

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: DAPHNE HUANG
DEPUTY ATTORNEY GENERAL**

DATE: NOVEMBER 19, 2014

**SUBJECT: IDAHO POWER'S APPLICATION FOR AUTHORITY TO FUND ITS
CONTINUED PARTICIPATION IN THE NORTHWEST ENERGY
EFFICIENCY ALLIANCE; CASE NO. IPC-E-14-38**

On October 29, 2014, Idaho Power Company filed an Application requesting authorization to continue its participation in the Northwest Energy Efficiency Alliance (NEEA) for the period 2015-2019. The Company requests that its participation be funded by the Energy Efficiency Tariff Rider, a mechanism initiated in 2002 for recovering costs of Idaho Power's demand-side management (DSM) programs. See Order No. 29026. This is the Company's fourth request to authorize its continued participation in NEEA.

BACKGROUND

When the Commission first approved Idaho Power's participation in NEEA in 1997, it required the Company to defer recovery of its expenditures. Order No. 27045. The Commission later found that participation in NEEA was prudent, and authorized Idaho Power to establish a reserve of accumulated revenue sharing balances to reimburse it for deferred NEEA expenditures from 1997-1999. Order No. 27877. In 2000, the Commission approved Idaho Power's continued participation in NEEA from 2000-2004, allowing Idaho Power to recover participation costs through revenue sharing funds. Order No. 28333.

In May 2005, the Commission increased Idaho Power's Energy Efficiency Rider so the Company could expand its energy efficiency programs and continue participation in NEEA for 2005-2009. Order No. 29784. In March 2009, the Commission approved a stipulation between Idaho Power and Commission Staff, finding that \$4 million Idaho Power paid to NEEA

during 2002-2007 was prudently incurred. Order No. 30740. The Commission again approved Idaho Power's 2010 application, authorizing the Company's continued participation in NEEA for 2010-2014. Order No. 31080. In that Order, the Commission noted that – as recognized by Idaho Power – “The Commission’s approval of the Company’s continued participation in NEEA, and the use of Rider funds to pay for that participation, is not a determination of prudence.” *Id.* at 5, 7. Rather, “when Idaho Power in the future requests a Commission determination that its use of Rider funds was prudent, it must demonstrate a sufficient benefit to customers resulted from the Company’s participation in NEEA.” *Id.* at 7.

THE APPLICATION

Idaho Power's current Application describes the main components of NEEA business plan for 2015-2019. Idaho Power identifies the NEEA activities that the Company believes will benefit its customers most, including: (1) the activities of the University of Idaho Integrated Design Lab in Boise; (2) the Top Tier Trade Ally Advanced Training; (3) the commercial lighting initiatives, (4) residential retail product portfolio; and (5) residential new construction. *Id.* at 6. Idaho Power's Application points out that the Company and NEEA have negotiated an agreement to help ensure that the Company's energy efficiency expenditures are prudent – that is, that they are reasonable and effective. *Id.* at 6-7. The Regional Energy Efficiency Initiative Agreement (“Agreement”) is attached to Idaho Power's Application. Application, Attachment 3.

Subject to the Commission's approval, Idaho Power has committed to fund NEEA based on a quarterly estimate of expenses for five years totaling \$13,450,835. *Id.* at 9. This amount is 8.97% of NEEA's \$145-\$169 million budget for 2015-2019.

Idaho Power requests that its Application be processed by Modified Procedure, supported by the prefiled testimony of Senior Vice President of Customer Operations Warren Kline. *Id.* at 10.

STAFF RECOMMENDATION

Staff recommends that the Company's Application be processed by Modified Procedure with a 21-day notice and comment period, and a 7-day reply comment period. *See* IDAPA 31.01.01.201-204.

COMMISSION DECISION

Does the Commission wish to issue a Notice of Application and Notice of Modified Procedure establishing a 21-day comment period, followed by a 7-day reply comment period?

Daphne Huang

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Deputy Attorney General

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