

***Weatherization Assistance
for Qualified Customers***



***2013 Annual Report
April 1, 2014***

2013

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DESCRIPTION

The Weatherization Assistance for Qualified Customers (WAQC) program provides financial assistance to regional Community Action Partnership (CAP) agencies in Idaho Power's service area. This assistance helps fund weatherization costs of electrically heated homes occupied by qualified customers who have limited incomes. The WAQC program also provides a limited pool of funds for the 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 qualified customers who own or rent their homes. These customers also receive educational materials and efficiency ideas on using energy wisely 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 (WAP). 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. This allows CAP agencies to leverage their federal Low Income Home Energy Assistance Program (LIHEAP) weatherization funds and serve more people with special needs.

Idaho Power has an agreement with each CAP agency for the WAQC program.

The agreement specifies the funding allotment, billing requirements, and program guidelines.

Currently, Idaho Power oversees the program in Idaho through five regional CAP agencies.

The five regional CAP agencies include CCOA—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 Oregon, Community Connection of Northeast Oregon, Inc. (CCNO) and Community in Action (CINA) provide weatherization services for qualified customers in Idaho Power’s service area.

Idaho Power provides this *Weatherization Assistance for Qualified Customers 2013 Annual Report* in compliance with the Idaho Public Utilities Commission’s (IPUC) Order No. 29505.

This report includes the following topics:

- Review of weatherized homes and non-profit buildings by county
- Review of measures installed
- Overall cost-effectiveness
- Customer education and satisfaction
- Plans for 2014

REVIEW OF WEATHERIZED HOMES AND NON-PROFIT BUILDINGS BY COUNTY

The 2013 total utility cost (UC) for the WAQC program was \$1,391,677. In 2013, Idaho Power provided a total of \$1,300,168 to Idaho CAP agencies. Of the funds provided, \$1,210,093 were dispersed to those CAP agencies in 2013, while \$90,075 were accrued for future funding.

Of the funds dispersed in 2013, \$1,060,549 directly funded audits, energy efficiency measures, and health and safety measures for qualified customers' homes (production costs) in Idaho, and \$106,055 in administration costs were dispersed to Idaho CAP agencies for those homes weatherized. Idaho Power funding provided for the weatherization of 243 Idaho homes and 2 Idaho non-profit buildings in 2013. The cost of those non-profit building weatherization measures was \$39,535, while \$3,954 in administrative costs were dispersed for the Idaho non-profit building weatherization jobs. In Oregon, Idaho Power dispersed \$33,146 in production costs for 8 qualified homes and \$3,315 in CAP agency administrative costs for homes in Malheur County. Due to the small amount of Idaho Power customers in Baker County, the CCNO was unable to weatherize a home this year. One building housing a non-profit agency serving special-needs customers was weatherized in Oregon during 2013, with \$10,860 in production costs and \$1,086 in administration fees for a total of \$11,946 from the Oregon non-profit fund. Table 1 shows the CAP agency, number of homes weatherized, production costs, average cost per home, administration payments, and total payments per county made by Idaho Power.

Table 1

2013 WAQC weatherization activities and Idaho Power expenditures by agency and county

Agency	County	Number of Homes	Production Cost	Average Cost ¹	Administration Payment to Agency	Total Payment
Idaho						
CCOA	Adams	2	\$ 12,574	\$ 6,287	\$ 1,257	\$ 13,831
	Boise	3	17,880	5,960	1,788	19,668
	Canyon	34	187,060	5,502	18,706	205,766
	Gem	1	5,694	5,694	569	6,263
	Payette	6	35,923	5,987	3,592	39,515
	Valley	2	13,699	6,850	1,370	15,069
	Washington	4	21,001	5,250	2,100	23,101
	Agency Total	52	\$ 293,829	\$ 5,651	\$ 29,383	\$ 323,212
EICAP	Lemhi	4	11,625	2,906	1,163	12,788
	Agency Total	4	\$ 11,625	\$ 2,906	\$ 1,163	\$ 12,788
EI Ada	Ada	91	442,628	4,864	44,263	486,891
	Elmore	7	41,823	5,975	4,182	46,006
	Owyhee	6	32,348	5,391	3,235	35,582
	Agency Total	104	\$ 516,799	\$ 4,969	\$ 51,680	\$ 568,479
SCCAP	Cassia	1	1,714	1,714	171	1,886
	Gooding	7	30,784	4,398	3,078	33,862
	Jerome	6	23,986	3,998	2,399	26,385
	Lincoln	2	4,905	2,453	491	5,396
	Minidoka	2	5,499	2,749	550	6,049
	Twin Falls	31	85,298	2,752	8,530	93,828
	Agency Total	49	\$ 152,186	\$ 3,106	\$ 15,219	\$ 167,405
SEICAA	Bannock	18	41,505	2,306	4,150	45,655
	Bingham	15	41,978	2,799	4,198	46,176
	Power	1	2,626	2,626	263	2,889
	Agency Total	34	\$ 86,109	\$ 2,533	\$ 8,611	\$ 94,720
Total Idaho Homes		243	\$ 1,060,549	\$ 4,364	\$ 106,055	\$ 1,166,604
Idaho Non-Profit Buildings	Lemhi	1	11,374	11,374	1,137	12,512
	Adams	1	28,161	28,161	2,816	30,977
Total Idaho Non-Profit Buildings		2	\$ 39,535	\$ 19,768	\$ 3,954	\$ 43,489
Total Idaho		245	\$ 1,100,085		\$ 110,008	\$ 1,210,093

Table 1 (continued)

Agency	County	Number of Homes	Production Cost	Average Cost ¹	Administration Payment to Agency	Total Payment
Oregon						
CCNO	Baker	0	0	0	0	0
	Agency Total	0	\$ 0	\$ 0	\$ 0	\$ 0
CINA	Malheur	8	33,146	4,143	3,315	36,460
	Agency Total	8	\$ 33,146	\$ 4,143	\$ 3,315	\$ 36,460
Total Oregon Homes		8	\$ 33,146	\$ 4,143	\$ 3,315	\$ 36,460
Oregon Non-Profit Buildings	Malheur	1	10,860	10,860	1,086	11,946
Total Oregon		9	\$ 44,006		\$ 4,401	\$ 48,406
Total Program		254	\$ 1,144,090	\$ 4,504	\$ 114,409	\$ 1,258,499

Note: Dollars are rounded.

¹ Agency average cost total is equal to the production cost divided by the number of jobs.

The base funding for Idaho and Oregon CAP agencies is \$1,257,534 annually, which does not include any carryover from the previous year. Idaho Power's agreements with CAP agencies include the provision allowing a maximum annual average cost per home up to a dollar amount specified in the agreement between the CAP agency and Idaho Power. The intent of the maximum annual average cost is to allow CAP agency flexibility to service some homes with greater or fewer weatherization needs. It also provides a monitoring tool for Idaho Power to forecast year-end outcomes. The average cost per home served is calculated by dividing the total annual Idaho Power production cost of homes weatherized per CAP 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 the CAP agency was allowed under the 2013 agreement was \$6,000. In 2013, Idaho CAP agencies had a combined average cost per home served of \$4,364. Oregon CAP agencies averaged \$4,143 per home. There is no maximum annual average cost for the weatherization of buildings occupied by non-profit agencies.

CAP agency administration fees are equal to 10 percent of Idaho Power's per-job production costs. The average administration cost paid to agencies per Idaho home weatherized in 2013 was \$436, and the average administration cost paid to Oregon agencies per Oregon home weatherized during the same period was \$414. Not included in this report's tables are additional Idaho Power staff labor, marketing, evaluation, home verification, and support costs for the WAQC program totaling \$130,737 for 2013. These expenses were in addition to the WAQC program funding requirements in Idaho specified in IPUC Order No. 29505.

In compliance with IPUC Order No. 29505, WAQC program funds are tracked separately, with unspent funds carried over and made available to CAP agencies in the following year.

In 2013, \$87,634 in unspent funds from 2012 were made available for expenditures in Idaho.

In Oregon, \$16,000 were made available in Oregon's non-profit fund. Table 2 details the funding base and available funds from 2012 and the total amount of 2013 spending.

Table 2
2013 WAQC base and available funds

Agency	2013 Base	Available Funds from 2012	Total 2013 Allotment	2013 Spending
Idaho				
CCOA.....	\$ 302,259	\$ 20,953	\$ 323,212	\$ 323,212
EICAP.....	12,788	0	12,788	12,788
EI Ada.....	568,479	0	568,479	568,479
SCCAP.....	167,405	0	167,405	167,405
SEICAA.....	111,603	21,328	132,931	94,720
Non-profit buildings.....	50,000	45,353	95,353	43,489
Idaho Total	\$ 1,212,534	\$ 87,634	\$ 1,300,168	\$ 1,210,093
Oregon				
CINA.....	36,550	0	36,550	36,460
CCNO.....	6,450	0	6,450	0
Non-profit buildings.....	2,000	14,000	16,000	11,946
Oregon Total	\$ 45,000	\$ 14,000	\$ 59,000	\$ 48,406

Note: Dollars are rounded.

REVIEW OF MEASURES INSTALLED

Table 3 details home counts for which Idaho Power paid a portion of the measure costs during 2013. The Home Counts column represents the number of times any percentage of that measure was billed to Idaho Power during the year. If totaled, measure counts would be higher than total homes weatherized because the number of measures installed in each home varies.

Consistent with the Idaho WAP, the WAQC program offers several measures that have costs but do not necessarily save energy or for which the savings cannot be measured. Included in this category are health and safety measures, vents, furnace repairs, other, and home energy audits.

Health and safety measures are necessary to ensure weatherization activities do not cause unsafe situations in a customer's home or compromise a home's existing indoor air quality.

Other non-energy saving measures are allowed under this program because of their interaction with the energy-saving measures. Examples of items included in the "other" measure category include vapor barriers, dryer vent hoods, and roof cement. The EA5 energy audit program (EA5) is a software program approved for use by the Department of Energy (DOE) and used by the Idaho CAP agency weatherization managers. The EA5 includes material costs, labor costs for installation, agency and contractor support costs, and estimated savings for individual measures.

Table 3
2013 WAQC review of measures installed

	Home Counts	Production Costs
Idaho Homes and Non-Profit Measures		
Windows.....	118	\$ 178,078
Doors.....	131	78,053
Wall insulation	76	11,428
Ceiling insulation	116	95,001
Vents	15	663
Floor insulation	101	88,145
Infiltration.....	154	35,333
Ducts	67	26,621
Health & safety	37	9,447
Other	31	6,878
Water heater.....	10	4,998
Pipes	40	2,864
Furnace repair	48	9,703
Furnace replace.....	141	539,479
Compact fluorescent lamp/light (CFL)	86	2,471
Audit	138	10,923
Total Idaho Homes and Non-Profit Measures.....		\$ 1,100,085
Oregon Homes and Non-Profit Measures		
Windows.....	2	5,419
Doors.....	1	280
Wall insulation	4	5,195
Ceiling insulation	8	6,790
Floor insulation	4	7,447
Infiltration.....	9	3,940
Ducts	1	416
Health & safety	4	3,429
Pipes	1	143
Furnace replace.....	3	10,780
Audit	1	168
Total Oregon Homes and Non-Profit Measures.....		\$ 44,005

Note: Dollars are rounded.

Annually, Idaho Power physically verifies approximately 10 percent of the homes weatherized under the WAQC program. This is done through two methods. The first method includes the Idaho Power program specialist participating in Idaho's and Oregon's state peer-review process

that reviews weatherized homes. The process involves utility representatives; weatherization personnel from the CAP agencies; Community Action Partnership Association of Idaho, Inc. (CAPAI); and the Idaho Department of Health and Welfare (IDHW) or Oregon Housing and Community Services (OHCS) reviewing homes weatherized by each of the CAP agencies. CAP agency weatherization departments weatherize homes in accordance with federal guidelines.

The second method involves Idaho Power contracting with two companies—The Energy Auditor, Inc., and Momentum, LLC—that employ certified building performance specialists to verify installed measures in customer homes. Energy Auditor, Inc., verifies homes weatherized for the WAQC program in Idaho Power’s eastern and southern Idaho regions. The owner of Energy Auditor is certified by Performance Tested Comfort Systems and is an ENERGY STAR[®] home performance specialist. Momentum verifies weatherization services provided through the WAQC program in the Capital and Canyon regions of Idaho. The owner of Momentum is a Residential Energy Services Network (RESNET[®]) certified home energy rater. After these companies verify installed measures, any required follow-up is done by the CAP agency personnel.

OVERALL COST-EFFECTIVENESS

Prior to 2012, the cost-effectiveness of the WAQC program was determined using the energy-savings estimates from Idaho WAP EA4 energy audit tool (EA4). In 2012, the Idaho WAP, and therefore the WAQC program, upgraded to the EA5. The EA5 is used for the WAQC program in conjunction with the Idaho WAP for leveraging funds by weatherization managers who are billing the state and Idaho Power for each home weatherization job. In the field,

the weatherization auditor uses the EA5 to conduct the initial audit of potential energy savings for a home. The EA5 compares the efficiency of measures prior to weatherization to the efficiency after the proposed improvement. The output of the EA5 savings-to-investment ratio (SIR) is similar to the participant cost test (PCT) ratio. If the EA5 computes an SIR of 1.0 or higher, the CAP agency completes the proposed measures. In addition to the individual measure SIR, the entire job is required to show an SIR of 1.0 or higher.

In 2012, Idaho Power contracted with D&R International, Ltd., to conduct an impact evaluation of the WAQC program. The impact evaluation was completed and provided to Idaho Power in February 2013. Results indicated significantly lower realized energy savings for the WAQC program compared with initial EA4 savings estimates from 2011. For the 2013 program savings estimate of 681,736 kilowatt-hours (kWh), Idaho Power again used D&R International's average annual energy savings estimate of 2,684 kWh per home that resulted from the billing analysis of homes weatherized in 2011. Even though the WAQC program used the EA5 audit program in 2013, Idaho Power believes the average annual savings per home estimate provided by D&R International is applicable until another billing analysis is completed. The results of this cost-effective analysis showed a total resource cost (TRC) ratio of 0.74 and a utility cost (UC) ratio of 0.95. These ratios are up slightly from 2012, when the TRC ratio for the WAQC program was 0.71 and the UC ratio was 0.84.

In 2013, Idaho Power administered a process evaluation of the WAQC program through the third-party contractor Johnson Consulting Group. The contractor gathered data from a variety of sources, including reviews of program materials, the program database, and in-depth interviews with key staff and stakeholders from May through August 2013. In addition, Johnson Consulting

Group conducted a literature review about low-income program non-energy benefits (NEB) and cost-effectiveness policies used in other jurisdictions.

The recommendations from IPUC staff's report and IPUC Order No. 32788 are used for cost-effectiveness analysis for 2013. These recommendations include the following:

- Applying a 100-percent net-to-gross (NTG) value to reflect the likelihood that WAQC weatherization projects would not be initiated without the presence of a program
- Claiming 100 percent of project savings
- Including an allocated portion of the indirect overhead costs
- Applying the 10-percent conservation preference adder
- Claiming one dollar of benefits for each dollar invested in health, safety, and repair measures
- Amortizing evaluation expenses over a three-year period

A review of the WAQC program was discussed with Idaho Power's Energy Efficiency Advisory Group (EEAG) twice during 2013. On September 18, a review of WAQC impact and process evaluations was discussed. On November 14, WAQC program improvement ideas were presented to EEAG. The impact evaluation of the program showed the home energy audit tool was overestimating energy savings. The process evaluation recommended using NEBs in determining the cost-effectiveness.

CUSTOMER EDUCATION AND SATISFACTION

Idaho Power provides materials to each CAP agency to help educate qualified customers who receive weatherization assistance on using energy efficiently. Included in the materials are copies of the Idaho Power booklet *30 Simple Things You Can Do to Save Energy and Energy Saving Tips*, which describes energy conservation tips for the heating and cooling seasons, and a two-sided card that describes the energy-saving benefits of using CFLs and other helpful information. Idaho Power actively informs customers about weatherization assistance through energy and resource fairs and other customer contacts.

To stay current with new programs and services, the Idaho Power program specialist overseeing the WAQC program 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 advise and direct Idaho's state weatherization application to the DOE.

As described in the Review of Measures Installed section above, Idaho Power used independent, third-party verification companies across its service area to randomly check approximately 10 percent of the weatherization jobs submitted for payment by the program. These home verifiers ensure that the stated measures are installed in the homes of participating customers and discuss the program with these customers. Home verifiers visited 40 homes, requesting feedback about the program in 2013. When asked how much customers learned about saving electricity, 29 customers answered they learned "a lot" or "some." When asked how many ways they tried to save electricity, 28 customers responded "a lot" or "some."

PLANS FOR 2014

As in previous years, unless directed otherwise, Idaho Power will continue to provide financial assistance to CAP agencies while exploring program changes to improve program cost-effectiveness in 2014. Idaho Power will continue to apply recommendations from the impact evaluation conducted by D&R International that was completed in early 2013.

Idaho Power will also apply recommendations from a third-party process evaluation of the WAQC program completed by Johnson Consulting Group in October 2013.

Recommendations from this process evaluation were to begin the development of a new energy audit tool and to create a new customer satisfaction survey to distribute to all CAP agencies.

This new survey will provide consistent feedback from all agencies to Idaho Power. Idaho Power plans to include additional data entry points in an updated home audit tool for additional information as well as update calculation inputs, such as heating degree days and lives of individual measures. These updates may be accepted by the State of Idaho WAP to incorporate into the current energy audit tool, EA5.

In Oregon, Idaho Power filed an updated tariff for the program that moved funds from the non-profit pooled fund to funds used to weatherize homes. This funding shift started in 2014 and allows additional funds to be spent on efficiency improvements in qualified customers' homes in Oregon.

Idaho Power will continue to participate in the Idaho and the Oregon state peer-review process of weatherized homes and will continue to verify approximately 10 percent of the homes weatherized under the WAQC program via certified home-verification companies.

Idaho Power continues to wait for the final results of an evaluation from the Applied Public Policy Research Institute for Study and Evaluation (APPRISE), which is conducting a nationwide evaluation of low-income weatherization programs for the Oak Ridge National Laboratory and the DOE. In 2012, Idaho Power participated in this study by providing requested information to APPRISE.

Idaho Power will continue its involvement with the State of Idaho's Policy Advisory Council that serves as an oversight group for weatherization activities in Idaho as well as review state grant applications for federal funding.

While Idaho Power incorporates evaluation results, it plans to selectively market the WAQC program throughout 2014. The program is promoted at resource fairs, community special-needs populations' service-provider meetings, and CAP agency functions to reach customers who may benefit from the program. Marketing for this program is conducted in cooperation with weatherization managers.

Idaho Power will continue working in partnership with the IDHW, OHCS, CAPAI, and individual CAP agency personnel to maintain the targets and guidelines and improve the cost-effectiveness of the WAQC program.

In 2014, Idaho Power will support the whole-house philosophy of the WAQC program and the Idaho and Oregon WAP by contracting a \$6,000 annual maximum average per-home cost. Based on the required funding, Idaho Power estimates 180 homes and 6 non-profit buildings will be weatherized in Idaho in 2014. In Oregon, an estimated 8 homes will be weatherized.

In Idaho during 2014, Idaho Power expects to fund the base amount plus available funds from 2013 to total \$1,302,609 in weatherization measures and agency administration fees. Of this amount, \$101,864 will be provided to the non-profit pooled fund to weatherize buildings housing non-profit agencies that primarily serve qualified customers in Idaho.

Through the WAQC program, Oregon CAP agencies have a 2014 budgetary amount of \$55,594 to manage weatherization services for Idaho Power customers. Service-area wide, Idaho Power will provide the WAQC program \$1,358,203 in funding in 2014 for the weatherization of homes and buildings of non-profit agencies serving qualified customers.

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