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IDAHO PUBLIC
UTILITIES COMMISSION

JULIA A. HILTON
Corporate Counsel
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November 21, 2012

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. GNR-E-12-01
Funding of Low Income Weatherization Programs – Idaho Power Company's
Comments

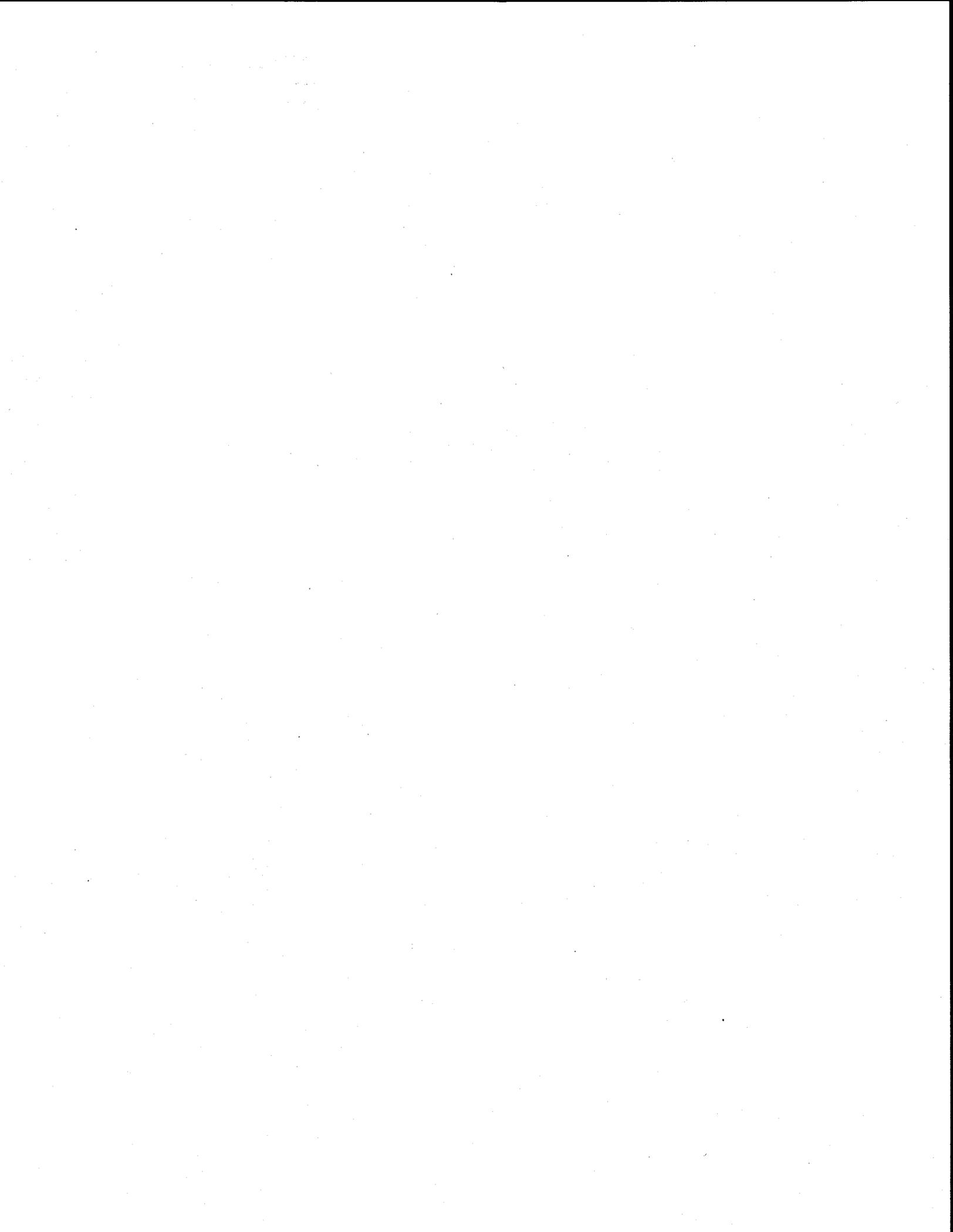
Dear Ms. Jewell:

Enclosed for filing in the above are an original and seven (7) copies of Idaho Power
Company's Comments.

Very truly yours,

Julia A. Hilton

JAH:csb
Enclosures



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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE COMMISSION'S)
INQUIRY INTO THE COST-EFFECTIVENESS) CASE NO. GNR-E-12-01
AND FUNDING OF LOW INCOME)
WEATHERIZATION PROGRAMS AND) IDAHO POWER COMPANY'S
ENERGY CONSERVATION PROGRAMS) COMMENTS
FOR ELECTRIC UTILITIES)
_____)

Idaho Power Company ("Idaho Power" or "Company") respectfully submits the following Comments in response to the Notice of Modified Procedure set forth in Order No. 32673 dated November 2, 2012.

I. BACKGROUND

On February 1, 2012, Idaho Public Utilities Commission ("Commission") Staff ("Staff") filed a Decision Memorandum in response to Commission Order Nos. 32371, 32426, 32432, and 32440. In those Orders, the Commission directed Avista Corporation d/b/a Avista Utilities, Idaho Power, and PacifiCorp d/b/a Rocky Mountain Power to participate in public workshops to address issues surrounding the funding, implementation, and evaluation of the companies' low income weatherization and

energy conservation education programs. The parties and interested members of the public participated in a public workshop on March 19-20, 2012. Following the workshop, Staff drafted the *Idaho Public Utilities Commission Staff Report on Low Income Weatherization and Energy Conservation Education Programs* ("Report"), which was filed on October 23, 2012. On November 2, 2012, the Commission issued Order No. 32673, establishing a 21-day period for comments on Staff's Report. Idaho Power respectfully submits its Comments.

Idaho Power appreciates Staff's efforts to delve into the complex issues the Low Income Weatherization Assistance Program ("Program") presents and to investigate potential solutions to these issues with stakeholders in a collaborative process. Idaho Power has two overarching concerns with the Report. First, the level of funding for the Program should be primarily based on need for weatherization for qualified customers. Second, while generally supporting Staff's efforts in finding valid ways to make the Programs cost-effective for all utilities, Idaho Power is concerned that some of Staff's proposed methods for increasing cost-effectiveness will create inconsistencies in the cost-effectiveness tests as applied to other programs and that they are not supported by standard practices in the industry.

II. FUNDING

Staff's Report proposes five factors to use when determining if a funding increase is appropriate. Report at 3. As set forth in Theresa Drake's testimony filed in Case No. IPC-E-11-08, Idaho Power believes that funding should primarily be based upon need of weatherization for qualified customers. Drake, Rebuttal at 5-6. Idaho Power also believes that Staff's first factor provides value when evaluating the proper level of

funding. That factor states that funding “could be increased if the list of not-previously weatherized homes waiting for weatherization (as indicated by the LIHEAP data) has increased significantly since the last review.” *Id.* Idaho Power also agrees with Staff’s fifth factor which proposes that funding should not be increased if utility funding for the previous year has not been spent. *Id.* Idaho Power does not believe that Staff’s second through fourth factors add value because they are not helpful in quantifying the need of qualified customers for the Program.

Idaho Power is in agreement with Staff’s first factor which proposes that the level of funding for the Program should be based on the number of homes that need to be weatherized. However, the Low Income Energy Assistance Program (“LIHEAP”) data should be adjusted by several factors. First, as suggested by Staff, the adjustment should remove homes that have previously been weatherized. These homes could include those paid for and weatherized by other funding sources such as housing authorities, churches, civic organizations, or Idaho Power’s Weatherization Solutions for Eligible Customers. Second, the adjustments should take a home’s verified, not self-reported, heat source into consideration and remove homes that are not electrically heated. Third, the adjustment should remove homes that are found to have no measures qualifying for the Program, which would result in a Savings to Investment Ratio of greater than 1.0. Fourth, LIHEAP data should be verified to omit customers that have disconnected accounts or accounts where the original applicant has since moved.

Idaho Power believes that determining funding need based on LIHEAP data is a good starting point, but that adjustments should be made to arrive at a more accurate

result. Because need is most accurately assessed at the implementation level, Idaho Power also believes that, as the Program operator with intimate knowledge of the resources available, the Community Action Partnership Association of Idaho should be responsible for proposing and obtaining increased funding.

III. COST-EFFECTIVENESS MODIFICATIONS

Idaho Power is in support of Staff's efforts to make the Program cost-effective for all utilities; however, Idaho Power has reservations about altering methods in a manner that would create inconsistencies with cost-effectiveness tests used for other energy efficiency programs and with standard practices in the industry. Idaho Power has the following specific concerns:

First, Staff recommends a 10 percent conservation adder when calculating the cost-effectiveness of the Program. Report at 5, Recommendation 6. Idaho Power does not use such an adder in any cost-effectiveness calculations of its other energy efficiency programs and, if the Commission adopts this recommendation, Idaho Power desires clarification on whether this would apply to all of its programs or only to the Low Income Weatherization Assistance Program. It is important to note that using a 10 percent conservation adder only in the Company's low income programs would create a *de facto* low-income-specific cost-effectiveness calculation.

Second, Staff recommends the utilities claim 100 percent of the energy savings for each project for which they provide funding, regardless of the level of funding provided. Report at 5, Recommendation 3. Idaho Power believes that in order to be internally consistent and to align with industry standards, a utility should not claim greater benefits for a project than can be allocated based upon the costs it contributed

to the project (e.g., if a utility funds 70 percent of a project and 30 percent is federally funded, the utility should not be able to claim 100 percent of the benefits).

Third, Staff recommends that the utilities quantify utility-funded health, safety, and repair measures as a dollar of non-energy benefits for each dollar of costs. Report at 6, Recommendation 8. Idaho Power is concerned that recommendation deviates from industry standards. If the Commission implements it, the Company would like some clarification on how this would be applied; whether it applies to all energy efficiency programs and which cost-effectiveness tests would include these benefits.

Fourth, Staff recommends that payment-related non-energy benefits should be included in cost-effectiveness tests when possible. Report at 6, Recommendation 7. Idaho Power disagrees with this recommendation because the examples Staff cites as payment-related non-energy benefits would be extremely difficult to quantify.

V. CONCLUSION

Idaho Power believes that, with modification, Staff's first factor determining the level of funding for the Low Income Weatherization Program is appropriate. The Company also supports Staff's cost-effectiveness recommendations to the extent that they do not create inconsistencies with other cost-effectiveness tests and do not run counter to industry standards.

DATED at Boise, Idaho, this 21st day of November 2012.



JULIA A. MILTON
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 21st day of November 2012 I served a true and correct copy of IDAHO POWER COMPANY'S COMMENTS upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

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