

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF ROCKY MOUNTAIN POWER FOR) **CASE NO. PAC-E-13-15**
APPROVAL OF A CUSTOMER CREDIT TO)
REFUND OVER-COLLECTION OF) **ORDER NO. 32967**
CUSTOMER EFFICIENCY SERVICES RATE)

On November 7, 2013, Rocky Mountain Power filed an Application requesting approval of a one-time customer bill credit to refund approximately \$1.4 million to customers effective February 1, 2014. The proposed refund results from the Company's over-collection of funds for its demand-side management (DSM) programs. Rocky Mountain deposits customer contributions collected through its Schedule 191 Customer Efficiency Services Rate into a Rider account to fund its conservation programs.

Since 2006, Schedule 191 funds DSM programs through a percentage rate charged on customers' monthly bills. In Case No. PAC-E-12-11, the Company received Commission approval effective August 1, 2012, to decrease the Schedule 191 rate to reduce a growing surplus in the Rider account. In that filing, the Company projected revenues of \$4.541 million from Schedule 191 during the year, and instead collected \$5.245 million. Application, p. 4. The Company projects an over-collection during 2013 of \$710,200, resulting in an accumulated balance of \$1.5 million as of December 31, 2013. If no adjustment is made to the Schedule 191 rate, Rocky Mountain projects a balance at year-end 2014 of \$2.3 million. Application, p. 5.

The Company proposes to implement the bill credit through a new electric service Schedule 95, Customer Efficiency Services Credit. Schedule 95 would apply to each active retail customer as of February 1, 2014, that paid the Schedule 191 rate and incurred charges from October 1, 2012 through September 30, 2013. The Company proposes to apply the bill credit beginning February 1, and complete the customer credits no later than March 31, 2014.

On November 27, 2013, the Commission issued a Notice of Application and Notice of Modified Procedure establishing a period for interested parties to file written comments and reply comments. Written comments were filed only by Staff, and no reply comments were filed.

Tariff Rider

Rocky Mountain Power historically has aligned the revenue collected for energy efficiency expenses with actual (and forecasted) expenditures. The Company's Schedule 191

rate was initially set at 1.5% in 2006 and increased to 3.72% in May 2008. Order No. 30543. In February 2010, Rocky Mountain filed an application requesting an increase to 5.85%, but the Commission approved a rate of 4.72%. Order No. 32023. The Commission approved changes for funding the Company's dispatchable irrigation load control program in the Company's next general rate case, resulting in a reduction to the Schedule 191 rate to 3.4%. Order No. 32196. In May 2012, the Company filed an application to reduce the collection rate from 3.4% to 2.1%, anticipating the reduction would result in annual revenue collections of \$3.5 million. As of September 30, 2013, the Company had a credit balance in the tariff rider account of approximately \$1.4 million and projected a credit balance of \$1.5 million on December 31, 2013.

Staff Review

Staff in its comments reviewed the Company's Application and supplemental information and supports the Company's proposal to issue a one-time customer credit of approximately \$1.4 million. Staff concluded the credit will refund the over-collection of Rider revenue to customers, but will not impair the Company's ability to pursue all cost-effective DSM. Because the Rider rate is applied to a customer's overall bill, Staff concluded a one-time bill credit better matches the refunded amount to the individual contributor.

Staff's analysis confirms that the credit balance in the DSM tariff rider account resulted from an increase in revenues and not a decrease in DSM expenditures. Although the Company's actual DSM expenditures exceeded its projection, heavy summer loads during 2012 and 2013 resulted in higher than forecasted rider revenues. During the months of June through August 2012, actual tariff Rider revenues exceeded forecasts by \$772,463. For those same months in 2013, an additional \$351,622 over forecasted revenues was collected by the Company. Although 2013 DSM expenses decreased slightly when compared to 2012 levels, the Company's actual DSM expenses exceeded its forecasts by more than \$200,000 during the same period.

The Company proposed a pro rata bill credit based on the amount a customer contributed to the Rider to determine the credit for each customer. During the period of October 2012 through September 2013, the Company collected Rider revenues of \$3,786,656 from active customers. A refund of \$1.4 million is 37% of the Rider revenues collected during that 12-month period. Thus, the Company proposed to issue a bill credit to each customer equal to 37% of the amount that each individual customer paid into the Rider during those 12 months, resulting

in an average residential bill credit of \$8.32. The Company also proposed the Commission adopt a new tariff schedule to describe the one-time bill credit.

Based on the record presented, the Commission approves Rocky Mountain's Application to refund \$1.4 million in excess DSM program funds to customers. The record makes clear the amount to be refunded is above anticipated program costs, and that the proposed one-time bill credit will not impact the Company's future DSM expenditures or energy savings. The Company projects DSM spending through 2014 to remain constant with a forecasted increase in 2015. Providing a one-time credit to customers without adjusting the Schedule 191 rate will ensure adequate Rider funds for anticipated DSM program costs. We decline to approve the temporary Schedule 95, however, and instead direct the Company to issue customer credits as set forth in its Application, beginning February 1, 2014. The administrative work associated with a short-lived tariff creates an unnecessary administrative burden for both the Company and Commission Staff.

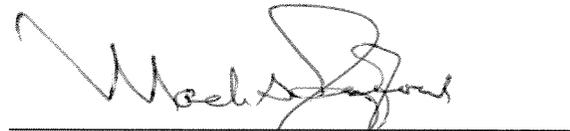
ORDER

IT IS HEREBY ORDERED that Rocky Mountain's Application to issue a one-time bill credit to refund approximately \$1.4 million to customers that were subject to Schedule 191 from October 1, 2012 to September 30, 2013, beginning February 1, 2014, is approved. The Company is directed to issue customer credits as set forth in its Application beginning February 1, 2014.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

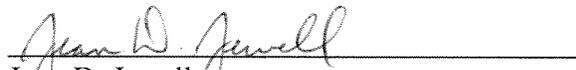
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 23rd
day of January 2014.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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