

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**ITEM 19**

**AGENDA ID 14761**

**ENERGY DIVISION**

**RESOLUTION E-4778 (Rev.1)**

**April 21, 2016**

**R E S O L U T I O N**

Resolution E-4778. PacifiCorp Proposal to Implement an Irrigation Time-of-Use Pilot.

**PROPOSED OUTCOME:**

- Adopts PacifiCorp's proposed Time-of-Use Pilot Program for Irrigation Customers in the Klamath Basin as proposed, with the intent of reducing summer peak demand.

**SAFETY CONSIDERATIONS:**

- There is no impact on safety.

**ESTIMATED COST:**

- Cost impacts are unknown but are likely to be minimal. No incremental costs are identified.

By Advice Letter 538-E Filed on February 18, 2016.

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**SUMMARY**

This Resolution approves PacifiCorp's proposal to implement a Time-of-Use (TOU) pilot program for irrigation-related water pumping in the Klamath Basin (California) area adjacent to PacifiCorp's Oregon service area. A TOU pilot directed to irrigation customers has existed since 2014 in an adjacent area of Oregon. According to PacifiCorp, the Oregon pilot was intended "to test the interest, willingness and ability of irrigators to shift energy usage away from designated on-peak periods" and was developed as an action item from PacifiCorp's 2013 Integrated Resource Plan. The request for a California TOU pilot was made pursuant to "strong interest" expressed by California irrigators in the Klamath Basin in participating in a pilot similar to that underway in southern Oregon.

PacifiCorp states that the pilot rates will be revenue neutral to the otherwise applicable standard rates and will result in no overall rate change.

## **BACKGROUND**

In 2014, PacifiCorp introduced a two-year irrigation time-of-use pilot in Oregon designed to test the willingness of irrigators to shift energy usage off peak. Customer participation in the first year of the Oregon pilot was low. After the 2014 summer irrigation season, PacifiCorp conducted surveys with irrigators, to get feedback on the pilot design. As a result of the feedback received, PacifiCorp filed with the Public Utility Commission of Oregon on February 13, 2015, proposed changes to the pilot which increased potential savings and participation in 2015. PacifiCorp has since filed with the Public Utility Commission of Oregon a request to extend and expand the Oregon pilot for 2016.

California irrigators in the Klamath Basin participating in PacifiCorp's meetings where the Oregon pilot was discussed expressed a strong interest in participating in a similar pilot. As irrigation within the Klamath Basin area is similar between Oregon and California, PacifiCorp recognizes that similar value may be achieved in peak savings if California irrigators are able to shift their usage away from designated on-peak periods. Therefore, PacifiCorp is proposing to implement a pilot for irrigation time-of-use in California. A similar proposal was made in 2015 with the filing of Advice 516-E, subsequently withdrawn due to timing issues. Based on the feedback surrounding the Oregon pilot and discussions with California customers, PacifiCorp anticipates the potential to develop an on-going time-of-use rate available to all irrigation customers in its California service territory in the future.

## **NOTICE**

Notice of AL 538-E was made by publication in the Commission's Daily Calendar. PacifiCorp states that a copy of the Advice Letter was mailed and distributed in accordance with Section 4 of General Order 96-B.

## **PROTESTS**

Advice Letter AL 538-E was not protested.

## **DISCUSSION**

The Commission has a long-standing policy of supporting TOU rates (as articulated, for example, in D.08-07-045 and numerous other Decisions). Approval of PacifiCorp's proposed TOU pilot would be consistent with that policy.

The rates proposed in AL 538-E (a 5-to-1 price differential peak to off-peak during 3 summer months) would provide a strong price signal to participating customers to avoid energy usage during the summer peak hours (defined as 2:00 PM to 6:00 PM weekdays only). While a 5-to-1 price differential is larger than typical for TOU rates, the Commission has approved TOU rates with large price differentials previously (for example, an experimental SDG&E electric vehicle rate had a 6-to-1 price differential, and PG&E's small commercial A-6 rate has had approximately a 4-to-1 price ratio).

Ideally, PacifiCorp should have provided a cost basis for its proposed TOU rates. It did not. However, the Commission recognizes that, unlike the large California-based electric utilities which are required to use marginal cost methodology in ratesetting, PacifiCorp does not face such a requirement. In response to an informal inquiry by Energy Division Staff, PacifiCorp replied that it had not relied on a marginal cost analysis and would be unable to provide such an analysis. In view of the small size of the pilot, (a maximum of about 25 irrigation customers), and the fact that the proposed rates are within the range of previous TOU rate designs, the Commission approves the pilot as requested.

## **COMMENTS**

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g)(2), the otherwise applicable 30-day period for public review and comment was reduced to 10 days. No comments were received.

## **FINDINGS**

1. PacifiCorp filed Advice Letter 538-E proposing to implement an irrigation Time-of-Use pilot in the Klamath Basin adjacent to its Oregon service

territory. The pilot proposal reasonable and consistent with Commission policies supporting TOU rates, as set forth in D.08-07-045 and other decisions.

**THEREFORE IT IS ORDERED THAT:**

1. The request of PacifiCorp to Implement an Irrigation Time-of-Use Pilot as requested in Advice Letter AL 538-E is approved.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on April 21, 2016; the following Commissioners voting favorably thereon:

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TIMOTHY J. SULLIVAN  
Executive Director