

ORDER NO. 24-202

ENTERED Jun 27 2024

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1974(5)

In the Matter of

IDAHO POWER COMPANY,

Application for Reauthorization to Defer  
Demand-Side Management Revenues and  
Expenditures.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on June 25, 2024, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



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**Alison Lackey**  
Chief Administrative Law Judge



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA8

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: June 25, 2024**

REGULAR  CONSENT  EFFECTIVE DATE \_\_\_\_\_ N/A \_\_\_\_\_

DATE: June 1, 2024

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway and Russell Beitzel **SIGNED**

SUBJECT: IDAHO POWER COMPANY:  
(Docket No. UM 1974(5))  
Requests for reauthorization of deferred accounting for Demand-Side Management revenues and expenses.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Idaho Power Company's (Idaho Power, IPC, or Company) request to defer demand-side management revenues and expenses for the 12-month period beginning October 1, 2023.

**DISCUSSION:**

Issue

Whether the Commission should approve Idaho Power's Application for Deferred Accounting of Demand-Side Management Revenues and Expenditures, to support Idaho Power's rates collected pursuant to its Tariff Schedule 91 – Energy Efficiency (EE) Rider (EE Rider), which collects revenues and expenditures associated with the analysis and implementation of energy conservation and demand response programs.

Applicable Law

In accordance with ORS 757.259, utilities may seek approval to defer amounts for later inclusion in rates to minimize the frequency of rate changes or to appropriately match customer benefits and costs. OAR 860-027-0300(4) requires the utility to provide certain information in an application to defer, such as reason for the deferral, estimated amount of the deferral, etc.

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## Analysis

### *Background*

The Company submitted this application on September 28, 2023, and seeks reauthorization from the Commission to defer, for future true-up, EE Rider revenues, and Demand-Side Management (“DSM”) activity expenditures.<sup>1</sup>

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 customers’ electric bills.

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 the account as close to zero as possible.<sup>2</sup> The Commission approved the establishment of Idaho Power’s EE Rider effective August 31, 2005, and approved the Company’s request to defer demand side management revenues and expenses with Order No. 18-457.<sup>3</sup>

In addition, Idaho Power requests that deferred amounts not be subject to an earnings test at amortization because the Company’s DSM activities are cost-effective conservation resources under ORS 757.262,<sup>4</sup> and no earnings test would be consistent with the Commission approval of the EE Rider, Advice No. 05-03.<sup>5</sup>

### *Reason for Deferral*

Energy efficiency and demand response provide economic and operational benefits to the Company and its customers and support the wise use of energy by Idaho Power

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<sup>1</sup> See, this is the sixth filing in this docket, and fifth reauthorization request, with the Commission adopting Staff’s recommendation to approve IPCo’s UM 1974(4) application in Order No. 22-499, dated December 28, 2022.

<sup>2</sup> See, Advice No. 05-03.

<sup>3</sup> See, 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.

<sup>4</sup> See, Idaho Power Application, p. 2, *citing 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 (August 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)”).

<sup>5</sup> See, Idaho Power Application, p. 2.

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customers. Idaho Power strives to provide conscientious, prudent, and reasonable actions and activities that result in cost-effective energy efficiency and considers this cost-effective energy efficiency the Company's least-cost resource. The Company pays particular attention to ensuring its activities provide the best value to Idaho Power's retail customers.

#### *Proposed Accounting*

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

#### *Estimate of Amounts*

As of August 31, 2023, the Oregon jurisdictional EE Rider balance was approximately positive \$856,000, meaning the Company has not fully spent prior-authorized funds and an additional \$856,000 of customer funds to spend on the pursuit of cost-effective energy efficiency.

The Company estimates net amounts deferred beginning with the date of this Application through August 2023 to be approximately \$663,000, for a total balance of approximately positive \$1.5 million.

#### *Description of Expense*

On July 6, 2005, the Company filed a request with the Commission for authorization to implement a new charge that would fund DSM activities in the Company's Oregon service territory, the EE Rider.

DSM refers to the two kinds of energy-efficiency activities: first, things customers do to reduce overall electricity use (like using more efficient light bulbs); and second, programs that shift use from periods of higher cost, such as peak demands, to lower cost periods such as off-peak use. As described in its annual DSM report filing in Docket No. UM 1710, the Company provides information and programs to ensure customers have opportunities to learn about their energy use, how to use energy wisely, and participate in programs.

Also, the Company's current energy efficiency offerings include programs in residential and commercial new construction, residential and commercial retrofit applications, and irrigation and industrial system improvement or replacement.

The Company's custom incentives offer a wide range of opportunities to its irrigation, industrial, large-commercial, governmental, and school customers to execute energy savings projects.

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In addition, The Company offers demand response programs with the goal of minimizing or delaying the need to build new supply-side peaking resources.

*Information Related to Future Amortization*

- Earnings Review – The Commission will review earnings in accordance with ORS 757.259(5) at the time of amortization. Staff does not recommend the Commission apply an earnings test given the use of a balancing account and the nature of what the funds are being used for.
- Prudence Review – A prudence review will be conducted prior to amortization and should include a verification of the accounting methodology used to determine the final amortization balance.
- Sharing – There is no sharing mechanism under Schedule 91.
- Rate Spread/Design – The deferred amortization amount will be spread on an equal cents percentage of customer base rate components, as specified in Schedule 91.
- Three Percent Test (ORS 757.259(6)) – The three percent test measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test limits (exceptions at ORS 757.259(7) and (8)) the aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year. Because Idaho Power is an electric utility, ORS 757.259(8) allows the Commission to consider up to a six percent limit.

Conclusion

Staff reviewed the Company's application and accompanying work papers. The application meets the requirements of ORS 757.259 and OAR 860-027-0300 and is an appropriate use of the deferral statute. Accordingly, Staff recommends the application be approved.

The Company has reviewed this memo and agrees with its contents.

**PROPOSED COMMISSION MOTION:**

Approve Idaho Power Company's request to defer demand-side management revenues and expenses for the 12-month period beginning October 1, 2023.