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Comments of the Snake River Alliance

In the Matter of the Application of Rocky Mountain Power for Authority to Decrease the Customer Efficiency Services Rate

Case No. PAC-E-12-11

Submitted by

Ken Miller, Clean Energy Program Director, Snake River Alliance

July 24, 2012

The Snake River Alliance ("Alliance") appreciates the opportunity to provide comments relating to the application by Rocky Mountain Power to decrease the amount of its Customer Efficiency Services (CES) rate (Schedule 191) as filed to this Commission in Case No. PAC-E-12-11, and also in response to the Commission's Notice of Modified Procedure, Order No. 32587.

The Alliance has long advocated energy efficiency and development of certain renewable energy resources in the portfolios of Rocky Mountain Power and all regulated electric utilities in Idaho. As the Commission knows, the Alliance has long supported robust energy efficiency program development and support through tariff riders and other mechanisms available to Idaho utilities through Commission orders.

The Alliance cannot support the request by Rocky Mountain Power (RMP) in this case because we view the request as premature and as having the potential to undermine ongoing attempts to expand demand-side management (DSM) programs offered by RMP in its Idaho jurisdiction.

This Request is Premature

We acknowledge and appreciate the Commission's desire to ensure that its regulated electric utilities do not over-collect from customers the funds needed to administer programs of any nature. However, we are unconvinced that applicant RMP is at risk of over-collecting funds to support its DSM programs in this case. If there was a record of RMP over-collecting funds for its DSM programs over a period of time, things might be different. But the record in this case indicates otherwise. Commission Order 32587 says in part that:

The Company asserts that although its DSM balance account was in deficit by approximately \$1 million as of April 30, 2012, the Company expects it will begin to over collect on the Energy Efficiency Rider beginning August 2012.

The same Order says that:

The Company's Application provides a summary review of each of its DSM programs along with expected levels of funding in the near term. The Company does not propose to modify or decrease any of its DSM activities as part of this application.

We suggest that the Company be allowed ample time to demonstrate that it will neither "modify nor decrease any of its DSM activities as part of this application." The ideal way to do so is to allow the programs to remain intact under the current funding regime, and for the company to return to the Commission at another time with evidence supporting any request for a funding decrease.

The request before the Commission would reduce the Schedule 191 rate of 3.4 percent with revenues of \$5.7 million to 2.1 percent with revenues of approximately \$3.5 million for a reduction of \$2.2 million, which is unacceptable. If, as the Commission suggests in Order No. 32587, the Company's request will align it with "future DSM related expenditures," then it is possible that the company is not planning adequately for future DSM related expenditures.

This is especially true in light of the Company's position that it is currently about \$ 1 million in deficit on its DSM spending. Yet it is asking this commission for huge proportionate reductions in its efficiency spending in its Idaho jurisdiction.

For a utility that is facing intense scrutiny of its supply-side resources in multiple jurisdictions and that may soon be compelled to curtail parts of its coal operations, this is the worst possible time for any regulatory jurisdiction to agree to an unsubstantiated curtailment of the utility's DSM programs. That is the case regardless of the future or funding status of such RMP offerings as the Electric Service Schedule No. 115 – FinAnswer Express, or other programs.

The default position in reviewing funding levels for DSM and other energy efficiency measures should not be that a utility is concerned about the *possibility* that it may over-collect (as is the case here), but rather that the Commission be presented with evidence that the utility actually *did* over-collect. In the unlikely event that customers are overcharged what by all accounts in this case is a very small amount of money to support DSM programs, there are mechanisms in place for the Commission to order over-collected funds to be returned to customers.

What is at risk here is the reverse: We could be under-collecting funds to support DSM programs at a time when these programs are most critical. Looked at another way and quoting again from Commission Order 32587:

The Company states that it "will continue to review funding needs on a routine basis to determine whether this proposed adjustment is sufficient to fund ongoing program expenses and continue to recover the remaining balance owed the Company in the DSM balancing account." Application, p. 5.

Why should the Commission be asked to prophylactically risk potentially underfunding important DSM programs rather than risk overfunding those programs, particularly given the paucity of evidence that the programs will be overfunded? Again, remedies exist to ensure customers are protected against RMP collecting too much of their money for efficiency programs.

Furthermore, the Company's recent history before this Commission with regard to DSM funding levels is one of increases and decreases, sending mixed signals to customers as to the value of these programs.

There is no question that all of the Applicant's efficiency programs have merit, as the Commission has determined such. Of particular concern are protecting RMP's residential efficiency programs, which according to the Application are

funded at about \$1.2 million, and its low-income weatherization assistance programs, administered in partnership with the Eastern and South Eastern Idaho Community Action Partnerships.

The efficacy of the low-income assistance programs alone is evidence that these programs should be expanded rather than simply maintained at current funding levels or less.

Conclusion

The Alliance shares the Commission's concerns about the impacts rates are having on Idaho electricity customers. We comment frequently in various cases involving this and other utilities that have rate impacts, and we impose on the Commission to allow us to intervene in some of them. We did not so do here, because we believe this matter is clear and also because of the Commission's decision to process this case through Modified Procedure (Order No. 32587).

However, a request to change the level of customer financing of DSM programs – whether higher or lower – must be accompanied with compelling evidence that something must be corrected. That is not yet the case here. According to the record, RMP is currently spending more for its DSM programs than it is collecting. The applicant claims its DSM account was \$1 million in deficit on April 30, yet it is asking the Commission to reduce funding for its programs by more than twice that amount.

That raises questions about its request to reduce funding for what is currently an underfunded energy efficiency regime. Unfortunately, there is insufficient evidence to support a request to reduce funding for conservation programs from the current rider level of 3.4 percent to the requested 2.1 percent.

The rider level has already been decreased from 4.72 percent to the current 3.4 percent, and that action was a mere 16 months ago – scarcely enough time to determine whether the demand for energy efficiency programs has been allowed to absorb the reduced funding levels.

As always, the Alliance is grateful to the Commission for the opportunity to provide its comments in Case No. PAC-E-12-11 and anticipates participating in future discussions as appropriate on the issues raised by this docket.

Respectfully submitted,



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