior to 2009 for this program.

5) The Company strongly disagrees with ICL's assertion and interpretation of Order No. 29976 and believes ICL has misrepresented the intent of the Commission's order by adding their own interpretation Id. at 3. The Company is unable to find any statement that would lead it to believe that "the Commission has previously explained that before granting any adjustment to the DSM tariff," they will determine the prudence of program spending. In fact based on Commission precedent, this is not the case. In both Case No. PAC-E-05-10 (Order No. 29976) and PAC-E-08-01 (Order No. 30543), the Commission reviewed the Company's Application and granted increases to the energy efficiency rider without expressly determining prudency. The Company believes it has fully complied with Order No. 29976 and met the intent of that order by: (i) filing Annual DSM reports that demonstrate the distribution of program dollars, the cost effectiveness of individual programs, and the program spending with the Commission before May 1 of each year; and (ii) providing actual program performance, including expenditures, savings and assessments of cost-effectiveness, as well as the balancing account activity for 2009

and forecasted program performance, expenditures, savings and assessments of cost-effectiveness for 2010.

6) The Company disagrees with ICL assertion that Staff failed to review program distribution, cost effectiveness, and prudency in this case. Id. at page 3. Staff's comments attest to the fact that Staff has examined the Company's Application, the distribution of program dollars, and the cost effectiveness of individual programs. Based on their examination, Staff noted in their comments: "As can be seen in the Company's 2009 DSM annual report, all major customer classifications are receiving benefits from the current portfolio of DSM programs." Comments of Staff at p. 2. Further, Staff states, "For the purposes of this case, Staff verified the estimated annual level of expenditures required to fund existing DSM programs and reviewed the existing DSM deferral balance subject to recovery and confirmed the Customer Efficiency Service Rate necessary to allow recovery of program costs. Based on this review, Staff supports the Company's proposal to increase the Efficiency Services Rate to 5.85%" Id. at 3.

7) Rocky Mountain Power strongly disagrees with ICL's assertion that it has failed to justify recovery of the accumulated back balance and that customers "incur substantial carrying charges" on this balance. Comments of ICL at p. 9. The Company's preference would be for funding to match program expenditures where the Company experienced no delay in recovering program costs. However, Rocky Mountain Power is keenly aware of the impact rate increases have to our customers and this Application made significant efforts to address this concern. In its Application, the Company identified programs that the Commission could consider temporarily suspending to mitigate customer rate impact as well as proposed a collection rate that would take approximately three years to collect the accumulated balance. Currently the annual carrying

charge on the DSM balancing account is 1 percent, a rate that any reasonable person would be hard pressed to represent as a "substantial carrying charges."

CONCLUSION

Rocky Mountain Power has filed Annual DSM reports that demonstrate the distribution of program dollars, the cost effectiveness of individual programs, and the program spending with the Commission. ICL's own testimony pointed out that "According to the California Standard Price Manual, when the RIM reveals a benefit to cost ratio greater than one, the program will result in lower rates and bills overall" Id. at 4 - 5. This alone is a strong indication of the prudency of the Company's programs. Rocky Mountain Power continues to incur cost-effective DSM expenditures to meet customer demand for participation in these programs. Staff has reviewed the Company's Application and determined that the Company's request was justified. The Company has complied with past Commission orders to support this Application. The Company requests that the Commission grant its request to increase the Customer Efficiency Service Rate by processing this Application under Modified Procedure.

DATED this 14th day of June, 2010.

Respectfully submitted,

Mark Moench (NO)

Mark C. Moench
Daniel E. Solander
Attorneys for Rocky Mountain Power

CERTIFICATE OF SERVICE

I hereby certify that on this 15th day of June, 2010, I caused to be served, via E-mail, a true and correct copy of Rocky Mountain Power's Reply Comments in PAC-E-10-03 to the following:

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