

Agenda Date: August 29, 2024
Item Number: A1

Docket: UE-240393
Company Name: PacifiCorp d/b/a Pacific Power & Light Company

Staff: Jaclynn Simmons, Lead Regulatory Analyst
Paul Koenig, Regulatory Analyst
Betty Erdahl, Regulatory Analyst

Recommendation

Issue an order approving the revisions to Tariff WN U-76, Schedule 191.1, System Benefits Charge Adjustment, in Docket UE-240393, subject to conditions.

1. Demand Response cost will not accrue interest or be able to recover interest at any time per WAC 480-109-130(3) and,
2. The FTE position shall not be allowed to be recovered at this time.

Background

On May 24, 2024, PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to Tariff WN U-76 to increase its System Benefits Charge (SBC), Schedule 191.1 to recover costs associated with acquiring and administering conservation and demand response programs. The Company also proposes to collect the cost of one full-time equivalent (FTE) employee to support equity metrics in the future.

The Company proposes to recover its projected energy efficiency (EE) program costs and the amount in its balancing account; the recovery of this program will result in a revenue increase of \$1 million. In addition to the increase in the cost of conservation, PacifiCorp proposes to recover the cost of its demand response (DR) programs in the SBC. These costs are *administrative* in nature and provide for data analyses, performance tracking, and program savings. PacifiCorp is proposing to increase its DR revenue by approximately \$2.2 million.¹ The total proposed increase, including EE and DR, is approximately \$3 million.

By including the estimated DR expenses—excluding accrued interest and the cost of FTE labor for equity metrics—and adding them to the rise in conservation expenses, the Company suggests raising the annual revenue target from \$21 million to \$24 million. This will result in an increase of \$1.51 (or 1.1 percent) to a residential customer's monthly bill with an average use of 1,200 MWh.

¹ *In the Matter of PacifiCorp's d/b/a Pac. Power & Light Co. Revises Tariff WN U-76*, Docket UE-240393, 240393-PAC-Attach-C-5-24-24, at column 2024 totals (May 24, 2024).

Discussion

Initially, the Company proposed collecting accrued interest on the deferred DR amount. Commission staff (Staff) does not agree with the collection of accrued interest under the conservation tariff per WAC 480-109-130 (3).² Staff agrees, however, that it is appropriate to collect Demand Response *administrative costs* through PacifiCorp's SBC tariff. PacifiCorp's approach to recovering all program costs strikes a fair balance by not charging customers interest on the accrued balance. Staff confirmed in discussions with PacifiCorp that the proposed rates filed by the Company do not include interest on the deferral.

Staff reviewed a similar Docket, UE-230028, in which Puget Sound Energy (PSE) requested to recover its *administrative costs* for DR in its System Benefits Charge in schedule 191.1 and it was approved on February 23, 2023. Staff finds that this is consistent with what PacifiCorp has requested. Staff's position in this matter aligns with PSE's docket, such that: Staff "believes that recovery of DR administrative costs in Schedule 120 will facilitate the co-deployment of DR and energy efficiency programs and remove barriers to transitioning pilot programs to permanent programs, as appropriate."³

On July 2, 2024, Staff conducted a site visit, at PacifiCorp's Portland office to review the EE balance account and found nothing out of the ordinary. This included examination of invoices for translation services, radio/TV ads, labor for time worked, and installation of LED lighting and heat pumps. Subsequently, on July 15, 2024, Staff reviewed PacifiCorp's DR balancing account and determined that the expenses are related to the administrative costs for initiating the programs. These costs include installing advanced metering infrastructure (AMI), labor hours, and translation services for program guides.

During its review, Staff asked for a copy of the job description and compensation details for the new FTE request. The Company stated that this is not a position that currently exists and there is not a salary included in the proposed increase. In other words, while the Company proposed the position in this filing, the costs associated with the position are not included in this proposed rate increase, as the position does not yet exist. When Staff reviewed the invoices and time charged, Staff confirmed that the cost of the new position is not included in the proposed rates and that the expenses match the invoices paid.

Therefore, Staff recommends approval of the proposed rates. However, Staff is not approving the cost of the FTE currently. That cost will be reviewed when it is proposed to be collected in rates

² WAC 480-109-130(3): A utility may not accrue interest or incur carrying charges on deferred conservation cost balances. Utilities must base conservation recovery rates on forward-looking budgeted conservation program costs for the future year with revisions to recover only actual program costs of the prior year. Utilities must also include the effects of variations in actual sales on the recovery of conservation costs in the prior year.

³ *In the Matter of Puget Sound Energy's An Accounting Order Authorizing Deferred Accounting Treatment of the Administrative Costs of Puget Sound Energy's Demand Response Programs*, UE-230028, Final Order 01, at 2:5 (February 23, 2023).

in a future SBC tariff filing. The following table shows the impacts of current filings on August 29, 2024, open meeting for PacifiCorp.

Total Rate Impacts for all filings taking effect September 1, 2024

Tariff	Rate Impact
UE-240393	\$1.51
UE-240471	-\$1.38
Total Impact	\$0.13 increase

Public Comment

On June 3, 2024, the Company started notifying customers by mail about the proposed rate increases outlined in UE-240370 and UE-240393, including both proposals in the same notice. Staff received 16 consumer comments on these proposed increases: 14 were opposed and two were undecided. Many comments focused on the energy assistance filing in UE-240370, which had been discussed in a previous Open Meeting. Additionally, two commenters expressed general opposition to rate increases due to challenges in affording necessities.

On July 9, 2024, the Alliance for Western Energy Consumers (AWEC) submitted comments in Docket UE-240393, expressing concerns about where a prudence review for demand response should occur. AWEC argues that the benefits of demand response investments should be assessed to ensure their cost-effectiveness. They also question whether demand response costs should be recovered through Schedule 191. AWEC proposes that, if such recovery is permitted by the Commission, it should be balanced by the anticipated benefits from these investments. Given these concerns, AWEC requests that the Commission deny the cost recovery for PacifiCorp's demand response expenses in this filing.

Conclusion

This tariff revision is in the public interest and is consistent with the demand-side management goals of the Company's Integrated Resource Plan and Biennial Conservation Plan if approved with the two conditions.

Recommendation

Issue an order approving the revisions to Tariff WN U-76, Schedule 191.1, System Benefits Charge Adjustment, in Docket UE-240393, subject to conditions.

1. Demand Response cost will not accrue interest or be able to recover interest at any time per WAC 480-109-130(3) and,
2. The FTE position shall not be allowed to be recovered at this time.