

NEIL PRICE
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0314
BAR NO. 6864

RECEIVED
2016 FEB 29 PM 3:04
IDAHO PUBLIC
UTILITIES COMMISSION

Street Address for Express Mail:
472 W. WASHINGTON
BOISE, IDAHO 83702-5918

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
PACIFICORP DBA ROCKY MOUNTAIN) CASE NO. PAC-E-16-04
POWER TO CANCEL SCHEDULE 117,)
RESIDENTIAL REFRIGERATOR RECYCLING)
PROGRAM.) COMMENTS OF THE
) COMMISSION STAFF
)
_____)

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Neil Price, Deputy Attorney General, and in response to the Notice of Modified Procedure issued in Order No. 33462 on February 3, 2016, in Case No. PAC-E-16-04, submits the following comments.

BACKGROUND

On January 27, 2016, PacifiCorp dba Rocky Mountain Power (“Rocky Mountain” or “Company”) filed an Application, pursuant to *Idaho Code* §§ 61-301, 61-307, 61-622, 61-623 and Commission Rules of Procedure 52 and 201, *et seq.*, seeking authorization to cancel Electric Service Schedule No. 117, Residential Refrigerator Recycling Program (“Program”).

On December 3, 2015, Rocky Mountain previously filed Tariff Advice No. 15-05 requesting Commission authorization to suspend the Program due to the Program vendor, Jaco

Environmental (“Jaco”), going out of business. The Commission approved the Program suspension on December 7, 2015.

Rocky Mountain states that it issued a competitive Request for Proposals (“RFP”) for its Home Energy Savings Program. As part of the RFP process, the Company requested bids to administer the Residential Refrigerator Recycling Program. Subsequently, two vendors submitted bids under the RFP, including Jaco.

The Company, through a third-party vendor Navigant, conducted several cost-effectiveness analyses to determine if re-instituting the Program was just and reasonable, and in the public interest. A memorandum from Navigant to Rocky Mountain is attached to the Company’s Application. Table 5 in the Application is pulled from the Navigant memo and demonstrates that the benefit/cost ratio is well below 1.0 for the Program according to five different cost-effective tests. Under these tests, a program or measure is deemed to be cost-effective if it has a benefit/cost ratio above 1.0.

The costs associated with delivering the Refrigerator Recycling Program have historically been recovered through Electric Service Schedule No. 191 – Customer Efficiency Services Rate. On January 19, 2016, the Company filed an Application with the Commission requesting authorization to increase the energy efficiency collection rate from 2.1 percent to 2.7 percent of customers’ bills. The Company asserts that the future demand-side management (“DSM”) costs included in the analysis did not include ongoing costs associated with delivering Electric Service Schedule No. 117 – Residential Refrigerator Recycling Program.

The Company has provided revised tariff sheets for Schedule No. 117, indicating the Program’s cancelation. The Company also provided a copy of the revised index of schedules, showing the removal of Schedule No. 117 from the list of electric service schedules.

STAFF REVIEW

Staff has reviewed the Application and supports the Company’s proposal to cancel Electric Service Schedule No. 117 – Residential Refrigerator Recycling Program. Specifically, Staff has investigated the resulting change in the cost-effectiveness of the Program having lost the Program vendor, and the impact of the Program on Schedule No. 191 – Customer Efficiency Services Rate.

Program Vendor and Cost-Effectiveness

Following Jaco's bankruptcy, Rocky Mountain contracted a third party to analyze the costs and benefits of the Program utilizing information provided by the Appliance Recycling Centers of America (ARCA), the other vendor who submitted an RFP for the Program. Results of the study show that the Program is not cost-effective under both the Total Resource Cost Test (TRC) and the Utility Cost Test (UCT).¹ The analysis shows that the program delivery costs would increase nearly 400% with ARCA as the Program administrator.

However, the cost-effectiveness of the Program is based off the delivery cost of the Program vendor, consequently, Staff investigated whether or not the Program would be cost-effective under a new vendor. Staff concluded that there are only three companies that operate refrigerator recycling Programs near Rocky Mountain's service territory, Jaco, ARCA and Consumers Energy (CSG). Jaco has filed for bankruptcy, ARCA has already provided Program cost data to Rocky Mountain, and CSG currently operates solely in Iowa

Staff evaluated whether other investor owned utilities in the region utilize any other vendors unknown to Staff and Rocky Mountain. Idaho Power Company, who also lost Jaco as its Residential Refrigerator Recycling Program administrator, informed Staff at their most recent Energy Efficiency Advisory Group meeting that a new company had submitted a bid for their Program; however, this company does not operate in Rocky Mountain's Service territory. Furthermore, although Idaho Power's Program is still under evaluation, the Program may not be cost effective, even with roughly three times the participants and no payment incentive. Staff recalculated the Program costs for Rocky Mountain with the \$50 incentive removed, and determined that the Program would still not pass the UTC and TRC tests, with a benefit/cost ratio of roughly 0.60.

With ARCA being the only known vendor for Rocky Mountain's Program, Staff and the Company discussed the Program costs with ARCA as the program administrator to see if a lower delivery cost could be negotiated. Unfortunately, the price ARCA provided for the analysis had already been reduced from the initial price they had provided in their bid for the vendor contract.

¹ The Company uses analytical tests such as the TRC and UCT to measure the cost-effectiveness of its various DSM programs. The TRC compares program administrator costs and customer costs to utility resource savings, and assesses whether the total resource cost of energy in a utility's service territory will decrease. The UCT compares program administrator costs to supply-side resource costs, and assess whether utility bills will increase. Under these tests, a program or measure is deemed to be cost-effective if it has benefit/cost ratio above 1.0.

Staff also considered whether or not the Program could be internally administered, however, the overhead costs of the Program are very high, and would not make the Program cost-effective. Provided the Program is not cost-effective with ARCA as the Program administrator, and taking into consideration the lack of other vendors in the area, Staff supports canceling Rocky Mountain's Refrigerator Recycling Program at this time.

Impact on Schedule No. 191 – Customer Efficiency Service Rate

Historically, the costs associated with delivering the Residential Refrigerator Recycling Program have been recovered through Electric Service Schedule No. 191 – Customer Efficiency Services Rate. When Rocky Mountain requested to suspend the Program in December 2015, no adjustment was made to Schedule No. 191. Currently, Rocky Mountain has filed an Application for authority to increase Schedule No. 191 - Customer Efficiency Services Rate in Case No. PAC-E-16-02. Staff notes that in this Application the Residential Refrigerator Recycling Program has been correctly removed, and that the future DSM costs included in that case do not include ongoing costs associated with delivering the Residential Refrigerator Recycling Program. Thus, no future expenses are incurred as a result of canceling Schedule No. 117 – Residential Refrigerator Recycling Program.

STAFF RECOMMENDATIONS

After careful examination, Staff recommends that the Commission accept the Company's Application for authority to cancel Schedule No. 117 – Residential Refrigerator Recycling Program.

Respectfully submitted this 29th day of February 2016.



Neil Price
Deputy Attorney General

Technical Staff: Mark Rogers

i:umisc:comments/pacc16.4nprde comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 29th DAY OF FEBRUARY 2016, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. PAC-E-16-04, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

TED WESTON
MICHAEL SNOW
ROCKY MOUNTAIN POWER
1407 WEST NORTH TEMPLE STE 330
SALT LAKE CITY UT 84116
E-MAIL: ted.weston@pacificorp.com
michael.snow@pacificorp.com

DANIEL E SOLANDER
ROCKY MOUNTAIN POWER
1407 WN TEMPLE STE 320
SALT LAKE CITY UT 84116
E-MAIL: Daniel.solander@pacificorp.com

DATA REQUEST RESPONSE CENTER
E-MAIL ONLY:
datarequest@pacificorp.com


REGINA PINKERTON
SECRETARY