

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 18, 2018

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2019

DATE: December 11, 2018

TO: Public Utility Commission

FROM: Deborah Glosser

THROUGH: Jason Eisdorfer and John Crider

SUBJECT: IDAHO POWER COMPANY: (Docket No. ADV 872/Advice No. 18-10) Increases energy efficiency rider percentage; and (Docket No. ADV 873/Advice No. 18-11) Decreases solar photovoltaic pilot program power rider percentage.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Idaho Power's Advice Nos. 18-10 and 18-11 requesting revisions to Schedules 91 and 93, increasing the Energy Efficiency Rider percentage and decreasing the Solar Photovoltaic Pilot Program Rider percentage, and the transfer of \$5,500,000 between accounts.

DISCUSSION:

Issue

Whether the Commission should approve Idaho Power Company's request for revisions to Schedule 91 and Schedule 93, increasing the Energy Efficiency Rider percentage, and decreasing the Solar PV Pilot Program Rider percentage, and authorize a transfer of \$5,500,000 from the FERC account 254.005 to 254.202.

Applicable Law

ORS 757.205(1) states that a public utility must file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time.

OAR 860-022-0025 requires that new tariff filings include statements showing the new rates, the number of customers affected, the impact on annual revenue, and the reasons supporting the proposed tariff. Filings that make any change in rates, tolls,

charges, rules or regulations must be filed with the Commission at least 30 days before the effective date of the changes. ORS 757.220.

The Commission reviews tariffs filed under ORS 757.205 and 757.210 to determine whether they are fair, just and reasonable.

Analysis

On November 9, 2018, Idaho Power filed Advice No. 18-10 with the Oregon Public Utility Commission pursuant to ORS 757.205 and 757.210. Under the proposed tariff, the Company requests that this Commission authorize an increase in the rate contained within Idaho Power's Schedule 91, Energy Efficiency Rider ("EE Rider") from the current 3.0 percent to 4.0 percent.

Concurrent with the filing of Advice No. 18-10, the Company has filed Advice No. 18-11, seeking authority to revise Schedule 93 to decrease the rate of the Solar Photovoltaic Pilot Program Rider ("Solar PV Rider") from 1.5 percent to 0.5 percent, and authorize the transfer of \$5,500,000 from the solar PV Rider balance to the EE Rider balance.

The increase of the EE Rider collection rate is requested in conjunction with the Company's request for an accounting order authorizing Idaho Power to defer revenues collected through the rider, and expenditures associated with the analysis and implementation of energy conservation and demand response programs as filed on October 18, 2018, in Docket No. UM 1974 before this Commission.

Schedule 91 is modeled after an Energy Efficiency Rider that has been in effect in the Company's Idaho service territory since May 16, 2002. At that time, primarily in response to huge rate increases deriving from the 2001 energy crisis, the Company received approval from the Idaho Public Utilities Commission (IPUC) for an energy efficiency rider of .5 percent of base charges (i.e., approximately \$2.7 million annually). This Rider received strong regulatory and customer support.

In the Company's 2004 Oregon Integrated Resource Plan (IRP), an EE rider was identified as a funding mechanism for DSM expenses, and OPUC Staff had agreed to support the EE Rider as part of a Settlement Stipulation approved by this Commission in Docket No. UE 167. On March 5, 2010, the Company filed Advice No. 10-03 requesting an increase in the rider percentage from 1.5 percent of base rates to 3.0 percent of base rates, and requesting that funding caps be eliminated on residential and irrigation bills. This Commission approved the Company's request in 10-03.

Current EE programs funded by the EE Rider include:

Program	Customer Class	Tariff Schedule
Peak Rewards Program	Irrigation	23
Efficiency Rewards Program	Irrigation	27
Multi-Family Energy Savings Program	Residential	68
Educational Distributions	Residential	71
Heating and Cooling Efficiency	Residential	72
A/C Cool Credit	Residential	74
Simple Steps Smart Savings Program	Residential	75
Flex Peak	Commercial/Industrial	76
Residential Energy Conservation	Residential	78
Commercial Energy Conservation	Commercial	82
Manufactured Housing Energy Efficiency Programs	Residential	87
Commercial and Industrial Energy Efficiency	Commercial/Industrial	89

EE Rider funds received by the Company are recorded in FERC Account 254.202, which is also used to book all DSM-related expenditures necessary to provide the EE Rider supported programs. Existing EE Rider funding is not sufficient to cover program expenditures, which results in an increased deficit balance each year. Ending balances for 12 months ending 9/30/2016, 9/30/2017 and 9/30/2018 respectively are (\$5,373,993), (\$6,016,368), and (\$6,732, 267).

With respect to the Solar PV (Pilot Program) Rider funds received from the Company's Oregon customers, these are credited to FERC Account 254.005 and are used to pay Idaho Power administrative and support costs related to the Pilot Program. Historical balances for the 12 months ending 9/30/2016, 9/30/2017 and 9/30/2018 respectively are: \$3,587,074; \$4,430,019; and \$5,336,652. By January 1, 2019, the balance is forecasted to increase and exceed \$5,500,000. ORS 757.365(10) provides that all prudently

incurred costs associated with the Pilot Program are recoverable in rates from all customer groups.

Staff has reviewed the Confidential Workpapers submitted with its filing and has confirmed the Company's calculations. The revenue impact of the EE Rider funding rate change is an increase of approximately \$0.6 million (0.96 percent overall), which considered independently, results in an increase of roughly \$1.09 to the monthly bill of a typical customer using 1,150 kWh per month. However, the Company has also submitted Confidential Workpapers in support of the Solar PV Rider which shows that the Solar PV Rider results in a 1.0 percent decrease in revenue impact. When taken together, the combined impact of the 1.0 increase to the EE Rider and reduction of 1.0 percent of the Solar PV Rider results in 0 net revenue or customer bill impact.

Idaho Power is also proposing to transfer \$5,500,000 of the forecasted December 31, 2018 balance from the Solar PV Rider account into the EE Rider account in order to close the funding gap and reduce the under-collected status in the EE Rider Account, as well as mitigate the associated requested increase in the EE Rider percentage. The Company proposes the following journal entry to complete the transfer:

Debit FERC account 254.005 (Oregon Solar PV Rider): \$5,500,000 and Credit FERC account 254.202 (Oregon EE Rider): \$5,500,000.

Conclusion

Upon examining the filings and associated workpapers, Staff has confirmed that both rider mechanism are calculated on the same base rate components and are funded by the same customer classes. Therefore, by Staff's analysis, no inequity or subsidization across customer classes results from this transfer request. Furthermore, the reasonableness of these rate changes have been established in UM 1974 and approved by the Commission in that docket.

PROPOSED COMMISSION MOTION:

Approve Idaho Power's Advice No. 18-10 and 18-11 requesting revisions to Schedules 91 and 93, increasing Energy Efficiency Rider percentage and Decreasing Solar Photovoltaic Pilot Program Rider percentage, and the transfer of \$5,500,000 from FERC account 254.005 to 254.202.