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March 31, 2006

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

RE: Report of 2004 and 2005 Weatherization Assistance for Qualified Customers Program
Filed in Compliance with Order No. 29505
Case No. IPC-E-03-13

Dear Ms. Jewell:

Enclosed please find eight copies of Idaho Power Company's report on the 2004 and 2005 activity for the Weatherization Assistance for Qualified Customers program (formerly known as the Low-Income Weatherization Assistance, or LIWA, program). If you have any questions regarding the content of the report, please direct them to Darlene Nemnich at 388-2505 or feel free to contact me directly.

Sincerely,

Maggie Brilz

MB:mb
Enclosures

c: Ric Gale
Bart Kline
Jim Baggs
Theresa Drake
Darlene Nemnich
P&RS/Legal Files

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IPC-E-03-13

2004 & 2005 Annual Report

Weatherization Assistance for Qualified Customers

April 1, 2006

Background

Idaho Power Company (Company) began offering the Low-income Weatherization Assistance (LIWA) program in 1989 in conjunction with the State of Idaho's Weatherization Assistance Program. Through the LIWA program, the Company provides supplementary funding to state designated Community Action Partnership (CAP) agencies for the weatherization of homes occupied by qualified low-income customers as well as buildings occupied by non-profit organizations. Currently, the Company administers the program through five Idaho regional CAP agencies including Canyon County Organization on Aging and Community Services (CCOA), Eastern Idaho Community Action Partnership (EICAP), El - Ada Community Action Agency (El - Ada), South Central Community Action Partnership (SCCAP), and South Eastern Idaho Community Action Agency (SEICAA). In January of each year, the Company renews its contract with each agency detailing the funding allotment, billing requirements and program guidelines for both qualifying homes and non-profit organizations.

LIWA has gone through several changes since its inception in 1989. Most recently, significant program modifications were made in 2004 following the issuance of the Idaho Public Utilities Commission's (Commission) Order No. 29505 in May, 2004. In its Order, the Commission directed the Company to increase annual funding for LIWA by \$1,000,000 through June 2007. The Commission also directed the Company to carry forward to the following year any unpaid funds; to negotiate with Community Action Partnership Association of Idaho (CAPAI) regarding structural modifications to the program; and to report annually on LIWA program activities in a separate document from the Company's Demand-Side Management Annual Report.

Shortly after to the Commission issued its Order No. 29505, the Company entered into discussions with CAPAI and its member agencies to negotiate several modifications to the LIWA program. The agreed upon program modifications were reviewed by the Energy Efficiency Advisory Group and

included in a report filed with the Commission on October 1, 2005. The structural changes more closely aligned the Company's program with the State of Idaho's Weatherization Assistance Program specifications and allowed the CAP agencies to more effectively administer the program.

The Company signed new contracts with each of the CAP agencies effective August 1, 2004. The new contracts served to allocate the increased funding as well as to put into process the program modifications. In addition to these contract modifications, the Company implemented several internal changes related to program operation. The invoice payment process was automated and enhancements were made to the Company's program database. A new program specialist primarily dedicated to overseeing the operation of this program was hired in 2004. Also, in 2005 the program was renamed Weatherization Assistance for Qualified Customers (WAQC) to provide more sensitivity to customers with special needs.

This report responds to the Commission's reporting directive with the following sections:

- Review of Weatherized Homes by County
- Review of Measures Installed
- Overall Cost-effectiveness
- Customer Education
- Plans for 2006

Review of Weatherized Homes by County

In 2004, the Company provided a total of \$479,380 to Idaho CAP Agencies with \$439,204 directly funding energy efficiency measures and \$40,177 funding the administration costs incurred by the CAP agencies. An additional \$16,284 was provided to the agencies for weatherization of building structures occupied by non-profit organizations. In 2005, the Company provided a total of \$1,243,001 to Idaho CAP agencies with \$1,130,001 directly funding energy efficiency measures and \$113,000 funding the agencies' administration costs. An additional \$54,382 was provided to the agencies for weatherization of buildings occupied by non-profit organizations in 2005. The total number of homes

weatherized in 2004 and 2005 were 290 and 565 respectively. There were four non-profit weatherization projects in 2004 and five non-profit projects in 2005. Canyon County had the most homes weatherized in 2004 at 65, and Ada County had the most homes weatherized in 2005 at 238. This information is detailed in Tables 1 and 2.

In an effort to help the CAP agencies maximize the number of customers served under the program, the Company includes a provision in each of its contracts with the agencies specifying an annual average project or job cost maximum. The CAP agencies are required to have a year-end job cost average that is less than, or equal to, the average job cost maximum stated in the contract. The average job cost is calculated as the total annual cost of weatherization jobs excluding a 10% administration fee, divided by the total number of jobs completed in the year. In 2004, the contracted maximum average job cost was \$2,000; in the 2005 contracts it was increased to \$2,060. However, based on requests from agencies, the average job cost maximum was again increased in May 2005 to \$2,200. For 2004, SCCAP had the lowest average job cost at \$1,214 and EI - Ada had the highest with \$1,978. The overall average job cost amongst all CAP agencies in 2004 was \$1,514 excluding non-profit job costs. The overall job cost average in 2005 was \$2,000, with SCCAP again having the lowest average cost at \$1,549 and EI - Ada again having the highest average job cost at \$2,221, which exceeded the average job cost maximum. In early 2006, the Company began working with EI - Ada to assist the agency in monitoring its average job cost.

Prior to program restructuring in August 2004, the Company paid \$75 per job to help offset the administration costs incurred by the CAP agencies. As part of the program restructuring, the Company agreed to pay all CAP agencies an administration cost equivalent to 10% of the cost for each job. This change was part of the effort toward aligning the Company's program with the State of Idaho's Weatherization Assistance Program specifications. The average administration cost per project in 2004 was \$139 and in 2005 it was \$200.

Table 1. 2004 Weatherization Activity - Customer Dwellings and Non-Profit Agencies

	Agency	County	# of Jobs	Measure Expense		Administration	Total
				Total All Jobs Expense	Average Job Cost per Unit	Expense	Expense
Customer Dwelling Units							
	CCOA	Adams	2	\$4,188	\$2,094	\$419	\$4,607
		Boise	11	\$21,257	\$1,932	\$2,087	\$23,344
		Canyon	65	\$96,004	\$1,477	\$8,753	\$104,757
		Gem	5	\$6,930	\$1,386	\$699	\$7,630
		Payette	4	\$2,287	\$572	\$300	\$2,587
		Valley	4	\$3,726	\$931	\$373	\$4,099
		Washington	2	\$3,566	\$1,783	\$357	\$3,923
	CCOA TOTAL		93	\$137,958	\$1,483	\$12,988	\$150,945
	EICAP	Lemhi	5	\$7,705	\$1,541	\$734	\$8,439
	EICAP TOTAL		5	\$7,705	\$1,541	\$734	\$8,439
	EI - ADA	Ada	52	\$102,606	\$1,973	\$9,296	\$111,902
		Elmore	7	\$15,851	\$2,264	\$1,585	\$17,436
		Owyhee	7	\$12,092	\$1,727	\$1,138	\$13,231
	EI - ADA TOTAL		66	\$130,549	\$1,978	\$12,019	\$142,569
	SCCAP	Blaine	0	\$0	\$0	\$0	\$0
		Cassia	1	\$2,044	\$2,044	\$204	\$2,249
		Gooding	12	\$10,392	\$866	\$1,039	\$11,431
		Jerome	13	\$25,677	\$1,975	\$2,184	\$27,861
		Lincoln	0	\$0	\$0	\$0	\$0
		Minidoka	0	\$0	\$0	\$0	\$0
		Twin Falls	57	\$62,652	\$1,099	\$5,584	\$68,236
	SCCAP TOTAL		83	\$100,766	\$1,214	\$9,011	\$109,776
	SEICAA	Bannock	24	\$34,730	\$1,447	\$2,978	\$37,708
		Bingham	12	\$17,051	\$1,421	\$1,401	\$18,452
		Power	7	\$10,446	\$1,492	\$1,045	\$11,490
	SEICAA TOTAL		43	\$62,227	\$1,447	\$5,424	\$67,651
	Total Customer Dwelling Units		290	\$439,204	\$1,514	\$40,177	\$479,380
Non-Profit Units							
		Lemhi	1	\$520	-	\$52	\$572
		Lincoln	1	\$9,577	-	\$958	\$10,535
		Twin Falls	1	\$1,578	-	\$75	\$1,653
		Bannock	1	\$3,525	-	\$0	\$3,525
	Total Non-Profit Units		4	\$15,200		\$1,085	\$16,284
	TOTAL 2004 - All Units		294	\$454,404	\$1,546	\$41,261	\$495,664

Please note that the numbers presented in the tables as whole units may not add due to rounding of fractional values not shown.

Table 2. 2005 Weatherization Activity - Customer Dwellings and Non-Profit Agencies

	Agency	County	# of Jobs	Measure Expense		Administration	Total
				Total All Jobs Expense	Average Job Cost per Unit	Expense	Expense
Customer Dwelling Units							
	CCOA	Adams	7	\$9,544	\$1,363	\$954	\$10,498
		Boise	5	\$14,587	\$2,917	\$1,459	\$16,046
		Canyon	76	\$153,106	\$2,015	\$15,311	\$168,417
		Gem	6	\$11,475	\$1,913	\$1,148	\$12,623
		Payette	9	\$20,028	\$2,225	\$2,003	\$22,031
		Valley	2	\$3,857	\$1,929	\$386	\$4,243
		Washington	3	\$3,382	\$1,127	\$338	\$3,720
	CCOA TOTAL		108	\$215,980	\$2,000	\$21,598	\$237,578
	EICAP	Lemhi	7	\$11,625	\$1,661	\$1,163	\$12,788
	EICAP TOTAL		7	\$11,625	\$1,661	\$1,163	\$12,788
	EI - ADA	Ada	238	\$519,808	\$2,184	\$51,981	\$571,788
		Elmore	20	\$51,873	\$2,594	\$5,187	\$57,061
		Owyhee	29	\$65,635	\$2,263	\$6,563	\$72,198
	EI - ADA TOTAL		287	\$637,316	\$2,221	\$63,732	\$701,048
	SCCAP	Blaine	1	\$2,004	\$2,004	\$200	\$2,204
		Cassia	2	\$5,388	\$2,694	\$539	\$5,926
		Gooding	35	\$24,874	\$711	\$2,487	\$27,362
		Jerome	27	\$45,571	\$1,688	\$4,557	\$50,128
		Lincoln	4	\$8,153	\$2,038	\$615	\$8,968
		Minidoka	3	\$7,986	\$2,662	\$799	\$8,785
		Twin Falls	31	\$65,571	\$2,115	\$6,557	\$72,128
	SCCAP TOTAL		103	\$159,546	\$1,549	\$15,955	\$175,501
	SEICAA	Bannock	35	\$57,899	\$1,654	\$5,790	\$63,689
		Bingham	20	\$38,586	\$1,929	\$3,859	\$42,445
		Power	5	\$9,048	\$1,810	\$905	\$9,952
	SEICAA TOTAL		60	\$105,533	\$1,759	\$10,553	\$116,087
	Total Customer Dwelling Units		565	\$1,130,001	\$2,000	\$113,000	\$1,243,001
Non-Profit Units							
		Ada	1	\$13,759		\$1,376	\$15,135
		Owyhee	1	\$15,290		\$1,529	\$16,820
		Cassia	1	\$8,404		\$840	\$9,244
		Twin Falls	1	\$4,746		\$475	\$5,221
		Bannock	1	\$7,239		\$724	\$7,963
	Total Non-Profit Units		5	\$49,438		\$4,944	\$54,382
	TOTAL 2005 - All Units		570	\$1,179,439	\$2,069	\$117,944	\$1,297,383

In compliance with the Commission's Order No. 29505, unpaid weatherization assistance funds are tracked and unspent funds carried over and made available to CAP agencies in the following year.

Table 3 details, for each CAP agency, the contract funding amount, the contract funding amount plus any carryover funding, and the actual and estimated spending for the years 2004 through 2006.

Table 3. 2004-2006 Base and Carryover Funding

2004 CONTRACT YEAR (1/1/04-12/31/04)				
<u>AGENCY</u>	<u>2004 Base Funding</u>			<u>2004 Expense</u>
CCOA	\$198,551	-	-	\$150,945
EICAP	\$8,439	-	-	\$8,439
EL-ADA	\$367,709	-	-	\$142,569
SCCAP	\$110,449	-	-	\$109,776
SEICAA	\$74,470	-	-	\$67,651
NON-PROFIT	\$36,250	-	-	\$16,284
Total 2004	\$795,868	-	-	\$495,665
2005 CONTRACT YEAR (1/1/05-12/31/05)				
<u>AGENCY</u>	<u>2005 BASE Funding</u>	<u>CARRYOVER FROM 2004</u>	<u>BASE PLUS 2004 CARRYOVER</u>	<u>2005 Expense</u>
CCOA	\$302,259	\$25,606	\$327,865	\$237,578
EICAP	\$12,788	\$0	\$12,788	\$12,788
EL-ADA	\$568,479	\$225,140	\$793,619	\$701,048
SCCAP	\$167,405	\$22,673	\$190,078	\$175,501
SEICAA	\$111,603	\$6,819	\$118,422	\$116,087
NON-PROFIT	\$50,000	\$19,965	\$69,965	\$54,382
Total 2005	\$1,212,534	\$300,203	\$1,512,737	\$1,297,383
2006 CONTRACT YEAR (1/1/06-12/31/06)				
<u>AGENCY</u>	<u>2006 BASE Funding</u>	<u>CARRYOVER FROM 2005</u>	<u>BASE PLUS 2005 CARRYOVER</u>	<u>2006 Budgeted Expense</u>
CCOA	\$302,259	\$90,287	\$392,546	\$392,546
EICAP	\$12,788	\$0	\$12,788	\$12,788
EL-ADA	\$568,479	\$92,571	\$661,050	\$661,050
SCCAP	\$167,405	\$14,577	\$181,982	\$181,982
SEICAA	\$111,603	\$2,335	\$113,938	\$113,938
NON-PROFIT	\$50,000	\$15,583	\$65,583	\$65,583
Total 2006	\$1,212,534	\$215,354	\$1,427,888	\$1,427,888
<p>In 2004, SCCAP requested a transfer of \$22,000 to complete additional weatherization jobs. CCOA agreed to transfer requested funds to SCCAP in anticipation of not meeting their budgeted allotment for the year.</p>				

Review of Measures Installed

Tables 4 and 5 detail the number of jobs, the average cost per building weatherized, and the kilowatt-hour (kWh) savings by measure for 2004 and 2005, respectively. Consistent with the State of Idaho's Weatherization Assistance Program, the Company offers several measures that have costs but do not save energy. Included in this category are such elements as *health and safety, vents, furnace repair,*

and audits. Health and safety measures are necessary to ensure weatherization activities do not cause unsafe situations in a client's home or compromise a household's existing indoor air quality. The other non-energy savings measures are allowed under this program in order to help facilitate the effective performance of those measures yielding energy savings. The measures with the most energy savings in 2004 and 2005 were window and door replacements, ceiling and floor insulation and infiltration measures.

Prior to the implementation of the Company's new invoicing process and database development in October 2004, measure detail was available only on hard copy job sheets, minimizing analysis of program transactions. Therefore, Table 4 simply provides aggregate costs and savings through the third quarter of 2004. Detailed information is shown for the fourth quarter. Table 5 shows detailed job measure data for the entire year. The kWh savings in 2004 were 1,397,595 and 3,179,312 in 2005.

Table 4. 2004 kWh Savings and Measure Expense (excluding Administration)

	<u>Measure Activity</u>	<u>Measure Expense</u>	<u>kWh Savings</u>
<u>January 1 - September 30</u>			
Total for the Period		\$274,903	913,020
<u>October 1 - December 31</u>			
	Audit Investment	114	\$7,422.00
	Ceilings	63	\$21,201.00
	Doors	40	\$18,710.00
	Ducts	9	\$1,463.00
	Floors	61	\$47,957.00
	Furnace Modify	1	\$435.00
	Furnace Repair	12	\$2,855.00
	Furnace Replace	8	\$13,244.00
	Furnace Tune	6	\$1,902.00
	Health & Safety	38	\$2,385.00
	Infiltration	67	\$15,287.00
	Other	18	\$875.00
	Pipes	50	\$3,291.00
	Vents	21	\$263.00
	Walls	2	\$124.00
	Water Heater	32	\$1,109.00
	Windows	51	\$40,979.00
Total for the Period		\$179,501	484,575
Total 2004		\$454,404	1,397,595

Table 5. 2005 kWh Savings and Measure Expense (excluding Administration)

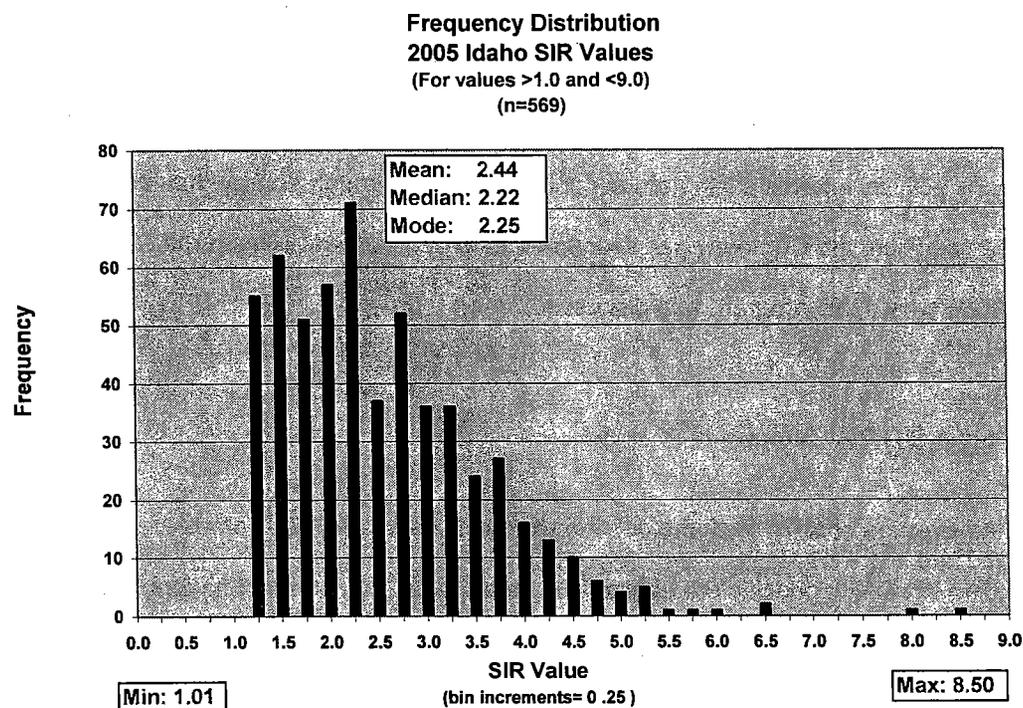
	<u>Measure Activity</u>	<u>Measure Expense</u>	<u>kWh Savings</u>
January 1, 2005 - December 31, 2005			
Audit Investment	530	\$49,758	0
Ceilings	326	\$200,371	365,534
Doors	290	\$138,980	573,508
Ducts	42	\$11,565	57,266
Floors	182	\$156,827	263,545
Furnace Modify	16	\$22,276	44,418
Furnace Repair	49	\$13,108	0
Furnace Replace	72	\$114,759	188,461
Furnace Tune	12	\$2,901	5,769
Health & Safety	131	\$15,408	0
Infiltration	420	\$115,021	345,558
Other	75	\$4,938	0
Pipes	79	\$4,565	4,103
Roof	0	\$0	0
Vents	23	\$1,645	0
Walls	42	\$15,715	46,882
Water Heater	233	\$7,993	50,906
Windows	336	\$303,609	1,233,362
Total 2005		\$1,179,439	3,179,312

Overall Cost-effectiveness

The Company maintains program cost-effectiveness by requiring all CAP agencies ensure that each measure as well as each total job has a Savings to Investment Ratio (SIR) of 1.0 or greater. Under this standard, those jobs with an SIR greater than 1.0 are deemed to be cost-effective by program guidelines. In 2004 and 2005 all jobs were screened and met this cost-effective guideline. Meeting or exceeding the guideline is a requirement for payment by Idaho Power. As mentioned earlier, by 2005 a detailed database was in place, providing the data for developing comparative SIR measures. The total job SIR reflects the ratio of the total costs associated with the job, including measure costs that have no kWh savings, to the value of the total kWh savings of that job.

Figure 1 below shows a frequency distribution and statistical averages of 2005 SIR values. Note that the figure shows SIR values between 1.0 and 9.0: to enhance the presentation value of the graph, Figure 1 limits the analysis of the SIR data to values between 1.0 and 9.0 resulting in one job being excluded from the analysis (the excluded SIR value is 41.62). The frequency observations are presented in 0.25 increments and the SIR values have been rounded to two significant digits. The statistics show that generally the job activities of the program generate SIRs over 2.0 indicating a significant margin of overall value for the program.

Figure 1. 2005 Weatherization Assistance for Qualified Customers Frequency Distribution



In addition to the costs previously shown on Tables 1 and 2, Idaho Power incurs costs for program administration. In 2005, Idaho Power spent an additional \$110,636 for program labor, programming and marketing costs. The overall levelized cost of this program, including all funds paid to CAP agencies and internal administration costs, is \$0.034 from both the Utility Cost and Total Resource Cost perspectives.

Customer Education

The Company provides materials to each CAP agency to assist in the education of special needs customers who receive weatherization assistance. Included in this material is an Energy Planner that provides information about tracking energy use, how to read a meter, electricity-related terms, and energy conservation tips. Also included is an Energy Calculator that helps customers track which home appliances use the most energy and the estimated cost of that energy use. Stickers are included to remind customers where they can save energy in their home. Furthermore, each fall, the Company distributes Energy Assistance brochures to all customers describing the program including qualification and application guidelines. A separate Weatherization Assistance for Qualified Customers brochure has been developed for use at fairs and other events.

The Company actively informs customers about this program through energy, health, and senior fairs each year. In addition, the Company has sponsored Energy Assistance Resource Symposiums in both 2004 and 2005 where this program was discussed.

Plans for 2006

Based on the average cost for each project, the Company estimates 597 homes will be weatherized in 2006 providing the CAP agencies are able to fully utilize their 2006 contract funding which will include a carryover amount of \$215,354 from 2005. Also in 2006, the CAP agencies will be operating under the increased maximum average job cost of \$2,304, and the Company is working with CAPAI to add compact fluorescent lighting as a new energy saving measure beginning later in the year. The Company also plans to continue to work with CAPAI and individual CAP agencies to evaluate the need for additional program changes.