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UTILITIES COMMISSION

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MAGGIE BRILZ
Director, Pricing

October 1, 2004

Ms. Jean Jewell, Secretary
Idaho Public Utilities Commission
P. O. Box 83720
Boise, ID 83720-0074

RE: Report Regarding Changes to the
Low-Income Weatherization Assistance Program (LIWA) per
Order No. 29505 (Case No. IPC-E-03-13)

Dear Ms. Jewell:

The Commission's Order No. 29505 directed Idaho Power to file a report with the Commission at the conclusion of its negotiations with CAPAI providing details and explanations of its LIWA program changes. Enclosed are seven copies of the Company's report detailing the revised program structure. If you have any questions, please feel free to contact me.

Sincerely,

Maggie Brilz

MB:mb
Enclosures

c: Ric Gale
Darlene Nemnich
P&RS/Legal files

**LOW-INCOME WEATHERIZATION
ASSISTANCE PROGRAM
(LIWA)**

October 1, 2004

Background

In response to the Commission's directive in Order No. 29505 to increase payments to CAP agencies by \$1 million, Idaho Power Company entered into discussions with the Community Action Partnership Association of Idaho (CAPAI) and its member agencies to determine necessary changes to the Low Income Weatherization Assistance (LIWA) program. A series of structural changes to the program were agreed upon by all parties, resulting in an amended contract between Idaho Power Company and each agency that provides services to the Company's Idaho customers.

The contractual funding level for each agency was increased effective June 1, 2004. The Energy Efficiency Advisory Group was briefed on the proposed program changes on July 14, 2004 and given an opportunity to provide feedback about those changes. No substantive issues regarding the agreed-upon changes were raised. Structural changes to the program, as outlined below, were implemented on August 1, 2004.

Program Description

Requests for LIWA funding will be limited to the weatherization of qualified, low-income homes heated primarily with electricity. In an effort to align the LIWA program with the Department of Energy (DOE) weatherization program, all DOE-allowed measures will be funded, provided the Savings-to-Investment Ratio (SIR) for each efficiency measure is 1.0 or greater and the SIR of the entire job, exclusive of administrative fees, is 1.0 or greater. The SIR calculation will be based on an average fuel price provided by Idaho Power that reflects rates authorized by the Idaho Public Utilities Commission (IPUC).

The cost of health and safety measures installed to protect the effectiveness of installed weatherization measures is not to exceed 15% of the annual cost of the total jobs for any given agency. Each job is to include a minimum DOE investment of 15% of the total job cost, exclusive of administrative fees. In addition, each agency is to limit the annual average LIWA contribution to no more than \$2,000 per job. The average job cap will be updated annually using the adjustment factor employed by DOE in its annual modification of average job size.

Administrative fees equal to 10% of the cost of each job will be eligible for reimbursement using LIWA funds. All administrative fees will be included in the contracted amount allocated annually to each agency. In addition, through June 1, 2007, any funds remaining at the end of the contract year may be rolled over into the following year's contract for that agency. An agency is allowed to shift any of its contracted funding remaining at the end of the year to another agency, subject to approval by the other agency and Idaho Power Company and provided those funds are used in accordance with LIWA guidelines.

In addition to the funding made available to each agency for weatherization of low-income homes, a pool of funds will be available for the weatherization of buildings occupied by non-profit organizations. In order to receive funding, these organizations must receive electric service from Idaho Power, serve primarily low-income clientele, and have Section 501(c)(3) tax-exempt status under the Internal Revenue Code. The total cost of weatherization measures is eligible for reimbursement using LIWA funds. Buildings occupied by non-profit organizations do not need to be heated primarily with electricity in order to receive LIWA funds.

A minimum of five percent of the jobs receiving LIWA funding will be submitted for inspection. As part of its participation in LIWA, each agency will conduct client education and distribute copies of the "Energy Planner" provided by Idaho Power to residents and occupants of homes and buildings in which measures are installed.

In order to meet the reporting requirements outlined in Order No. 29505, the agencies are to provide Idaho Power Company with a summary of activity no later than February 15th of the each year.