

ORDER NO. 25-106

ENTERED Mar 18 2025

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1974(6)

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 March 18, 2025, 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:



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.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 18, 2025**

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: February 18, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Scott Gibbens and Michelle Scala **SIGNED**

SUBJECT: IDAHO POWER:
(Docket No. UM 1974(6))
Deferred Accounting of Demand-Side Management Revenues and Expenditures.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Idaho Power Company's (Idaho Power, IPC, or Company) request to continue to defer demand-side management revenues and expenses for the 12-month period beginning October 1, 2024.

DISCUSSION:

Issue

Whether the Commission should approve Idaho Power's Application for reauthorization of 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, and other informational matters.

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Analysis

Background

On July 6, 2005, Idaho Power 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:

1. Measures that reduce customers overall electricity use (like using more efficient light bulbs) and programs that shift use from periods of extreme demand such as demand response programs.¹ According to the Company, it provides information and programs to ensure customers have opportunities to learn about their energy use, how to use energy wisely, and participate in energy efficiency programs. Idaho Power'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. In addition, Idaho Power offers demand response programs with the goal of minimizing or delaying the need to build new supply-side peaking resources. Idaho Power funds the pursuit of cost-effective energy efficiency through the EE Rider balancing account mechanism with the goal of using customers' funds wisely by providing conscientious, prudent, and responsible action and activities.

All energy efficiency and demand response offerings to Oregon customers are managed in accordance with various Idaho Power tariff schedules authorized by the Commission prior to commencement of any such offering.

2. Pursuant to Order No. 94-590 issued in UM 551, Idaho Power notifies the Commission of any DSM program measures that are not cost-effective and requests a cost-effectiveness exception when applicable. Continued Commission approval of the ongoing operation of the EE Rider balancing account, and deferral authorization, is critical to Idaho Power's pursuit of cost-effective energy efficiency.

Description of the Expenses

Idaho Power seeks reauthorization from the Commission to defer, for future true-up, EE Rider revenues, and Demand-Side Management ("DSM") activity expenditures. The EE

¹ See, Annual DSM report filing in Docket No. UM 1710.

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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.

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. The most recent reauthorization of this deferral was issued on June 27, 2024, Order No. 24-202.

In this application, Idaho Power requests that deferred amounts be 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).

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 customers.

Proposed Accounting

Idaho Power 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

Idaho Power estimates net amounts deferred beginning the date of this Application through August 2025 to be approximately \$633,000, for a total balance of approximately \$2.31 million.

Estimate of Amounts for the Last 12 Months

Idaho Power estimated as of August 31, 2024, the Oregon jurisdictional EE Rider balance was approximately positive \$1.67 million, meaning the Company has an additional \$1.67 million of customer funds to spend on the pursuit of cost-effective energy efficiency.

Staff notes that the amount projected in the balancing account is over 3.5 percent the Oregon revenue requirement. Staff encourages the Company to evaluate better ways to

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increase the identification of cost-effective EE investments and to evaluate if the current collection is appropriate given the unused funds.

According to the Information Request No.1, the Company spent the following from the EE Rider in 2024:

Incentives	\$756,719
Labor/Administrative Expense	193,681
Materials & Equipment	55,874
Other Expense	80,550
Purchased Services	347,898
Grand Total	\$1,434,722

Revenues received from the Energy Efficiency Rider fund the Company's Demand Side Management activities which encompass all customer classes. The table below breaks out the 2024 costs by class and other types of spend

	Expenses (\$)
Residential	65,059
Commercial/Industrial	587,526
Irrigation	59,923
Market Transformation	168,626
Demand Response	315,970
Direct Overhead/Other Programs	134,755
Indirect Program Expenses	102,863
Total	1,434,722

Information Related to Future Amortization

- Earnings Review – 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 for².
- 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.

² See, The Commission will review earnings in accordance with ORS 757.259(5) at the time of amortization.

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- 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 the confidential 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.

Staff encourages the Company work with Staff and stakeholders to identify additional, more productive ways to identify cost effective EE projects and to evaluate the appropriate rate of collection to avoid further increases in the balancing account.

Nevertheless, 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, 2024.

Idaho Power UM 1974(6) DSM Deferral