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March 31, 2010

VIA HAND DELIVERY

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

RE: Case No. IPC-E-03-13, Order No. 29505 – Compliance Filing
Report of 2009 Weatherization Assistance for Qualified Customers Program

Dear Ms. Jewell:

Enclosed please find eight (8) copies of Idaho Power Company's report on the 2009 activity for the Weatherization Assistance for Qualified Customers Program filed in compliance with the above-referenced Order. If you have any questions regarding the content of the report, please direct them to Pete Pengilly at 388-2281 or Courtney Waites at 388-5612.

Very truly yours,

Lisa D. Nordstrom

LDN/kkt

Enclosures

cc/enc: Greg Said
Mike Youngblood
Pete Pengilly
Theresa Drake
Courtney Waites
P&RS Files
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**Weatherization Assistance
for Qualified Customers**

IPC-E-03-13



**2009 Annual Report
April 1, 2010**

2009



This document printed on recycled paper.

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DESCRIPTION

The Weatherization Assistance for Qualified Customers (WAQC) program provides financial assistance to regional Community Action Partnership (CAP) agencies in the Idaho Power service area. This assistance helps cover weatherization costs of electrically heated homes belonging to qualified customers with limited income. The WAQC program also provides a limited pool of funds for weatherization of buildings occupied by non-profit organizations serving primarily special-needs populations, regardless of heating source, with priority given to buildings with electric heat. Weatherization improvements enable residents to maintain a more comfortable, safe, and energy-efficient home while reducing their monthly electricity consumption. Improvements are available at no cost to qualifying applicants who own or rent their homes. These customers also receive educational materials and efficiency ideas for further reducing energy use in their homes. Local CAP agencies determine program eligibility according to federal and state guidelines.

BACKGROUND

In 1989, Idaho Power began offering weatherization assistance in conjunction with the State of Idaho Weatherization Assistance Program. Oregon's weatherization program was expanded in 2005. Through the WAQC program, Idaho Power provides supplementary funding to state-designated CAP agencies for the weatherization of electrically heated homes occupied by qualified customers and buildings occupied by non-profit organizations that serve special-needs populations. Idaho Power enters into an agreement with each CAP agency that specifies the funding allotment, billing requirements, and program guidelines. Currently, Idaho Power administers the program in Idaho through five regional CAP agencies, including

Canyon County Organization on Aging, Weatherization, and Human Services (CCOA); Eastern Idaho Community Action Partnership (EICAP); El-Ada Community Action Partnership (El-Ada); South Central Community Action Partnership (SCCAP); and Southeastern Idaho Community Action Agency (SEICAA). In Baker County, Oregon, Community Connection of Northeast Oregon, Inc. (CCNO) serves Idaho Power customers. Harney County Senior and Community Services Center (HCSCSC) provided weatherization services for qualified customers in Malheur and Harney Counties.

The Weatherization Assistance for Qualified Customers 2009 Annual Report satisfies the reporting requirements set out in the Idaho Public Utilities Commission's (IPUC) Order No. 29505 with the inclusion of the following topics:

- Review of Weatherized Homes and Non-Profit Buildings by County
- Review of Measures Installed
- Overall Cost-Effectiveness
- Customer Education, Advocacy, and Satisfaction
- Plans for 2010

REVIEW OF WEATHERIZED HOMES AND NON-PROFIT BUILDINGS BY COUNTY

In 2009, Idaho Power provided a total of \$1,214,511 to Idaho CAP agencies with \$1,057,156 directly funding audits, energy-efficient measures, and health and safety measures for qualified customers' homes (production costs), \$46,944 directly funding energy efficient measures and health and safety measures for non-profit buildings, and \$110,410 funding the administration

costs incurred by the Idaho CAP agencies. The total number of Idaho homes weatherized during the year was 423. Four non-profit buildings were also weatherized during 2009 in Idaho.

In Oregon, Idaho Power provided a total of \$31,497 to CAP agencies including \$28,634 in production costs of 10 homes and \$2,863 funding administrative costs. Table 1 reviews the number of homes and non-profit buildings weatherized, production costs, average cost-per-home or non-profit building served, administration payments, and total payments per county made by Idaho Power.

Table 1
2009 WAQC Weatherization Activities and Idaho Power Expenditures by County

Agency	County	Number of Jobs	Production Costs	Average Cost	Administration Payment to Agency	Total Payment ¹
Idaho						
CCOA						
	Adams	5	\$11,435	\$2,287	\$1,144	\$12,579
	Boise	5	\$9,420	\$1,884	\$942	\$10,362
	Canyon	105	\$211,448	\$2,014	\$21,145	\$232,593
	Gem	10	\$17,344	\$1,734	\$1,734	\$19,078
	Payette	8	\$15,591	\$1,949	\$1,559	\$17,150
	Valley	2	\$4,864	\$2,432	\$486	\$5,350
	Washington	3	\$4,986	\$1,662	\$499	\$5,485
EICAP						
	Lemhi	5	\$11,625	\$2,325	\$1,163	\$12,788
El-Ada						
	Ada	166	\$505,173	\$3,043	\$50,517	\$555,690
	Elmore	2	\$4,681	\$2,340	\$468	\$5,149
	Owyhee	2	\$6,945	\$3,472	\$694	\$7,639
SCCAP						
	Blaine	6	\$15,407	\$2,568	\$1,541	\$16,948
	Camas	1	\$3,046	\$3,046	\$305	\$3,351
	Cassia	1	\$771	\$771	\$77	\$848
	Gooding	7	\$16,006	\$2,287	\$1,601	\$17,607
	Jerome	16	\$25,363	\$1,585	\$2,536	\$27,899
	Lincoln	7	\$21,488	\$3,070	\$2,149	\$23,637
	Minidoka	2	\$5,766	\$2,883	\$577	\$6,343
	Twin Falls	23	\$64,340	\$2,797	\$6,434	\$70,774

¹ Rows may not sum exactly due to rounding.

Table 1 (Continued)
2009 Weatherization Activities and Idaho Power Expenditures by County

Agency	County	Number of Jobs	Production Costs	Average Cost	Administration Payment to Agency	Total Payment ¹
Idaho						
SEICCA						
	Bannock	23	\$57,107	\$2,483	\$5,711	\$62,818
	Bingham	21	\$39,339	\$1,873	\$3,934	\$43,273
	Power	3	\$5,012	\$1,671	\$501	\$5,513
Non-Profit Buildings						
	Boise	1	\$14,566	\$14,566	\$1,457	\$16,023
	Twin Falls	2	\$25,681	\$12,841	\$2,568	\$28,249
	Washington	1	\$6,697	\$6,697	\$670	\$7,367
Oregon						
CCNO	Baker	2	\$5,613	\$2,806	\$561	\$6,174
HCSCSC	Harney	8	\$23,021	\$2,878	\$2,302	\$25,323

¹ Rows may not sum exactly due to rounding.

In an effort to help CAP agencies maximize the number of customers served under WAQC, Idaho Power's agreements with agencies includes a provision allowing a maximum annual average cost-per-home to an amount specified in the agreement. The average cost-per-home served is calculated by dividing the total annual Idaho Power production cost of homes weatherized per agency by the total number of homes weatherized that the CAP agency billed to Idaho Power during the year. The maximum annual average cost-per-home by CAP agency allowed under the 2009 agreement was \$3,055. Overall, in 2009, Idaho CAP agencies had a combined average cost-per-home served of \$2,499. Oregon CAP agencies averaged \$2,863. There is no average cost limit for weatherization of non-profit buildings.

During 2009, Idaho Power provided administrative payments totaling \$110,410 to Idaho CAP agencies and \$2,863 to Oregon CAP agencies to cover their program administration costs.

Administration fees are based on 10 percent of the Idaho Power production costs. The average administration cost-per-Idaho-home weatherized in 2009 was \$250, and the average

administration cost-per-Oregon-home weatherized during the same time period was \$286.

Administration costs for Idaho non-profit buildings weatherized averaged \$1,174. Additionally, Idaho Power staff labor, marketing, and support costs for the WAQC program totaled \$48,292 for the year. These expenses were paid in addition to the funding requirements of \$1,212,534 contained in IPUC Order No. 29505.

In compliance with the Idaho and Oregon commissions, weatherization assistance funds are tracked, and unspent funds are carried over and made available to CAP agencies in the following year. In 2009, a total of \$1,977 was carried forward from 2008 in Idaho. In Oregon, \$66,863 was carried forward from 2008 to 2009, due to a portion of Idaho Power's service area not having an operating state CAP agency weatherization department for a portion of the year. Table 2 details the funding base amount, any carryover funding, and the total amount of annual funding.

Table 2
2009 WAQC Base and Carryover Funding

	Base	Carryover From 2008	Total 2009 Allotment	2009 Spending
Idaho Agency				
CCOA	\$302,259.00	\$337.77	\$302,596.77	\$302,596.77
EICAP	\$12,788.00	\$0.00	\$12,788.00	\$12,788.00
El-Ada	\$568,479.00	\$0.00	\$568,479.00	\$568,479.00
SCCAP	\$167,405.00	\$0.00	\$167,405.00	\$167,405.00
SEICAA	\$111,603.00	\$0.00	\$111,603.00	\$111,603.00
Non-Profit Buildings	\$50,000.00	\$1,639.04	\$51,639.04	\$51,638.93
Idaho Total	\$1,212,534.00	\$1,976.81	\$1,214,510.81	\$1,214,510.70
Oregon Agency				
CCNO	\$6,450.00	\$6,253.95	\$12,703.95	\$6,173.75
HCSCSC	\$36,550.00	\$54,608.77	\$91,158.77	\$25,323.36
Non-Profit Buildings	\$2,000.00	\$6,000.00	\$8,000.00	\$0.00
Oregon Total	\$45,000.00	\$66,862.72	\$111,862.72	\$31,497.11

REVIEW OF MEASURES INSTALLED

Table 3 details home counts where Idaho Power paid a portion of measure costs, Idaho Power's portion of the production costs of those measures, and the Idaho Power portion of kilowatt-hour (kWh) savings by individual measure during 2009. The table also shows the life of each measure as defined in the EA4 energy audit, the software program approved for use by the State of Idaho Weatherization Assistance Program. The home counts column represents the number of times any percentage of that measure was billed to Idaho Power during the year. In reality, measure counts are higher when considering each home. In some homes, the measure was actually installed and billed at 100 percent to the state weatherization program and not to Idaho Power. In this case, Idaho Power would claim no savings for that measure. Consistent with the State of Idaho Weatherization Assistance Program, Idaho Power offers several measures that have costs, but do not save energy or savings cannot be measured. Included in this category are elements, such as health and safety, vents, furnace repair, and home energy 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. Other non-energy savings measures are allowed under this program because of the interaction between the non-energy saving measures and the energy saving measures.

Table 3
2009 WAQC Review of Measures Installed

	Idaho Power Portion			Measure Life: Years	Levelized Costs ¹ (\$/kWh)
	Home Counts	Production Costs	Annual KWh Savings:		
Idaho Home Measures					
Windows.....	316	\$450,173	2,520,795	15	\$0.018
Doors	204	\$120,899	585,913	15	\$0.020
Wall insulation.....	13	\$5,271	17,425	20	\$0.026
Ceiling insulation.....	136	\$68,919	171,433	20	\$0.034
Vents.....	15	\$1,578	0	n/a	n/a
Floor insulation	120	\$91,366	192,375	20	\$0.040
Infiltration.....	234	\$61,262	294,254	15	\$0.021
Ducts.....	47	\$9,772	41,081	20	\$0.020
Health & Safety.....	0	\$0	0	n/a	n/a
Water heater	27	\$1,343	9,702	10	\$0.018
Pipes	35	\$1,945	1,726	15	\$0.111
Furnace modify	2	\$2,737	6,303	3	\$0.149
Furnace repair	17	\$4,839	0	15	n/a
Furnace replace.....	101	\$212,055	542,826	20	\$0.033
Compact Florescent Light (CFL) bulbs.....	1	\$236	3,631	3	\$0.022
Audit investment	318	\$5,607	43,491	7	\$0.022
Idaho Non-Profit Building Measures					
Windows.....	3	\$4,612	42,322	15	\$0.011
Doors	2	\$4,918	19,814	15	\$0.025
Wall insulation.....	1	\$135	873	20	\$0.013
Ceiling insulation.....	4	\$17,761	39,978	20	\$0.038
Vents.....	1	\$334	0	n/a	n/a
Floor insulation	1	\$7,588	13,098	20	\$0.049
Infiltration.....	3	\$6,761	8,688	15	\$0.077
Ducts.....	1	\$2,639	3,821	20	\$0.059
Health & Safety.....	1	\$82	0	n/a	n/a
Water heater	2	\$48	3,207	10	\$0.002
Pipes	1	\$724	761	15	\$0.094
Furnace modify	0	\$0	0	3	n/a

¹ Levelized Costs are calculated using the 2009 IRP after-tax weighted average cost-of-capital discount factor of 6.98% and include line loss adjusted energy savings.

Table 3 (Continued)
2009 WAQC Review of Measures Installed

	Idaho Power Portion			Measure Life: Years	Levelized Costs ¹ (\$/kWh)
	Home Counts	Production Costs	Annual KWh Savings:		
Idaho Non-Profit Building Measures					
Furnace repair	1	\$493	0	15	n/a
Furnace replace.....	0	\$0	0	20	n/a
Furnace tune	0	\$0	0	3	n/a
CFL bulbs.....	1	\$88	316	7	\$0.047
Audit investment	4	\$762	0	n/a	n/a
Oregon Home Measures					
Windows.....	7	\$13,192	24,521	15	\$0.053
Doors	2	\$660	456	15	\$0.143
Wall insulation.....	0	\$0	0	20	n/a
Ceiling insulation.....	9	\$9,996	75,917	20	\$0.011
Vents.....	0	\$0	0	n/a	n/a
Floor insulation	2	\$2,360	4,647	20	\$0.043
Infiltration.....	4	\$1,190	7,384	15	\$0.016
Ducts.....	2	\$1,235	2,057	20	\$0.051

¹ Levelized Costs are calculated using the 2009 IRP after-tax weighted average cost-of-capital discount factor of 6.98% and include line loss adjusted energy savings.

The WAQC program realized savings from weatherizing homes and non-profit buildings in Idaho and Oregon. The overall savings from the program in 2009 was 4,678,814 kWh. Savings from weatherized homes yielded 4,545,936 kWh in Idaho and Oregon. Weatherization on non-profit buildings that housed non-profit agencies in Idaho saved 132,878 kWh. There were no buildings housing non-profit agencies weatherized in Oregon during 2009.

OVERALL COST-EFFECTIVENESS

Idaho Power monitors overall cost-effectiveness by requiring each CAP agency to ensure that each project has a savings-to-investment ratio (SIR) equal to or greater than 1.0. The total project's SIR reflects all the measure costs associated with the project, including measure costs

that have no kWh savings, and compares that total cost to the benefit of the total kWh savings of the project. There are many factors incorporated into the SIR cost-effectiveness calculation in the EA4 program. Heating degree days, audit and labor hours, material costs, support hours, and energy costs are built into the formula. Square footage, housing age and type, and exposure factors are all considered in the program as well. Under this standard, projects with an SIR greater than 1.0 are considered to be cost-effective by the energy audit program.

Figure 1
SIR Frequency Distribution

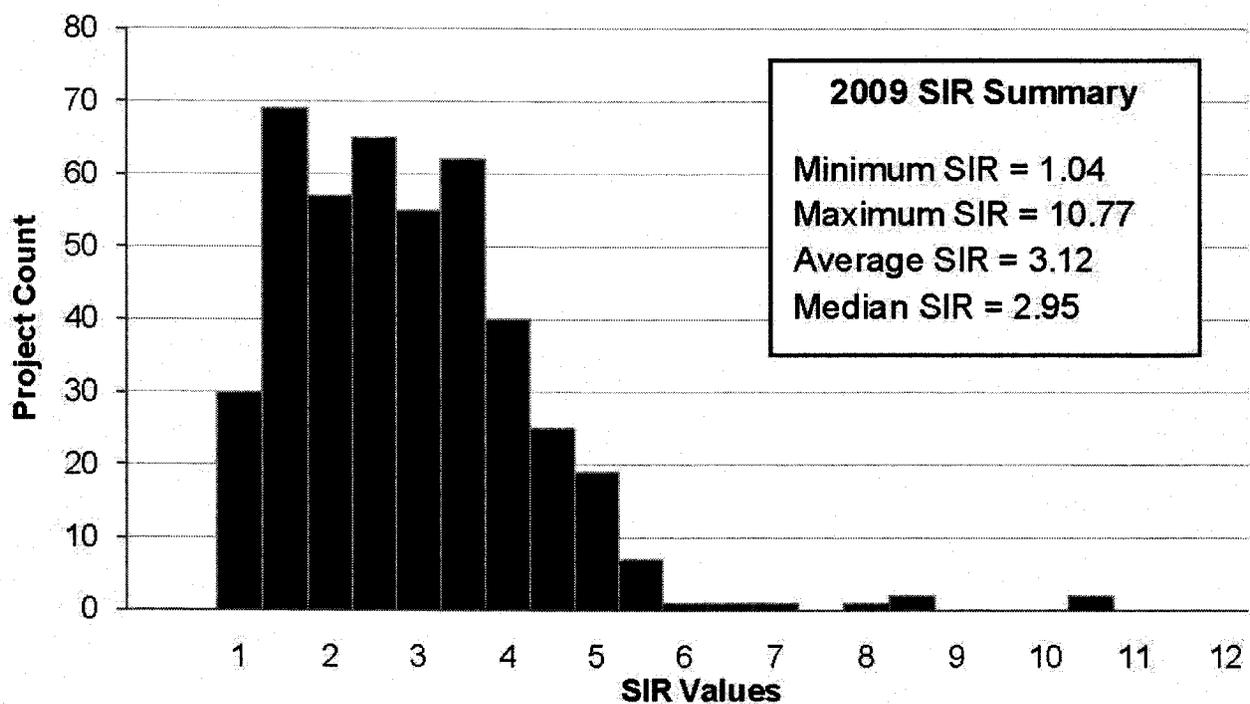


Figure 1 shows the SIR frequency distribution of the 2009 projects funded through WAQC. During 2009, SIR values ranged between 1.04 and a high project value of 10.77, with a mean SIR of 3.12. The levelized cost of saved energy in 2009 for the WAQC program is \$0.021/kWh from a utility cost perspective and \$0.035/kWh from a total resource cost perspective.

CUSTOMER EDUCATION, ADVOCACY, AND SATISFACTION

Idaho Power provides materials to each CAP agency to help educate special needs customers who receive weatherization assistance. Included are the Idaho Power brochures *Practical Ways to Manage Your Electricity Bill* and *Energy Saving Tips* that describe energy conservation tips appropriate for both the heating and cooling seasons, and a two-sided card that describes the energy-saving benefits of using CFL bulbs and helpful hints about using the bulbs. In 2009, the book *30 Simple Things You Can Do To Save Energy* was included. In addition to the materials provided to CAP agency weatherization offices and energy assistance offices, each autumn Idaho Power distributes the *Energy Assistance* brochure to all residential customers. The brochure describes eligibility guidelines and application locations. Idaho Power also actively informs customers about the program through energy, resource, and senior fairs.

In order to stay current with new programs and services, the Idaho Power program specialist overseeing WAQC attends state and federal energy assistance/weatherization meetings and other weatherization-specific conferences, such as the National Energy and Utility Affordability Conference. Idaho Power is also active in the Policy Advisory Council, helping advice and direct Idaho's state weatherization application to the United States Department of Energy (DOE).

PLANS FOR 2010

Idaho Power will continue working in partnership with the Idaho Department of Health and Welfare (IDHW), Oregon Housing and Community Services (OHCS), Community Action Partnership Association of Idaho (CAPAI), and individual CAP agency personnel to maintain the targets, guidelines, and cost-effectiveness of the WAQC program. In so doing, Idaho Power will provide a valuable service to its special-needs population throughout the company's service area.

Idaho Power estimates 258 homes and five non-profit buildings will be weatherized in Idaho in 2010, with an annual average cost of \$4,050 per home and \$9,000 per non-profit building. In Oregon, where agencies carried over a larger dollar amount from 2009, an estimate of 26 homes and one non-profit building will be weatherized. In 2010, Idaho Power expects to fund \$1,212,534 in weatherization measures and agency administration fees in Idaho, of which \$50,000 will be used to weatherize buildings housing non-profit agencies who serve primarily special needs customers. Through the WAQC program, Oregon CAP agencies have an allotment of \$125,366 to manage weatherization services for Idaho Power customers. In 2010, Community in Action (CIA) will replace HCSCSC in providing weatherization services for qualified customers in Malheur and Harney Counties. Idaho Power plans to evaluate the need for additional program changes continually. As in prior years, a minimum of 5 percent of all weatherized homes submitted for reimbursement will be audited for quality assurance.

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