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## BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| **IN THE MATTER OF THE COMMISSION'S INQUIRY INTO THE COST-EFFECTIVENESS AND FUNDING OF LOW INCOME WEATHERIZATION PROGRAMS AND ENERGY CONSERVATION PROGRAMS FOR ELECTRIC UTILITIES.** | **CASE NO. GNR-E-12-01**<br><br>**REPLY COMMENTS OF THE COMMISSION STAFF** |

The Staff of the Idaho Public Utilities Commission files these reply comments on the cost-effectiveness and funding of low-income weatherization programs and energy conservation programs for electric utilities.

## BACKGROUND

Idaho Power Company, Avista Utilities, and Rocky Mountain Power Company offer low-income weatherization programs and energy conservation education programs. In recent rate cases, questions surfaced about how to best determine each utility's appropriate level of program funding. In particular, concerns arose about how such programs are to be accurately assessed for cost-effectiveness and overall customer need. The Commission thus initiated this generic case and directed Staff to convene a public workshop. *See* Notice of Public Workshop issued February 15, 2012. At the workshop, "utilities, interested persons, and Commission Staff [were] to explore in greater detail issues related to the funding, implementation, and evaluation of utility low-income weatherization and energy conservation education programs. Following the workshop, Commission Staff shall prepare and submit a report of its findings and recommendations." *Id.* The "Commission then will schedule further proceedings and hearings as needed." *Id.*

The workshop occurred, and Staff filed its report on October 23, 2012 (the "Report"). Staff's Report contains 56 pages of analysis and recommendations regarding the three electric utilities' low-income weatherization and energy conservation education programs.

On November 2, 2012, the Commission issued a Notice of Modified Procedure that set deadlines for interested persons to comment on Staff's Report, for Staff to reply to such comments, and for intervenor funding requests. *See* Order No. 32673. Avista, Idaho Power, Rocky Mountain Power, the Snake River Alliance (SRA), the Idaho Conservation League (ICL), and the Community Action Partnership Association of Idaho (CAPAI) filed written comments. Staff replies to those comments as follows.

## STAFF REPLY

Staff appreciates the level of participation and responsiveness displayed by parties in this proceeding. Many groups traveled significant distance to attend the two-day workshop and all groups spent considerable time answering Staff's informal questions both before and after the workshop. All parties also provided feedback on the draft report, which greatly improved the final report. Although differences remain on some issues, many long-standing questions have been answered and resolved. Staff takes this opportunity to respond to some, but not all, of the remaining concerns. Silence on a particular issue in these reply comments should not be interpreted as agreement; rather, Staff's position has already been presented in the Staff Report.

### A. Reply to Idaho Power

Idaho Power's comments suggest that: (1) low-income weatherization funding levels should be primarily based on qualified-customers' need for weatherization, as derived from adjusted LIHEAP participant data; and (2) some of Staff's proposed methods for increasing cost-effectiveness are inconsistent with how cost-effectiveness tests are applied to other programs and are not supported by standard practices in the industry. Staff addresses each concern below.

1. Idaho Power's concerns about determining funding based on need.

In Recommendation 16, Staff suggests that low-income weatherization funding should be based on five factors. Of these five factors, Idaho Power believes that funding levels should be based primarily on: (a) qualified customers' need for weatherization, as derived from the adjusted LIHEAP participant list; and (b) the CAPs' ability to spend the prior year's budget.

As stated in the Report, Staff does not believe that the LIHEAP data are sufficiently robust to constitute the primary funding mechanism for low-income weatherization programs. Idaho Power believes that the LIHEAP data should be adjusted to: (1) exclude previously weatherized homes; (2) include only homes with auditor-verified electric heat with the potential to install qualifying measures; and (3) exclude homes with disconnected accounts or accounts where the original applicant has since moved. Theoretically, this is a good plan. But the first two conditions cannot be verified without sending an auditor to each home, which generally happens during the final weatherization review process. Since it can takes years for a LIHEAP participant to reach the top of the weatherization list, it would waste resources to physically audit each LIHEAP participant's home every year or during each funding review to verify the exact need for weatherization as proposed by Idaho Power.

Further, at the workshop, CAPAI and the CAP agencies confirmed that 10% or less of the participants on the LIHEAP list are found upon audit to not qualify for weatherization. Since annual funding is unlikely to equal the need for weatherization, and the percentage of non-qualifying homes is probably similar between utilities, Staff believes it would be imprudent to physically verify those conditions years before weatherization, especially since those homes will have to be re-verified immediately before weatherization. Although Staff believes that confirming these conditions requires undue expense, Staff continues to welcome all suggestions on how LIHEAP-participant data might be made to more accurately indicate the need for weatherization.

2. Idaho Power's concerns about determining program cost-effectiveness.

Idaho Power's second concern is that some of Staff's cost-effectiveness recommendations "create inconsistencies in the cost-effectiveness tests as applied to other programs and that they are not supported by standard practices in the industry."[1] Idaho Power makes four points.

First, Idaho Power questions Staff's recommendation that a utility use a 10% adder when calculating a program's cost-effectiveness. In this regard, Staff reminds Idaho Power that using the adder is optional and that utilities may include or exclude the adder as they see fit. If Idaho Power believes including the adder would make its cost-effectiveness calculations inconsistent, then the Company need not include the adder in those calculations.

Second, Idaho Power questions Staff's recommendation that utilities claim 100% of the energy savings for each project for which they provide funding. "Idaho Power believes that in order to be internally consistent and 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% of a project and 30% is federally funded, the utility should not be able to claim 100% of the savings)."[2]

Staff has repeatedly expressed that no other Idaho Power DSM program claims less than 100% of the savings it generates. As described in Staff's Report, if Idaho Power pays a residential customer $50 to buy an Energy Star clothes washer and the customer pays the washer's remaining cost, the Company claims 100% of the savings. This is consistent with industry standards, and adopting Staff's recommendation to apply this methodology to Idaho Power's low-income program would align it with how the Company calculates cost-effectiveness for its other programs.

While Idaho Power does not include the energy savings generated by federal money as a benefit in the Total Resource Cost test (TRC) for its low-income program, it does include those costs in the TRC.[3] Staff knows of no other cost-effectiveness calculation at Idaho Power or any other utility which includes 100% of the costs, but less than 100% of the energy savings. If Idaho Power believes that energy savings generated by federal contributions should be treated differently than energy savings generated by utility contributions, Staff welcomes that discussion.

Third, Idaho Power objects that Staff's recommendation for quantifying non-energy benefits deviates from industry standards. Staff's Report states: "The list of non-energy benefits

[1] Idaho Power comments, page 2.
[2] Idaho Power comments, page 4.

that are quantified and monetized by utilities across the country is long, diverse, and undefined. Since [Staff's] proposed method likely underestimates the value of the health, safety, and repair measures and provides a transparent one-to-one ratio of benefits to investments, Staff is comfortable recommending its use...."[4] Staff observes that Idaho Power uses internal program-manager estimates—a much less rigorous method than proposed by Staff—to estimate that its irrigation efficiency program produces generous non-energy benefits.

Idaho Power asks that Staff clarify how its recommendation for quantifying non-energy benefits would apply. In sum, Staff recommends that this quantification of non-energy benefits be restricted to Idaho Power's two low-income weatherization programs since these are the only programs for which the Weatherization Assistance Program (WAP) guidelines specify funding for health, safety, and repair measures. Consistent with industry practices, Staff recommends that these non-energy benefits only be included in the TRC.

Fourth, Idaho Power disagrees with Staff's recommendation to include payment-related non-energy benefits in cost-effectiveness calculations when possible. In this regard, Staff reminds the Company that this recommendation is optional for precisely the reasons stated by the Company.

## B. Reply to Rocky Mountain Power

Staff thanks Rocky Mountain Power for the correction to footnote 19 in the Staff Report.

In Recommendation 12, Staff proposes: "... utilities vary the independent contractors hired to evaluate [low-income] programs." In response to this recommendation, the Company writes: "If utilities are required to rotate evaluators, without consideration of cost, the evaluations may result in higher overall costs and lower benefit to cost ratio for the portfolio raising risks associated with prudency."[5] Staff has two replies to this point. First, Staff never supported ignoring cost as a consideration. Consistent with what a member of the Regional Technical Forum's (RTF) Policy Advisory Committee (PAC) recently observed, more evaluators than evaluation work exist in the Northwest. Competition between evaluators is likely to contain the costs of evaluations. Second, besides the beneficial effects of competition, Staff believes that Rocky Mountain Power's recent practice of including evaluation costs at the portfolio level

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[4] Staff Report, page 23.
[5] Rocky Mountain Power comments, page 3.

instead of the program level will mitigate the cost-effectiveness consequences of rotating evaluators.

Rocky Mountain Power suggests that CAPAI provide an annual report to share relevant low-income weatherization program information with utilities and Staff. Staff is interested in exploring this recommendation further.

### C. Reply to Avista

In Recommendation 15, Staff proposes that: "...Avista pay no more than 85% of the cost per project and up to 100% of the cost per measure. This adjustment will increase the cost-effectiveness of Avista's program and facilitate cost-effectiveness comparisons between the three utilities." In response to this recommendation, Avista's states, "Restricting the proportion of the utility incentive to no more than 85% of the total cost will not necessarily have a direct impact on TRC cost-effectiveness, since all incremental costs would be included within that calculation regardless of whether the customer or utility funds the measure...."[6] Staff notes that Avista considers federal money to be an importation of funds from outside the ratepayer population and, consequently, not an item to be included as a cost in the TRC. Thus, reducing the proportion of utility funding per project will improve the TRC.

Staff understands that Avista's treatment of reduced arrearages and bad debt as transfer payments means those amounts will cancel out from the TRC calculation.

### D. Reply to Idaho Conservation League

The ICL's concerns with Staff's report focus on two issues: non-energy benefits and Staff's proposed funding guidelines.

Regarding non-energy benefits, the ICL writes that "Utilities deserve a clear standard to meet when incorporating non-energy benefits."[7] Staff has provided a clear standard by recommending a dollar-for-dollar valuation of cost versus benefit for health, safety, and repair measures. Staff continues to welcome discussion of any alternate methods for estimating non-energy benefits.

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[6] Avista comments, page 2.
[7] ICL comments, page 1.

In Recommendation 16.5, Staff proposes that funding "should not be increased if a utility's CAP agencies have been unable to spend all of the available utility funding in the previous year." ICL argues that Staff's proposed standard is too strict. ICL believes that this standard should be relaxed if the funds are allocated to projects that will be completed in the next year or if the unspent funds are minimal. Staff notes that if the adjusted LIHEAP data show a lengthy waiting list for weatherization, then a significant amount of unspent funds from the previous year could arguably be allocated to projects in the following year. Staff may be able to support a funding increase if unspent funds in the prior year are minimal.

### E. Reply to Snake River Alliance

In Recommendation 7, Staff proposes that cost-effectiveness analyses include quantifiable, payment-related non-energy benefits but exclude "economic non-energy benefits and non-energy benefits that accrue to program participants because [such benefits] have not yet been rigorously quantified. These include increased property values, extended lives of weatherized dwellings, health impacts, takeback, and increased comfort." SRA requests that non-energy benefits be further analyzed, and it questions Staff's recommendation that cost-effectiveness analyses exclude these other kinds of economic non-energy benefits. SRA states: "...to the extent staff continues to be uncomfortable considering such benefits, we recommend that the Commission direct Staff to more fully explore [non-energy benefits] if it will help resolve any misgivings. We hope that the Commission does not consider this a resolved issue...."

Staff has invested considerable time over the past year investigating and soliciting feedback on non-energy benefits, and has recommended a mechanism for including non-energy benefits in its Report. But Staff is uncomfortable including <u>all</u> non-energy benefits as they have been quantified thus far. Staff's Report demonstrates, however, that this is not a closed issue and that Staff will "continue to evaluate the merits of these benefits for future inclusion."[8]

In Recommendation 11, Staff recommends against "constructing a specific cost-effectiveness test for low income programs." SRA asks that Staff "more fully explain" its recommendation. In sum, low-income specific tests are often predicated on extremely generous and weakly quantified non-energy benefits. Since Staff has not found sufficient evidence to

[8] Staff Report, page 21.

include many non-energy benefits as they are currently quantified, Staff cannot support a specific test that unduly emphasizes them. As stated in the Report, Staff remains open to discussions with SRA or any other party that can demonstrate rigorous quantification and monetization of non-energy benefits.

Besides expressing concerns about non-energy benefits, SRA characterizes Staff Recommendation 16—that funding not be increased if all of the prior year's funds are not expended—as "overbroad" and states the recommendation may "overlook certain extraordinary circumstances beyond a particular CAP's control."[9] To clarify, this recommendation is not a judgment on any CAP's performance; it merely is one of five indicators of whether or not the need for weatherization justifies a funding increase.

In Recommendation 17, Staff proposes "that a funding increase request for Avista be delayed until at least spring 2014 to allow time to implement the more extensive program modifications and determine if those modifications succeed and persist in improving cost-effectiveness." SRA objects to waiting until 2014 to review a funding increase for Avista. Staff notes that Avista's program is much more cost-ineffective than the other utilities' low-income programs.

**F. Reply to CAPAI**

Despite the tenor and length of CAPAI's comments, Staff recognizes that CAPAI supports many of Staff's recommendations. Staff particularly appreciates CAPAI's support on reducing the percentage of funding per project for Avista's program, as suggested in Recommendation 15. Staff will respond to some, but not all, of the concerns raised by CAPAI and reiterates that Staff's silence on an issue does not imply agreement.

1. CAPAI's concerns about Recommendation 4.

In Recommendation 4, Staff proposes that "Idaho Power develop a method to include indirect overhead administrative costs in its low income program cost-effectiveness in a manner than approximates how these expenses are assigned to supply-side resources. This adjustment may decrease the cost-effectiveness of Idaho Power's program." Responding to this recommendation, CAPAI suggests two caveats ("but-for" and "incremental costs test") for when

[9] SRA comments, page 4.

*indirect* administrative overhead costs should be applied to the cost-effectiveness calculations of low-income programs.[10] CAPAI's definitions of those terms actually describe *direct* administrative overhead costs, which are already included in the cost-effectiveness analysis.

Apart from the details of cost-effectiveness, CAPAI expresses concern with Staff's treatment of non-energy benefits and Staff's recommended funding guidelines. CAPAI writes, "By *excluding* the identified 'ancillary non-energy benefits' in effect, Staff is assigning a $0 value to these non-energy benefits, a result that everyone, including Staff, concedes is in error."[11] CAPAI is mistaken that Staff has assigned a $0 value to all ancillary non-energy benefits. By assigning a dollar-for-dollar value for the non-energy benefits produced by health, safety, and repair measures as suggested in Recommendation 8, Staff's proposed methodology captures some, but not all, non-energy benefits produced by low-income programs.

CAPAI claims that Staff's analysis of non-energy benefits is flawed because Staff does not reference the seminal 2002 Oakridge National Laboratory (ORNL) study on non-energy benefits.[12] In fact, Staff's Report references this study on page 26, and page 17 of CAPAI's comments acknowledges Staff's reference. As CAPAI points out, that study is a literature review of low-income non-energy benefits; the study does not discuss, even in broad terms, how the non-energy benefits were estimated. Since Staff found considerable problems with a recent, Idaho-specific study of non-energy benefits conducted by Cadmus for Rocky Mountain Power, Staff cannot blindly accept what the 2002 ORNL authors themselves describe as a "very broad"[13] range of non-energy benefit values compiled with national data generated at least twelve years ago. CAPAI even quotes the 2002 ORNL study as saying that two studies on PG&E, a California utility, were "especially useful"[14] to the 2002 ORNL meta-analysis.

CAPAI claims no one believes that low-income programs do not produce non-energy benefits. It attempts to support this claim by listing the point estimates provided by the 2002 ORNL. *See* CAPAI's Comments at 18. But CAPAI ignores—and its chart omits—the *range* estimates of benefits published on page 23 of the 2002 ORNL report, two of which include *a zero value* as a possibility for those categories of non-energy benefits.

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[10] CAPAI comments, page 11.
[11] CAPAI comments, page 16.
[12] CAPAI comments, page 16.
[13] 2002 ORNL, page 2.
[14] CAPAI comments, page 17.

Recognizing that Staff cannot accept the entirety of the 2002 ONRL summary, CAPAI recommends including a non-energy "multiplier of 25 - 30%,"[15] which is supported by the NW Energy Coalition and which CAPAI believes is a 50% discount of the 2002 ONRL summary. Since health and safety measures can be 15% of a weatherization program's budget and Staff has supported using a 10% adder, Staff has in effect supported a 25% non-energy benefits adder as recommended by CAPAI. This also contradicts CAPAI's assertion that Staff has recommended a zero value for non-energy benefits.

Staff is especially troubled that CAPAI supports including all the 2002 ORNL non-energy benefits, in addition to both of Staff's proposed dollar-for-dollar treatments of health, safety, and repair measures as non-energy benefits. Since the Staff and 2002 ORNL categories of non-energy benefits overlap, CAPAI is recommending *double-counting* non-energy benefits.

In support of the 2002 ORNL summary, CAPAI claims that "the discount rate applied by ORNL was 3.2%, the same as that recommended in the Staff Report (Staff Report, at 19)." CAPAI is incorrect in arguing that Staff's Report recommended a 3.2% discount rate. First, CAPAI actually references Staff's *draft report*, not the final Staff Report.[16] Second, the final Staff Report does not recommend *any particular value* as the appropriate discount rate; rather, the recommendation was limited to support for a modified discount rate.[17]

2. <u>CAPAI's comments about Recommendation 12.</u>

While CAPAI agrees with Staff on Recommendation 12 stating: "... using a variety of contractors makes sense...", CAPAI then criticizes Staff by stating: "...in advancing this recommendation, Staff, itself, should abide by the implications of its own recommendations (i.e., that similar findings by multiple evaluators leads to a more robust and trustworthy conclusion) when it comes to the existence and quantifiability of non-energy benefits."[18]

Staff's support for using multiple vendors to evaluate utility DSM programs should not be confused with Staff's criticism of CAPAI's using the 2002 ORNL report to support further increases in non-energy benefits. CAPAI overlooks a critical difference between

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[15] CAPAI comments, page 19.
[16] As agreed at the workshop, Staff circulated its draft report to obtain feedback from workshop participants in an effort to ensure that all participants positions were known and could be adequately considered by Staff before finalizing the Report. Page 19 of the draft report included the cited discount rates, but page 19 of the final Staff Report filed in this case does not reference discount rates.
[17] Staff Report, pages 25-27.
[18] CAPAI comments, page 25.

Recommendation 12 and the 2002 ORNL study. If Recommendation 12 is adopted, multiple evaluators will have a chance to examine the same program, albeit in different years. Similar evaluation results from more than one evaluator about the same program are generally accepted to demonstrate robust findings. But the 2002 ORNL study is a compilation of many studies about different programs, and CAPAI has not demonstrated that any individual study's findings about a particular program were replicated by a second evaluator. Thus, CAPAI's suggestion does not correctly extrapolate the value of replicated program findings implicit in Recommendation 12.

Relating to the broader concept of cost-effectiveness calculations, CAPAI recommends using a hybrid approach recently endorsed in a Synapse Energy Economics report.[19] In fact, Staff's low-income recommendations are a hybrid approach as described by Synapse and endorsed by CAPAI; Staff's recommendations combine the more readily quantifiable non-energy benefits (such as health, safety, and repair measures) with a 10% adder (for hard to measure non-energy benefits).[20] Staff agrees with CAPAI's quote of Synapse which states: "Additionally, this [hybrid] method affords regulators flexibility in determining the most appropriate [non-energy benefit] policy for their state. Finally, it allows consideration of all [non-energy benefits] believed to be most significant, with the choice of methodology used to determine each [non-energy benefit] being made on the basis of available resources."[21] [22]

3. <u>CAPAI's comments about Recommendation 16.</u>

CAPAI provides mixed comments about Recommendation 16. Staff appreciates CAPAI's support of Staff funding-level Recommendations 16.3, 16.4, and 16.5. Staff recognizes, however, that some of CAPAI's strongest concerns are about funding Recommendations 16.1 and 16.2. In particular, CAPAI disagrees with Recommendation 16.1, which states: "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." CAPAI writes: "If low-income programs are not going to be funded to the

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[19] Synapse Energy Economics, Best Practices in Energy Efficiency Program Screening, July 2012.
[20] Synapse Energy Economics, page 38.
[21] Synapse Energy Economics, page 38.
[22] CAPAI comments, page 24.

levels of need, then need is inappropriate to use as a funding mechanism."[23] Staff believes that a better case for increasing funding for a cost-effective program can be made if need is demonstrated to be increasing.

4. CAPAI'S comments about Recommendation 13.

CAPAI strongly opposes Recommendation 13, in which Staff continues to support the long-standing policy of allowing unspent tariff rider-funded low-income weatherization funds to be used for other DSM programs. Staff bases its recommendation on the source of the funds, and not, as CAPAI suggests, on the use of the funds or any details of cost-effectiveness.

Since Avista and Rocky Mountain Power's programs are funded by tariff riders specifically collected from customers for energy efficiency, it makes sense for any remaining portion of the low-income budgets to continue to be used for that broader purpose.

Low-income weatherization program funding already receives preferential treatment in that the Commission has ordered the utilities to provide a minimum amount of funding each year. No other DSM program enjoys that protection. Further, the Staff Report reads that unspent program funds "are applied to either low income weatherization programs in future years or other programs in the current year." After the program year has ended, the remaining funding can still be used for low-income weatherization, but it is no longer directly protected. Staff reminds CAPAI of CAPAI and the CAPs' position at the workshop that since need exceeds available funding and the deluge of ARRA[24] funding has passed, they do not anticipate that unspent funds will become a significant problem.

CAPAI also complains: "What Staff has not done... is explain *why* program funding collected in a particular time period must be matched with expenditures to exactly the same period."[25] CAPAI ignores that there is no requirement for collections to exactly match expenditures. In fact, utilities may fund more than the Commission-ordered amount of low-income weatherization at their discretion, as Idaho Power has done since 2008 with its Weatherization Solutions for Eligible Customers (WSEC) program.[26]

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[23] CAPAI comments, page 30.
[24] The American Recovery and Reinvestment Act of 2009.
[25] CAPAI comments, page 27.
[26] Idaho Power's 2011 funding for this program was over $700,000.

Staff doubts that this policy, which has been in effect for many years, would encourage CAPs to "find ways"[27] to spend their program budgets by the end of the year as indicated by CAPAI. Before payment is issued, all CAP invoices are reviewed by utilities, which are subjected to prudency reviews before recovery. Any inappropriate expenditure in response to this policy would jeopardize the programs' standing with utilities and regulators. CAPAI did not raise any concern about this issue at the workshop or when the draft report was distributed.

5. <u>CAPAI's comments about Recommendation 17.</u>

Staff Recommendation 17 proposes that program funding levels be maintained[28] until spring 2013 for Idaho Power and Rocky Mountain Power, and until spring 2014 for Avista. CAPAI responds to this recommendation by citing the draft report nine times[29] and making several claims that either are addressed in the final Report or elsewhere in these reply comments. Rather than respond to these claims again, Staff prefers to address three of CAPAI's suggestions that could have been previously addressed in more detail had they been presented in either of the meetings Staff initiated with CAPAI, the two-day workshop, in response to the draft report, or any time before the final Report was published.

First, CAPAI suggests that the Commission should "approve a level-service budget for low income weatherization rather than the level-funding budget proposed by Staff."[30] While Staff does not necessarily oppose this idea, it is likely that maintaining a level-service budget (i.e., a set number of homes weatherized per year, rather than a set funding amount) would increase the total annual funding required for each program. Since the cost-effectiveness of these programs is still unresolved, Staff cannot support this suggestion now. However, it may be beneficial to include the average cost of weatherizing each home as an additional consideration when establishing funding levels for cost-effective programs in the future.

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[27] CAPAI comments, page 28.
[28] CAPAI believes that if funding reviews for these programs are delayed until submission of the utilities' DSM reports, the Recommendations should include specific deadlines by which those reports should be submitted. Order No. 29419 establishes a March 15 annual filing date for Idaho Power's DSM report and that Order No. 29976 establishes a May 1 filing date for Rocky Mountain Power's DSM report. Avista is bound by the 2009 DSM MOU to file an annual DSM report and files it in the spring as well.
[29] CAPAI continuously cites Staff's draft report as if it states Staff's recommendations as filed in this case. Staff circulated the draft report to workshop participants as a courtesy in order to obtain their feedback. Staff carefully considered that feedback in preparing the final Report, and Staff's recommendations are reflected in the final Report, not the draft. The Commission should ignore CAPAI's suggestions to the contrary.
[30] CAPAI comments, page 33.

Second, CAPAI suggests that "Stakeholders (including CAPAI) should be willing to accept the findings of the Department of Energy's WAP [Weatherization Assistance Program] evaluation whether that evaluation finds the presence or absence of non-energy benefits. No draft report has been released and no insights can be provided at this time of what the results of that National Evaluation might report."[31] While Staff looks forward to a national evaluation of low-income programs, Staff cannot support the findings of any evaluation before the findings are published, much less without any indication about the focus, goals, timetable, and methods of the study.

Third, CAPAI suggests that Rocky Mountain Power's Con-Ed program be expanded to include technical assistance to public housing authorities to promote energy efficiency in low-income public and assisted housing developments. CAPAI's suggestion stems from CAPAI's opposition to Staff's recommendation to decrease Con-Ed funding for Rocky Mountain Power from $50,000 to $25,000 annually.[32] Unfortunately, CAPAI's suggestion comes too late for Staff to conduct a thorough analysis that could be applied to this case. Staff would have preferred for CAPAI to have offered its suggestion at any time during the previous year so that a detailed program plan could have been developed and reviewed. One reason for the proposed reduction in funding is CAPAI's recent difficulty in developing and delivering Con-Ed programs on time.[33] Accordingly, Staff does not support including a new program at this point without further consideration.

Before concluding this reply, Staff takes issue with CAPAI's allegation that, "It was apparent that Staff had already formulated specific positions on numerous issues" by the time of the workshop and/or draft report.[34] CAPAI ignores that Staff made many significant changes to its initial approach and position during the entire process, which other parties characterized as "collaborative"[35] and "thorough."[36] In addition to incorporating suggestions from other parties, two major changes, one of which affected the funding methodology, were based on feedback from CAPAI's executive director at the workshop.

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[31] CAPAI comments, page 34.
[32] Recommendation 18, Staff Report, page 44.
[33] *See* Staff Report, page 42 (noting CAPAI's two-year delay in developing the original Con-Ed program for Rocky Mountain Power).
[34] CAPAI comments, page 7.
[35] Idaho Power comments, page 2.
[36] ICL comments, page 1. Avista comments, page 1.

**STAFF RECOMMENDATION**

Staff recommends that the Commission accept Staff's Report, order Avista to pay no more than 85% of the cost per low income weatherization project and up to 100% of the cost per measure, and order the amount of funding for Rocky Mountain Power's Conservation Education program to be $25,000 with the clear specification that this amount should be funded annually.

Respectfully submitted this 7th day of December 2012.

Karl T. Klein
Deputy Attorney General

Technical Staff: Stacey Donohue

i:umisc/comments/gnre12.1kksd reply comments

# CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 7TH DAY OF DECEMBER 2012, SERVED THE FOREGOING **REPLY COMMENTS OF THE COMMISSION STAFF,** IN CASE NO. GNR-E-12-01, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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