ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP

1407 W. North Temple, Suite 330
Salt Lake City, Utah 84116

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IDAHO PUBLIC
UTILITIES COMMISSION

October 11, 2016

VIA OVERNIGHT DELIVERY

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

Attn: Jean D. Jewell
Commission Secretary

RE: CASE NO. PAC-E-16-14
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER REQUESTING A PRUDENCY DETERMINATION ON DEMAND-SIDE MANAGEMENT EXPENDITURES.

Please find enclosed in the above captioned matter an original and seven (7) copies of Rocky Mountain Power's Application requesting an order designating its demand-side management expenses as prudently incurred for 2014 and 2015 program years.

For informal questions related to this matter, please contact Michael Snow, DSM Regulatory Affairs Manager, at (801) 220-4214 or Ted Weston, Idaho Regulatory Affairs Manager, at (801) 220-2963.

Sincerely,

Bill Comeau
Director, Customer Solutions

Enclosures

Daniel E. Solander, (ISB# 8931)
Rocky Mountain Power
1407 West North Temple, Suite 320
Salt Lake City, Utah 84116
Telephone: (801) 220-4014
Email: daniel.solander@pacificorp.com

Attorney for Rocky Mountain Power

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	)	
OF ROCKY MOUNTAIN POWER	)	**CASE NO. PAC-E-16-14**
REQUESTING A PRUDENCY	)	
DETERMINATION ON DEMAND-SIDE	)	**APPLICATION**
MANAGEMENT EXPENDITURES.	)	

COMES NOW, Rocky Mountain Power, a division of PacifiCorp (the "Company"), in accordance with RP 052 and RP 201, *et seq*., and hereby respectfully applies to the Idaho Public Utilities Commission (the "Commission") for an order designating Rocky Mountain Power's demand-side management ("DSM") expenses in the amount of $7,460,715 as prudently incurred ("Application") for 2014 and 2015 program years.

In support of this Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is authorized to do and is doing business in the state of Idaho. The Company provides retail electric service to approximately 75,500 customers in the state of Idaho and is subject to the jurisdiction of the Commission. Rocky Mountain Power is a public utility in the state of Idaho pursuant to Idaho Code § 61-129.

2. In support of this Application respectfully requesting the Commission's determination that the Company's 2014 through 2015 program year DSM expenditures were prudently incurred and in the public interest, the Company presents the annual DSM reports for each year, the results of the program cost effectiveness analysis, and the third-party program evaluation reports.

BACKGROUND

3. The Company has offered a variety of DSM programs to its customers since the 1970s. All of the DSM programs offered by Rocky Mountain Power in Idaho have been designed to be cost-effective. On March 2, 2006, the Commission approved an enhanced set of DSM programs and cost recovery of them through Electric Service Schedule No. 191, Customer Efficiency Services Rate Adjustment, ("Schedule 191"), which was applied to customers' bills beginning May 1, 2006.

4. This Application and the Annual DSM reports are consistent with the Memorandum of Understanding the Company entered into in Case No. GNR-E-12-01, and approved by Order No. 32788 ("MOU"). Pursuant to this MOU Rocky Mountain Power has filed annual reports with the Commission for program years 2014 and 2015. For convenience the 2014 Idaho Annual DSM report has been provided as Attachment No. 1, its associated appendices are Attachment No. 2, the 2015 Idaho Annual DSM report is Attachment No. 3, and its associated appendices are Attachment No. 4 to this Application. These reports followed the format set forth in the MOU and include: Table of Contents, Introduction, Cost Effectiveness, Program specific sections, and Evaluations. Program performance, including expenditures, savings and assessments of cost effectiveness, as well as the balancing account activity associated with Schedule 191 were also included in the annual reports.

5. During 2014 and 2015, the Company's DSM portfolio consisted of five[1] distinct programs, offering incentives for a wide variety of energy efficiency measures to the Company's residential, business and agricultural customers. Agricultural customers can also participate in the

[1] Home Energy Reports is a residential behavior based program that began in January 2015. Home Energy Reports is included in the five distinct programs.

irrigation load management program[2]. The Company continues to work with customers and the Commission to provide a comprehensive suite of DSM programs that provide the greatest opportunity for participation by all customer sectors.

6. DSM programs offered by the Company provide a wide range of services and financial incentives to assist customers with energy efficiency projects they wished to pursue. The five DSM programs subject to Schedule 191 in 2014 and 2015 were:

- Schedule 21 – Low Income Weatherization/ Low Income Education
- Schedule 117 – Residential Refrigerator Recycling
- Schedule 118 – Home Energy Saver
- Home Energy Reports (no tariff)
- Schedule 140 – Non-Residential Energy Efficiency (***watt***smart Business)

Energy FinAnswer, FinAnswer Express, and Agricultural Energy Services, (non-residential programs), were consolidated into a single ***watt***smart Business program effective November 13, 2014, through Case No. PAC-E-14-08[3]. The consolidation served to maximize energy savings and reduce costs by streamlining program offerings and alleviating customer confusion.

PROGRAM EXPENDITURES

7. The Company requests a Commission determination that the DSM expenditures totaling $7,460,715, which represents $3,222,115 for 2014 and $4,238,600 for 2015, were prudent and in the public interest. Expenditures by category are provided in Appendix 3, (Attachment No. 2), of the 2014 Annual Report and Appendix 2, (Attachment No. 4), of the 2015 Annual Report.

[2] In 2011, the Irrigation Load Control program was treated as a system-wide benefit and excluded from Schedule 191. Performance results were no longer included in the annual DSM reports but were submitted as a confidential document to the Commission.
[3] Order No. 33178.

These expenditures are categorized by program delivery administration, Company administration, customer and dealer/trade ally incentives, engineering, evaluation, marketing and program development. The expenditures submitted in this Application represent the activities that took place during program years 2014-2015 through a year-end cost true-up process.

8. The Company reports its Schedule 191 balancing account annually in the DSM Annual Reports. For added convenience, the 2014 and 2015 balancing account activity is provided in Tables 1 and 2 below.

Table 1 – 2014 Schedule 191 Balancing Account Activity

Month	Monthly Program Cost - Fixed Assets	Monthly Net Accrued Costs *	Rate Recovery	Carrying Charge	Cash Basis Accumulated Balance	Accrual Basis Accumulated Balance
Balance as of 12/31/13					$ (908,882)	$ (625,565)
Jan-14	$ 199,728	$ (35,032)	$ (274,741)	$ (789)	$ (984,684)	$ (736,399)
Feb-14	$ 277,055	$ (97,033)	$ 1,184,794	$ (211)	$ 476,955	$ 628,206
Mar-14	$ 267,760	$ 1,897	$ (215,906)	$ 419	$ 529,227	$ 682,376
Apr-14	$ 272,076	$ (11,315)	$ (203,781)	$ 469	$ 597,991	$ 739,825
May-14	$ 170,588	$ 23,832	$ (264,860)	$ 459	$ 504,178	$ 669,843
Jun-14	$ 325,554	$ (18,826)	$ (490,453)	$ 351	$ 339,629	$ 486,468
Jul-14	$ 193,932	$ 41,276	$ (583,010)	$ 121	$ (49,327)	$ 138,788
Aug-14	$ 213,804	$ 91,181	$ (520,272)	$ (169)	$ (355,964)	$ (76,668)
Sep-14	$ 315,637	$ (22,472)	$ (318,779)	$ (298)	$ (359,405)	$ (102,580)
Oct-14	$ 223,462	$ 13,618	$ (243,510)	$ (308)	$ (379,761)	$ (109,319)
Nov-14	$ 224,967	$ 244,026	$ (228,009)	$ (318)	$ (383,121)	$ 131,348
Dec-14	$ 476,261	$ (11,622)	$ (247,787)	$ (224)	$ (154,871)	$ 347,975
2014 totals	**$ 3,160,823**		**$(2,406,315)**	**$ (498)**		

* December 2014 total accrual $ 502,846

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Table 2 – 2015 Schedule 191 Balancing Account Activity

Month	Monthly Program Cost - Fixed Assets	Monthly Net Accrued Costs *	Rate Recovery	Carrying Charge	Cash Basis Accumulated Balance	Accrual Basis Accumulated Balance
Dec-14					$ (154,871)	$ 347,975
Jan-15	$ 196,397	$ (31,425)	$ (256,901)	$ (154)	$ (215,529)	$ 255,892
Feb-15	$ 419,568	$ (75,285)	$ (222,120)	$ (97)	$ (18,178)	$ 377,959
Mar-15	$ 411,785	$ (373)	$ (200,202)	$ 73	$ 193,478	$ 589,242
Apr-15	$ 580,982	$ (225,671)	$ (207,514)	$ 317	$ 567,263	$ 737,356
May-15	$ 203,541	$ 223,405	$ (310,098)	$ 428	$ 461,134	$ 854,632
Jun-15	$ 486,112	$ (122,743)	$ (378,575)	$ 429	$ 569,100	$ 839,855
Jul-15	$ 246,092	$ 56,391	$ (628,494)	$ 315	$ 187,013	$ 514,159
Aug-15	$ 342,460	$ 97,403	$ (434,222)	$ 118	$ 95,369	$ 519,918
Sep-15	$ 451,406	$ (21,308)	$ (419,729)	$ 93	$ 127,139	$ 530,379
Oct-15	$ 355,845	$ (56,342)	$ (277,156)	$ 139	$ 205,966	$ 552,865
Nov-15	$ 348,534	$ (54,443)	$ (235,459)	$ 219	$ 319,261	$ 611,717
Dec-15	$ 352,648	$ 15,300	$ (265,280)	$ 302	$ 406,931	$ 714,687
2015 Totals	**$ 4,395,370**		**$ (3,835,750)**	**$ 2,182**		
* December 2015 total accrual		$307,756				

ENERGY EFFICIENCY SAVINGS AND COST EFFECTIVENESS

9. The annual energy efficiency portfolio savings achieved through the Company's DSM programs were 11,410 MWh in 2014 and 15,692 MWh for 2015, measured at the customers' meter.

10. The portfolio was cost effective for each year with a benefit to cost ratio greater than 1.0 for both the Total Resource Cost ("TRC") and Utility Cost Test ("UCT"). The Appliance Recycling program was cost effective for both the TRC and UCT in 2014, but was not cost effective in 2015, with a 0.91 benefit to cost ratio for the TRC. The Low Income Weatherization program was not cost effective for the TRC or UCT in either year.

11. In Case No. PAC-E-16-04, the Company requested authorization to cancel the Appliance Recycling program because the program implementer went out of business in 2015, and analysis indicated operating the program with a new contractor would fail the TRC and UCT cost

effectiveness tests. The Commission approved the Company's application canceling the Appliance Recycling program effective March 1, 2016. *See* Order No. 33497.

12. The Low Income Weatherization program was not cost effective from the PacifiCorp Total Resource Cost ("PTRC") or UCT for both years as shown in Table 3 below. The PTRC cost effectiveness test included health, safety and repair measures as a dollar of non-energy benefits for each dollar of cost: $31,575 in 2014 and $23,297 in 2015.

Table 3 – Low Income Weatherization Cost-Effectiveness

Benefit/Cost Test	2014	2015
PTRC (TRC + 10% conservation adder)	0.72	0.48
UCT	0.50	0.35

The Low Income Weatherization program was not cost effective due to multiple factors including a limited amount of homes served and measures installed, but the primary driver was the reduction in decrement values calculated in the 2015 Integrated Resource Plan ("IRP"). The most recent Low Income Weatherization evaluation for program years 2010-2012 calculated a PTRC of 1.34. The evaluation cost effectiveness included non-energy benefits (health, safety and repair costs and reduced payment assistance and arrearage) and was calculated using the 2008 IRP decrement for 2010 and the 2011 IRP decrement for 2011 and 2012. The program is currently undergoing an evaluation for program years 2013-2015 with a published report expected in 2017. In Case No. GNR-E-12-01, the Commission initiated a generic case to investigate the cost effectiveness of low income weatherization programs. The case resulted in a myriad of Commission approved recommendations in which the Company has complied with. *See* Order No. 32788.

ENERGY EFFICIENCY TARGETS

13. Provided in Table 4 is a comparison of the Company's energy efficiency portfolio performance with the Achievable Technical Potential identified in the Company's conservation

potential assessment ("CPA") and the IRP selections over the 2014-2015 period. Consistent with the Northwest Power and Conservation Council's regional power plans, the Company's CPA utilizes acquisition ramp rates and assumes that 85 percent of the technical potential is achievable over 20 years to account for real world constraints around acquisition of energy efficiency resources. Absent the achievability assumption and ramp rates, all discretionary resources (those that can technically be acquired at any time) would be available at the start of the planning period, which is unrealistic from both a planning and acquisition standpoint.

Table 4 – Energy Efficiency, Achievable Technical Potential, & IRP Selections

Source of Savings	Idaho MWh Savings (at generator)		
	2014*	2015**	2014-2015 Total
Achievable Technical Potential	15,696	24,891	40,587
Integrated Resource Plan Selections	10,920	13,570	24,490
Energy Efficiency Portfolio Performance	12,680	17,414	30,094

* Potential from 2013 DSM Potential Study and selections from 2013 IRP Update

** Potential from 2015 DSM Potential Study and selections from 2015 IRP

14. As shown in Table 4, from 2014 through 2015 the Company acquired 30,094 MWh, at generator, of energy efficiency savings in Idaho exceeding the IRP selections for the same period of 24,490 MWh. IRP savings are based on assumed typical acquisition rates, whereas actual program performance can fluctuate from year to year based on factors such as economic conditions, the timing of large project completions, etc.

PROGRAM EVALUATIONS

15. Evaluations are conducted using best-practice approaches and techniques including those outlined in the National Action Plan for Energy Efficiency Program Impact Evaluation and the California Evaluation Framework guides. The Company conducts process and/or impact evaluations on energy efficiency programs to ensure the ongoing cost effectiveness of its programs

through validation of energy savings and to provide information to assist in management of its programs.

16. Process evaluations assess program delivery, from design to implementation, in order to identify bottlenecks, efficiencies, what worked, what did not work, constraints, and potential improvements. Identifying opportunities for improvement is essential to making corrections along the way.

17. Impact evaluations determine the impacts (e.g. energy and demand savings) that directly result from a program. Impact evaluations also support cost effectiveness analyses aimed at identifying relative program costs and benefits.

18. Evaluations are based on credible and transparent methods focused on successfully capturing the savings created by the programs. Evaluations develop retrospective estimates of energy savings attributable to a program. While retrospective in nature, the information obtained will be used to inform future potential assessments, plans, forecasts and targets.

19. Copies of the Company's most recent process and impact evaluations for its Idaho programs can be found at http://www.pacificorp.com/es/dsm/idaho.html or on the CD accompanying this Application. Each of these evaluations were completed by third party consulting firms. The most recent evaluations for the Company's Idaho programs have a TRC and UCT benefit/cost ratio greater than 1.0.

MODIFIED PROCEDURE

20. Rocky Mountain Power believes that a technical hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure, i.e., by written submissions rather than by hearing. RP 201 *et seq*. The Company stands ready to present testimony in support of this Application in a technical hearing if

the Commission determines such a hearing is required.

COMMUNICATIONS AND SERVICE OF PLEADINGS

21. Communications regarding this Application should be addressed to:

Ted Weston
Daniel E. Solander
Michael S. Snow
1407 West North Temple, Suite 330
Salt Lake City, Utah 84116
Telephone: (801) 220-2963
Fax: (801) 220-4648
Email: ted.weston@pacificorp.com
daniel.solander@pacificorp.com
michael.snow@pacificorp.com

In addition, the Company respectfully requests that all data requests regarding this matter be addressed to one or more of the following:

By e-mail (preferred)	datarequest@pacificorp.com michael.snow@pacificorp.com
By regular mail	Data Request Response Center PacifiCorp 825 NE Multnomah, Suite 2000 Portland, OR 97232

REQUEST FOR RELIEF

22. WHEREFORE, for the reasons set forth above Rocky Mountain Power respectfully requests that the Commission approve this Application by: (1) issuing an order authorizing that this matter be processed by Modified Procedure; and (2) issuing a final order designating Rocky Mountain Power's 2014 and 2015 total DSM expenditures of $7,460,715 as prudently incurred.

DATED this 11th Day of October 2016.

Respectfully submitted,

By ______________________

Daniel E. Solander

Attorney for Rocky Mountain Power