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October 18, 2018

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
Filing Center
201 High Street SE, Suite 100
Salem, Oregon 97301

Re: Docket UM _____
In the Matter of Idaho Power Company's Request for Authorization for
Deferred Accounting of Demand-Side Management Revenues and
Expenditures

Attention Filing Center:

Enclosed for filing is an electronic copy of Idaho Power Company's Application for Deferred Accounting of Demand-Side Management Revenues and Expenditures. The Notice of Application for Deferred Accounting of Demand-Side Management Revenues and Expenditures is attached to the Application as Attachment A. The Application and Notice have been served on the parties of Idaho Power Company's last general rate case.

The Application was prepared in consultation with the Oregon Public Utility Commission Senior Revenue Requirements Analyst Mitch Moore. If you have any questions, please do not hesitate to contact me or Senior Regulatory Analyst Courtney Waites at (208) 388-5612.

Sincerely,

Lisa F. Rackner

Attachments

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UM _____

In the Matter of Idaho Power Company's
Application for Deferred Accounting of
Demand-Side Management Revenues and
Expenditures

APPLICATION

I. INTRODUCTION

Pursuant to ORS 757.259(2)(d) and OAR 860-027-0300, Idaho Power Company ("Idaho Power" or "Company") hereby requests an accounting order authorizing Idaho Power to defer revenues collected through the Company's Tariff Schedule 91 - Energy Efficiency Rider ("EE Rider") and expenditures associated with the analysis and implementation of energy conservation and demand response programs. Idaho Power seeks authorization for this deferral effective as of the date of this Application. In support of this Application, Idaho Power states:

1. Idaho Power is a public utility in the state of Oregon and its rates, services, and accounting practices are subject to the regulation of the Public Utility Commission of Oregon ("Commission").
2. This Application is filed pursuant to ORS 757.259, which allows the Commission, upon application, to authorize the deferral of certain items for later inclusion in rates.
3. Communications regarding this Application should be addressed to:

Lisa F. Rackner
McDowell Rackner Gibson PC
419 SW 11th Avenue, Suite 400
Portland, OR 97205
dockets@mrg-law.com

Regulatory Dockets
Idaho Power Company
P.O. Box 70
Boise, ID 83707
dockets@idahopower.com

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II. OAR 860-027-0300(3) REQUIREMENTS

A. Description

With this deferral application, Idaho Power seeks authorization from the Commission to defer, for future true-up, EE Rider revenues, and Demand-Side Management (“DSM”) activity expenditures. The EE Rider is a balancing account mechanism that charges customers a percentage of the sum of the monthly charges for the base rate components of their electric bill. Base rate components include the service charge, energy charges, demand charges, and the basic charge. Revenues received from the EE Rider fund the Company’s DSM activities and are recorded in a regulatory liability account. As funds are used for DSM activities, the balancing account is debited for the amount of the expenditure disbursement. The intent of the balancing account mechanism is to keep the balance in this account as close to zero as possible.¹ The Commission approved the establishment of Idaho Power’s EE Rider effective August 31, 2005.² In addition, the Company requests that deferred amounts are exempt from the deferral earnings test because the Company’s DSM activities are cost-effective conservation resources under ORS 757.262, and therefore, not subject to ORS 757.259(5).³ This treatment is also consistent with the Commission approval of the EE Rider with Advice No. 05-03.

¹ Advice No. 05-03.

² In accordance with the decision of the Commission in the Public Meeting of August 30, 2005, and per the letter dated August 30, 2005, from the Commission Administrator.

³ See ORS 757.259(2)(d), (4); see also *In the Matter of Avista Corporation, dba Avista Utilities, Application for the Reauthorization of Certain Deferral Accounts Related to Avista’s Demand Side Management Programs*, Docket No. UM 1165(11), Order No. 16-304, App. A at 4 (Aug. 16, 2016) (“Historically, the Commission has not declined to authorize amortization of prudently-incurred DSM expense associated with Commission approved programs based on the earnings review required under ORS 757.259(5)”).

1 **B. Reasons for Deferral**

2 Energy efficiency and demand response provide economic and operational benefits to
3 the Company and its customers and support the wise use of energy by Idaho Power
4 customers. Idaho Power strives to provide conscientious, prudent, and reasonable actions
5 and activities that result in cost-effective energy efficiency and considers this cost-effective
6 energy efficiency the Company's least-cost resource.⁴ The Company pays particular
7 attention to ensuring its activities provide the best value to Idaho Power's customers.

8 On July 6, 2005, Idaho Power filed a request with the Commission for authorization to
9 implement a new charge that would fund DSM activities in the Company's Oregon service
10 territory, the EE Rider. DSM refers to the two kinds of energy-efficiency activities: things
11 customers do to reduce overall electricity use (like using more efficient light bulbs) and
12 programs that shift use from periods of extreme demand or demand response programs.

13 As described in its annual DSM report filing in Docket No. UM 1710, the Company
14 provides information and programs to ensure customers have opportunities to learn about
15 their energy use, how to use energy wisely, and participate in programs. Idaho Power's
16 current energy efficiency offerings include programs in residential and commercial new
17 construction, residential and commercial retrofit applications, and irrigation and industrial
18 system improvement or replacement. The Company's custom incentives offer a wide range
19 of opportunities to its irrigation, industrial, large-commercial, governmental, and school
20 customers to execute energy savings projects. In addition, Idaho Power offers demand
21 response programs with the goal of minimizing or delaying the need to build new supply-side
22 peaking resources.

23 For more than a decade, Idaho Power has been funding the pursuit of cost-effective
24 energy efficiency through the EE Rider balancing account mechanism with the goal of using
25

26 ⁴ Idaho Power's 2017 Integrated Resource Plan at 1.

1 customers' funds wisely by providing conscientious, prudent, and responsible action and
2 activities. All energy efficiency and demand response offerings to Oregon customers are
3 managed in accordance with various Idaho Power tariff schedules authorized by the
4 Commission prior to commencement of any such offering. Any changes to a program offering
5 or measure is approved by the Commission as well.⁵ Annually, the Company prepares a
6 report summarizing the efforts, energy savings, and DSM expenditures for the prior year, and
7 beginning in 2016, files it with the Commission in Docket No. UM 1710. Finally, pursuant to
8 Order No. 94-590 issued in UM 551, Idaho Power notifies the Commission of any DSM
9 program measures that are not cost-effective and requests a cost-effectiveness exception
10 when applicable.⁶ Continued Commission approval of the ongoing operation of the EE Rider
11 balancing account, and deferral authorization, is critical to Idaho Power's pursuit of cost-
12 effective energy efficiency.

13 **C. Proposed Accounting**

14 Idaho Power records revenues and expenses that would be subject to the deferral
15 order in accordance with the Code of Federal Regulations to the Federal Energy Regulatory
16 Commission Account 254 (Regulatory Liability).

17 **D. Estimate of Amounts**

18 As of September 30, 2018, the Oregon jurisdictional EE Rider balance was
19 approximately negative \$6.8 million, meaning since implementation the Company has spent
20 \$6.8 million more on the pursuit of cost-effective energy efficiency than customers have paid
21 towards those efforts. The Company estimates net amounts deferred beginning the date of
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23 _____
24 ⁵ For example, Idaho Power's Advice No. 18-08, approved with Order No. 18-295, authorized
25 changes to over 130 measures in DSM programs offered through Schedule 89 - Commercial and
26 Industrial Energy Efficiency ("Schedule 89").

⁶ Also, as a part of Idaho Power's Advice No. 18-08, Idaho Power requested a cost-
effectiveness exception for thirteen measures of Schedule 89.

1 this Application through September 2019 to be approximately \$880,000, for a total balance
2 of negative \$7.7 million.

3 **E. Notice**

4 A copy of the Notice of Application for Deferred Accounting of Demand-Side
5 Management Revenues and Expenditures and a list of persons served with the Notice are
6 attached to the Application as Attachment A.

7 **III. CONCLUSION**

8 Continued Commission approval of the ongoing operation of the EE Rider balancing
9 account is critical to Idaho Power's pursuit of cost-effective energy efficiency. For the
10 reasons stated above, Idaho Power requests permission to defer EE Rider revenues
11 collected and expenditures associated with energy conservation and demand response
12 programs, beginning the date of this Application, and that those deferred amounts are
13 exempt from an earnings test.

14 DATED: October 18, 2018

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IDAHO POWER COMPANY



LISA F. RACKNER
Attorney for Idaho Power Company

Attachment A

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UM _____

In the Matter of Idaho Power Company's
Application for Deferred Accounting of
Demand-Side Management Revenues and
Expenditures

**NOTICE OF APPLICATION FOR
DEFERRED ACCOUNTING OF
DEMAND-SIDE MANAGEMENT
REVENUES AND EXPENDITURES**

On October 18, 2018, Idaho Power Company ("Idaho Power") filed an application with the Public Utility Commission of Oregon ("Commission") for an order authorizing deferral of revenues collected through the Company's Tariff Schedule 91 - Energy Efficiency Rider and expenditures associated with the analysis and implementation of energy conservation and demand response programs.

Approval of Idaho Power's Application will not authorize a change in Idaho Power's rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

Idaho Power's Application will be posted on the Commission website for persons who wish to obtain a copy or they may contact the following:

Lisa F. Rackner
McDowell Rackner Gibson PC
419 SW 11th Avenue, Suite 400
Portland, OR 97205
dockets@mrq-law.com

Any person who wishes to submit written comments to the Commission on Idaho Power's Application must do so by no later than November 16, 2018.

DATED: October 18, 2018.



Lisa F. Rackner
Attorney for Idaho Power Company

1 **CERTIFICATE OF SERVICE**

2 I hereby certify that I served a true and correct copy of the foregoing document in
3 Idaho Power Company's Application for Deferred Accounting of Demand-Side
4 Management Revenues and Expenditures on the parties in Docket UE 233, Idaho Power
5 Company's last general rate case, on the date indicated below by email addressed to said
6 person(s) at his or her last-known address(es) indicated below.

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| 8 | Citizens' Utility Board of Oregon OPUC Dockets <u>dockets@oregoncub.org</u> | Robert Jenks Citizens' Utility Board of Oregon bob@oregoncub.org |
| 10 | Judy Johnson Public Utility Commission of Oregon judy.johnson@state.or.us | Stephanie Andrus Assistant Attorney General stephanie.andrus@state.or.us |
| 12 | Don Reading dreading@mindspring.com | Donald Schoenbeck Regulatory & Cogeneration Services dws@r-c-s-inc.com |
| 14 | Erik Colville Public Utility Commission of Oregon Erik.colville@state.or.us | Gregory M. Adams Richardson Adams PLLC greg@richardsonadams.com |
| 16 | Peter J. Richardson Richardson Adams PLLC peter@richardsonadams.com | Joshua D. Johnson Attorney at Law jdj@racinelaw.net |
| 18 | John W. Stephens Esler Stephens & Buckley Stephens@eslerstephens.com <u>ortez@eslerstephens.com</u> | Anthony J. Yankel Utility Net.Inc. tony@yankel.net |
| 21 | Randy Dahlgren Portland General Electric <u>pge.opuc.filings@pgn.com</u> | Douglas C. Tingey Portland General Electric <u>doug.tingey@pgn.com</u> |
| 23 | Irion Sanger Sanger Law PC irion@sanger-law.com | Sarah Link Pacific Power sarah.link@pacificorp.com |
| 25 | Etta Lockey Pacific Power Etta.lockey@pacificorp.com | Oregon Dockets PacifiCorp oregondockets@pacificorp.com |

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Wendy Gerlitz
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Renewable Northwest
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DATED: October 18, 2018



Wendy McIndoo
Office Manager