

**IPC-E-07-09**

**APPLICATION,**

**ATTACHMENT 1**

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UTILITIES COMMISSION



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

		Measure Expense			Administration	Total
		# of Jobs	Total All Jobs Expense	Average Job Cost per Unit	Expense	Expense
<b>Customer Dwelling Units</b>						
<u>Agency</u>	<u>County</u>					
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
	<b>CCOA TOTAL</b>		<b>93</b>	<b>\$137,958</b>	<b>\$1,483</b>	<b>\$12,988</b>
EICAP	Lemhi	5	\$7,705	\$1,541	\$734	\$8,439
	<b>EICAP TOTAL</b>	<b>5</b>	<b>\$7,705</b>	<b>\$1,541</b>	<b>\$734</b>	<b>\$8,439</b>
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
<b>EI - ADA TOTAL</b>		<b>66</b>	<b>\$130,549</b>	<b>\$1,978</b>	<b>\$12,019</b>	<b>\$142,569</b>
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
<b>SCCAP TOTAL</b>		<b>83</b>	<b>\$100,766</b>	<b>\$1,214</b>	<b>\$9,011</b>	<b>\$109,776</b>
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
<b>SEICAA TOTAL</b>		<b>43</b>	<b>\$62,227</b>	<b>\$1,447</b>	<b>\$5,424</b>	<b>\$67,651</b>
<b>Total Customer Dwelling Units</b>		<b>290</b>	<b>\$439,204</b>	<b>\$1,514</b>	<b>\$40,177</b>	<b>\$479,380</b>
<b>Non-Profit Units</b>						
	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
<b>Total Non-Profit Units</b>		<b>4</b>	<b>\$15,200</b>		<b>\$1,085</b>	<b>\$16,284</b>
<b>TOTAL 2004 - All Units</b>		<b>294</b>	<b>\$454,404</b>	<b>\$1,546</b>	<b>\$41,261</b>	<b>\$495,664</b>

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
<b>Customer Dwelling Units</b>							
	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
	<b>CCOA TOTAL</b>		<b>108</b>	<b>\$215,980</b>	<b>\$2,000</b>	<b>\$21,598</b>	<b>\$237,578</b>
	EICAP	Lemhi	7	\$11,625	\$1,661	\$1,163	\$12,788
	<b>EICAP TOTAL</b>		<b>7</b>	<b>\$11,625</b>	<b>\$1,661</b>	<b>\$1,163</b>	<b>\$12,788</b>
	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
	<b>EI - ADA TOTAL</b>		<b>287</b>	<b>\$637,316</b>	<b>\$2,221</b>	<b>\$63,732</b>	<b>\$701,048</b>
	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	\$815	\$8,968
		Minidoka	3	\$7,986	\$2,662	\$799	\$8,785
		Twin Falls	31	\$65,571	\$2,115	\$6,557	\$72,128
	<b>SCCAP TOTAL</b>		<b>103</b>	<b>\$159,546</b>	<b>\$1,549</b>	<b>\$15,955</b>	<b>\$175,501</b>
	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
	<b>SEICAA TOTAL</b>		<b>60</b>	<b>\$105,533</b>	<b>\$1,759</b>	<b>\$10,553</b>	<b>\$116,087</b>
	<b>Total Customer Dwelling Units</b>		<b>565</b>	<b>\$1,130,001</b>	<b>\$2,000</b>	<b>\$113,000</b>	<b>\$1,243,001</b>
<b>Non-Profit Units</b>							
		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
	<b>Total Non-Profit Units</b>		<b>5</b>	<b>\$49,438</b>		<b>\$4,944</b>	<b>\$54,382</b>
	<b>TOTAL 2005 - All Units</b>		<b>570</b>	<b>\$1,179,439</b>	<b>\$2,069</b>	<b>\$117,944</b>	<b>\$1,297,383</b>

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
<b>Total 2004</b>	<b>\$795,868</b>	-	-	<b>\$495,665</b>
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
<b>Total 2005</b>	<b>\$1,212,534</b>	<b>\$300,203</b>	<b>\$1,512,737</b>	<b>\$1,297,383</b>
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
<b>Total 2006</b>	<b>\$1,212,534</b>	<b>\$215,354</b>	<b>\$1,427,888</b>	<b>\$1,427,888</b>
<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>
<b><u>January 1 - September 30</u></b>			
<b>Total for the Period</b>		<b>\$274,903</b>	<b>913,020</b>
<b><u>October 1 - December 31</u></b>			
Audit Investment	114	\$7,422.00	0
Ceilings	63	\$21,201.00	44,144
Doors	40	\$18,710.00	69,442
Ducts	9	\$1,463.00	4,294
Floors	61	\$47,957.00	73,474
Furnace Modify	1	\$435.00	2,737
Furnace Repair	12	\$2,855.00	0
Furnace Replace	8	\$13,244.00	24,942
Furnace Tune	6	\$1,902.00	0
Health & Safety	38	\$2,385.00	0
Infiltration	67	\$15,287.00	48,995
Other	18	\$875.00	0
Pipes	50	\$3,291.00	3,107
Vents	21	\$263.00	0
Walls	2	\$124.00	946
Water Heater	32	\$1,109.00	3,991
Windows	51	\$40,979.00	208,503
<b>Total for the Period</b>		<b>\$179,501</b>	<b>484,575</b>
<b>Total 2004</b>		<b>\$454,404</b>	<b>1,397,595</b>

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

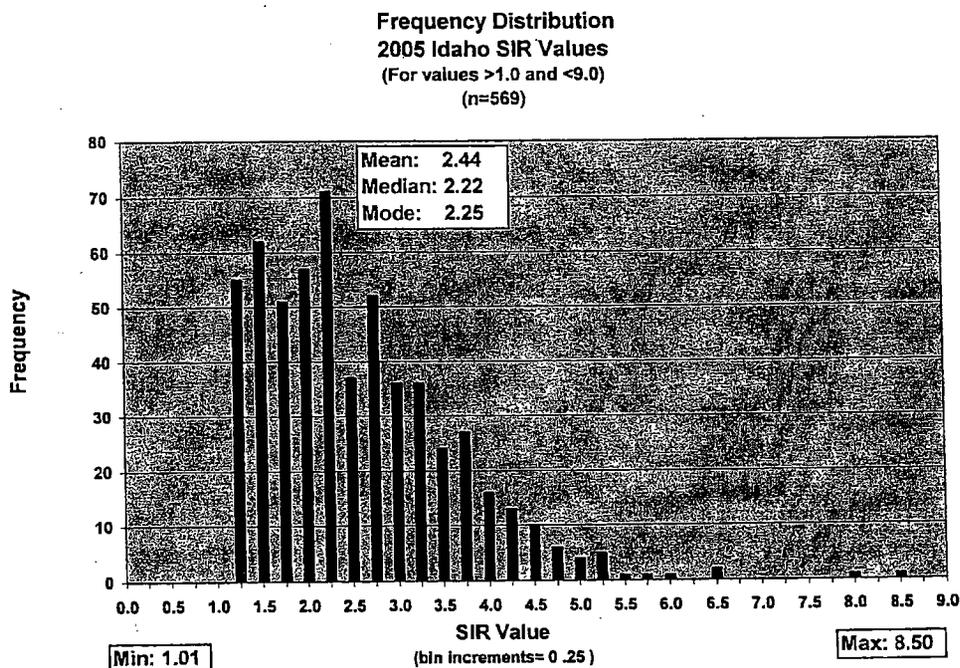
January 1, 2005 - December 31, 2005	Measure Activity	Measure Expense	kWh Savings
Audit Investment	530	\$49,758	0
Cellings	326	\$200,371	365,534
Doors	290	\$138,980	573,508
Ducts	42	\$11,565	57,266
Floors	182	\$156,827	263,545
Furnace Modify	16	\$22,276	44,418
Furnace Repair	49	\$13,108	0
Furnace Replace	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
<b>Total 2005</b>		<b>\$1,179,439</b>	<b>3,179,312</b>

## 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.

**IPC-E-07-09**

**APPLICATION,**

**ATTACHMENT 2**

*Weatherization Assistance  
for Qualified Customers  
2006 Annual Report*

IPC-E-03-13



*April 1, 2007*

## **Description**

Weatherization Assistance for Qualified Customers (WAQC) is a program that provides financial assistance to regional Idaho Community Action Partnership (CAP) agencies throughout Idaho Power's service territory to help cover the cost for weatherization of electrically heated homes of 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 those buildings with electric heat.

Weatherization improvements enable residents to maintain a more comfortable, safe, and energy efficient home and reduce their monthly electricity bills. 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 reducing energy use in their homes. Interested customers are qualified by local CAP agencies that use federal and state guidelines annually to qualify residents for energy assistance.

## **Background**

Idaho Power Company (the Company) began offering Weatherization Assistance in 1989 in conjunction with the State of Idaho Weatherization Assistance Program. Through the WAQC program, the Company 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. Each year, Idaho Power enters into an annual agreement with each CAP agency in which the funding allotment, billing requirements, and program guidelines are detailed. Currently, the Company administers the program in Idaho through five regional CAP agencies including Canyon County Organization on Aging and Community Services (CCOA), Eastern Idaho Community Action Partnership (EICAP), El – Ada Community Action Partnership (El - Ada), South Central Community Action Partnership (SCCAP), and South Eastern Idaho Community Action Agency (SEICAA).

WAQC has gone through significant 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 Order No. 29505 in May, 2004<sup>1</sup>. These program changes more closely aligned the WAQC program with the State of Idaho's Weatherization Assistance Program specifications and allowed the CAP agencies to more effectively administer the program. In 2006 the WAQC program was again revised to include the installation of Compact Fluorescent Light (CFL) bulbs as an additional energy savings measure. In addition, in order to align the Company's WAQC program with changes made to the State of Idaho Weatherization Program, and at the request of the CAP agencies, Idaho Power increased the annual average job payment twice, first on January 1 and again on October 1.

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

- Review of Weatherized Homes by County
- Review of Measures Installed
- Overall Cost-Effectiveness
- Customer Education and Advocacy
- Plans for 2007

## **Review of Weatherized Homes by County**

In 2006, the Company provided a total of \$1,344,050 to Idaho CAP agencies with \$1,186,191 directly funding energy efficient and health and safety measures for qualified customers' homes (production costs), \$35,673 directly funding energy efficient measures for non-profit buildings, and \$122,186 funding the administration costs incurred by the CAP agencies. The total number of homes weatherized during the year was 538. Two non-profit buildings were also weatherized during 2006. El-Ada Community Action Partnership Agency completed the most jobs by weatherizing 259 homes of which 242 were located in Ada County. The average cost per home of the 242 homes weatherized in Ada County was \$2,311. South Central Community Action Partnership completed the second most jobs by weatherizing 68 homes in Twin Falls County at an average cost per home of \$1,863. Camas, Minidoka, and Lincoln Counties all benefited from the program this year with one home each from Camas and Minidoka Counties and two homes from Lincoln County being weatherized. In Canyon County, CCOA weatherized 67 homes with an average production expense of \$2,399.

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<sup>1</sup> See "2004 & 2005 Annual Report: Weatherization Assistance for Qualified Customers" dated April 1, 2006 for details on the program changes made in 2004 and 2005.

Table 1 reviews the number of projects, production costs, average cost per home, administration payments, and total payments made by county.

Table 1. 2006 Weatherization Activity – Customer Dwellings and Non-Profit Agencies

<b>WEATHERIZATION ASSISTANCE FOR QUALIFIED CUSTOMERS 2006</b>						
<b>Weatherization Activities and Expenditures By Agency and County</b>						
		<b># of Jobs</b>	<b>Total Payment without Administration Costs</b>	<b>Average Cost per Home Served</b>	<b>Administration Payment</b>	<b>Total Payment Including Administration Costs</b>
<b><u>Customer Dwelling Units</u></b>						
<b>Agency</b>	<b>County</b>					
<b>CCOA</b>	Adams	2	\$5,332	\$2,666	\$533	\$5,865
	Boise	7	\$14,903	\$2,129	\$1,490	\$16,394
	Canyon	67	\$160,753	\$2,399	\$16,075	\$176,828
	Gem	7	\$17,513	\$2,502	\$1,751	\$19,264
	Payette	11	\$29,766	\$2,706	\$2,977	\$32,743
	Valley	2	\$4,774	\$2,387	\$477	\$5,251
	Washington	2	\$2,846	\$1,423	\$285	\$3,131
	<b>CCOA TOTAL</b>	<b>98</b>	<b>\$235,888</b>	<b>\$2,407</b>	<b>\$23,589</b>	<b>\$259,476</b>
<b>EICAP</b>	Lemhi	9	\$20,716	\$2,302	\$2,072	\$22,788
	<b>EICAP TOTAL</b>	<b>9</b>	<b>\$20,716</b>	<b>\$2,302</b>	<b>\$2,072</b>	<b>\$22,788</b>
<b>EI - ADA</b>	Ada	242	\$559,240	\$2,311	\$55,924	\$615,164
	Elmore	6	\$15,755	\$2,626	\$1,575	\$17,330
	Owyhee	11	\$25,960	\$2,360	\$2,596	\$28,556
	<b>EI - ADA TOTAL</b>	<b>259</b>	<b>\$600,955</b>	<b>\$2,320</b>	<b>\$60,095</b>	<b>\$661,050</b>
<b>SCCAP</b>	Camas	1	\$2,246	\$2,246	\$225	\$2,470
	Cassia	1	\$4,607	\$4,607	\$461	\$5,068
	Gooding	31	\$26,059	\$841	\$2,606	\$28,665
	Jerome	20	\$53,600	\$2,680	\$5,360	\$58,960
	Lincoln	2	\$8,036	\$4,018	\$804	\$8,840
	Minidoka	1	\$3,846	\$3,846	\$385	\$4,231
	Twin Falls	68	\$126,658	\$1,863	\$12,666	\$139,324
<b>SCCAP TOTAL</b>	<b>124</b>	<b>\$225,052</b>	<b>\$1,815</b>	<b>\$22,505</b>	<b>\$247,557</b>	
<b>SEICAA</b>	Bannock	28	\$59,128	\$2,112	\$5,913	\$65,041
	Bingham	11	\$30,181	\$2,744	\$3,018	\$33,199
	Power	9	\$14,271	\$1,586	\$1,427	\$15,698
	<b>SEICAA TOTAL</b>	<b>48</b>	<b>\$103,580</b>	<b>\$2,158</b>	<b>\$10,358</b>	<b>\$113,938</b>
<b>Total Dwelling Units</b>	<b>538</b>	<b>\$1,186,191</b>	<b>\$2,205</b>	<b>\$118,619</b>	<b>\$1,304,811</b>	
<b><u>Non-Profit Units</u></b>						
	Twin Falls	2	\$35,673		\$3,567	\$39,241
<b>Total Non-Profit Units</b>		<b>2</b>	<b>\$35,673</b>		<b>\$3,567</b>	<b>\$39,241</b>
<b>GRAND TOTAL 2006</b>		<b>540</b>	<b>\$1,221,865</b>		<b>\$122,186</b>	<b>\$1,344,051</b>

Note: Numbers presented in the tables may not sum due to rounding.

In an effort to help the CAP agencies maximize the number of customers served under WAQC, the Company includes a provision in each of its contracts with the agencies specifying an annual average project or job cost maximum. The Company aligns the job cost maximum with the State of Idaho Weatherization Program. 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 agreement. The average job cost is calculated by dividing the total annual production costs of homes weatherized per agency by the total number of jobs completed during the year by that agency. There is no job average limit for weatherization of non-profit buildings. In 2006, the contracted maximum average job cost for the first nine months was \$2,304 per home. In October the annual average amount allowed per home was increased to \$2,826. During the first 9 months of 2006, where an average of \$2,304 per job was allowed, the agencies together averaged \$2,193 per job. After October when the average was increased to \$2,826 per job, the agencies together averaged \$2,278 per job. For the year, the average production cost per home was \$2,205.

Prior to program restructuring in 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 amount funded by the Company for each job. The average administration cost per project in 2006 was \$220.

In compliance with the Commission's Order No. 29505, weatherization assistance funds are tracked and unspent funds carried over and made available to CAP agencies in the following year. Funds may also be transferred from one agency to another to fund shortfalls in allotted funds. In 2006, a total of \$215,354 was carried forward from 2005 and a total of \$80,000 was transferred between agencies. Table 2 details the contract funding base amount, any carryover funding, the total amount of annual funding available, and interagency fund transfers, for 2004 through 2006 by agency. Table 2 also details the funding levels available to the agencies for 2007 (the funding levels detailed assume continued funding at the level approved by the Commission effective June 1, 2004).

Table 2. Base and Carryover Funding

WEATHERIZATION ASSISTANCE FOR QUALIFIED CUSTOMERS					
Base and Carryover Funding					
2004 CONTRACT YEAR (1/1/04-12/31/04)	INCLUDES 7 MONTHS OF NEW FUNDING LEVEL				CAP AGENCY DOLLAR TRANSFERS
AGENCY	2004 BASE FUNDING	CARRYOVER	TOTAL 2004 ALLOTMENT	2004 EXPENSE	
CCOA	\$198,551	0	\$176,551*	\$150,945	(\$22,000)
EICAP	\$8,439	0	\$8,439	\$8,439	
EL-ADA	\$367,709	0	\$367,709	\$142,569	\$22,000
SCCAP	\$110,449	0	\$132,449*	\$109,776	
SEICAA	\$74,470	0	\$74,470	\$67,651	
NON PROFIT	\$36,250	0	\$36,250	\$16,284	
<b>Totals</b>	<b>\$795,868</b>	<b>0</b>	<b>\$795,868</b>	<b>\$495,665</b>	
2005 CONTRACT YEAR (1/1/05-12/31/05)					
AGENCY	2005 BASE FUNDING	CARRYOVER FROM 2004	TOTAL 2005 ALLOTMENT	2005 EXPENSE	
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	
<b>Totals</b>	<b>\$1,212,534</b>	<b>\$300,203</b>	<b>\$1,512,737</b>	<b>\$1,297,383</b>	
2006 CONTRACT YEAR (1/1/06-12/31/06)					
AGENCY	2006 BASE FUNDING	CARRYOVER FROM 2005	TOTAL 2006 ALLOTMENT	2006 EXPENSE	
CCOA	\$302,259	\$90,287	\$312,546*	\$259,477	(\$80,000)
EICAP	\$12,788	\$0	\$22,788*	\$22,788	\$10,000
EL-ADA	\$568,479	\$92,571	\$661,050	\$661,050	
SCCAP	\$167,405	\$14,577	\$251,982*	\$247,557	\$70,000
SEICAA	\$111,603	\$2,335	\$113,938	\$113,938	
NON PROFIT	\$50,000	\$15,583	\$65,583	\$39,240	
<b>Totals</b>	<b>\$1,212,534</b>	<b>\$215,354</b>	<b>\$1,427,888</b>	<b>\$1,344,050</b>	
2007 CONTRACT YEAR (1/1/07-12/31/07)					
AGENCY	2007 BASE FUNDING	CARRYOVER FROM 2006	TOTAL 2007 ALLOTMENT		
CCOA	\$302,259	\$53,069	\$355,328		
EICAP	\$12,788	\$0	\$12,788		
EL-ADA	\$568,479	\$0	\$568,479		
SCCAP	\$167,405	\$4,425	\$171,830		
SEICAA	\$111,603	\$0	\$111,603		
NON PROFIT	\$50,000	\$26,343	\$76,343		
<b>Totals</b>	<b>\$1,212,534</b>	<b>\$83,837</b>	<b>\$1,296,371</b>		

\*Total Allotment includes the addition of CAP Agency Dollar Transfer amounts.

## Review of Measures Installed

Table 3 details the number of jobs, the average cost per building weatherized, and the kilowatt-hour (kWh) savings by measure during 2006. Consistent with the State of Idaho 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 total kWh savings for weatherized homes was 2,883,097 and 74,927 kWh savings for the two non-profit jobs completed during the year. The total energy savings within Idaho from Weatherization Assistance for Qualified Customers during 2006 was 2,958,024 kWh.

Table 3. 2006 kWh Savings and Measure Expense (excluding Administration)

<b>WEATHERIZATION ASSISTANCE FOR QUALIFIED CUSTOMERS 2006</b>			
<b>Measure Cost and kWh Savings</b>			
<b>January 1, 2006 - December 31, 2006</b>			
<b>Home Measures</b>	<b>Number of Jobs</b>	<b>Measure Cost Without Administration</b>	<b>kWh Savings</b>
Windows	302	\$330,849	1,193,828
Doors	252	\$129,849	458,307
Walls	20	\$6,041	24,231
Ceilings	299	\$178,087	288,510
Vents	37	\$2,320	0
Floors	189	\$146,852	231,641
Infiltration	369	\$104,773	239,821
Ducts	65	\$16,469	51,007
Health & Safety	117	\$16,346	0
Other	44	\$4,131	0
Water Heater	225	\$8,663	61,457
Pipes	80	\$4,157	3,369
Refrigerator	2	\$864	1,856
Furnace Tune	5	\$1,160	1,681
Furnace Modify	13	\$11,832	29,971
Furnace Repair	70	\$18,040	0
CFL	56	\$1,497	6,448
Furnace Replace	118	\$155,597	290,971
Audit Investment	520	\$48,664	0
<b>TOTAL HOME JOBS</b>	<b>538</b>	<b>\$1,186,191</b>	<b>2,883,097</b>
<b>Non Profit Measures</b>	<b>Number of Jobs</b>	<b>Measure Cost Without Administration</b>	<b>kWh Savings</b>
Windows	2	\$2,376	4,721
Doors	1	\$5,070	9,222
Walls	2	\$19,996	45,362
Ceilings	1	\$1,410	1,746
Infiltration	2	\$5,282	13,876
Health & Safety	1	\$641	0
Pipes	1	\$227	0
Furnace Repair	1	\$47	0
Audit Investment	2	\$624	0
<b>TOTAL NON-PROFIT JOBS</b>	<b>2</b>	<b>\$35,673</b>	<b>74,927</b>
<b>TOTAL WEATHERIZATIONS JOBS</b>	<b>540</b>	<b>\$1,221,865</b>	<b>2,958,024</b>

## Overall Cost-Effectiveness

Idaho Power monitors overall cost-effectiveness by requiring each CAP agency to ensure that each efficiency measure as well as each total job has a Savings to Investment Ratio (SIR) of 1.0 or better. The total job SIR reflects all the measure costs associated with the job, including measure costs that have no kWh savings, and compares that total cost to the benefit of the total kWh savings of that job. Under this standard, those jobs with an SIR greater than 1.0 are deemed to be cost-effective. In 2006, all jobs met this cost-effective criterion.

Figure 1 shows the frequency distribution of the 2006 jobs funded through WAQC. The frequency observations are presented in 0.25 increments and the SIR values have been rounded to two significant digits. The SIR values for these jobs ranged between 1.03 and 9.24.

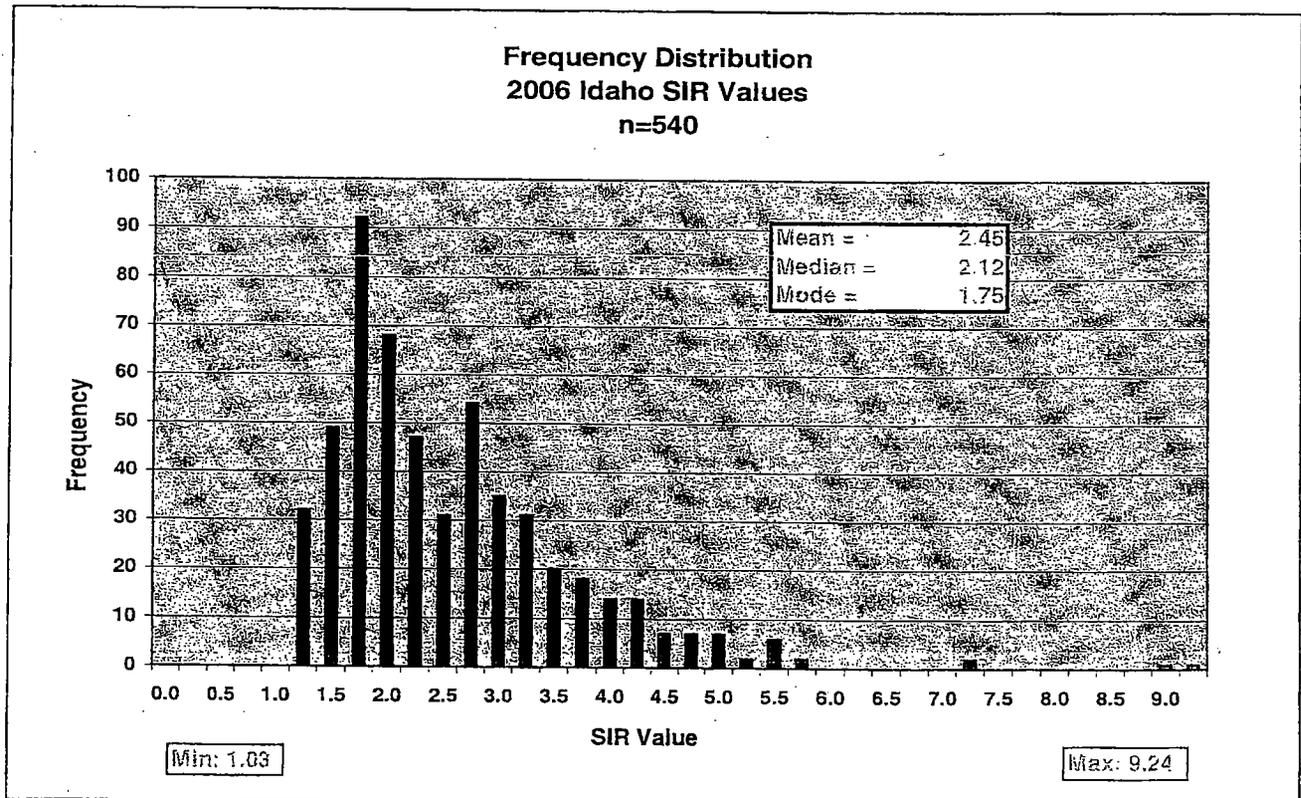


Figure 1. SIR Frequency Distribution

The figure shows the minimum (1.03) and maximum (9.24) SIR values as well as the mean (2.45), median (2.12), and mode (1.75) of the distribution. The distribution, as expected, is skewed toward the measures of central tendency. However, the close relationship between the median of 2.12 and the mean of 2.45 indicate a fairly compact distribution of SIR values that are not overly influenced by the

higher scores in the distribution. Given the required SIR of at least 1.0, the minimum value of 1.03 in the distribution and the mean of 2.45 indicate the projects conducted by the program continue to exceed the cost effectiveness threshold.

In addition to the costs shown on Table 1, Idaho Power incurs costs for administering this program. In 2006, Idaho Power incurred an additional \$111,323 for labor, marketing, and support costs on this program. The total levelized cost of energy for this program is \$0.037/kWh on a Utility Cost basis and \$0.056/kWh on a Total Resource Cost basis (including CAP agency and private participant costs)

## **Customer Education and Advocacy**

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 the brochure "Practical Ways to Manage Your Electricity Bill, and Energy Saving Tips" which describes energy conservation tips appropriate for both the heating and cooling seasons. Included in the materials recently is a two-sided card describing savings from the use of CFL bulbs and helpful hints about the bulbs. Stickers are included to remind customers where they can save energy in their home. The educational information is printed in Spanish as well as in large print for ease in reading by seniors. In addition to the materials provided to the CAP agencies, the Company distributes Energy Assistance brochures to all customers each fall describing the program including qualification and application guidelines. Idaho Power also actively informs customers about this program each year through energy, health, and senior fairs.

Idaho Power takes an active role in advocating energy efficiency for special needs customers. The Company periodically sponsors Energy Assistance Resource Symposiums where non-profit agencies are encouraged to exchange ideas with utilities and CAP agencies on energy assistance available to customers with limited income. In order to stay up-to-date with new energy assistance programs and services, the program specialist overseeing WAQC attends state and federal energy assistance/weatherization meetings and other weatherization specific conferences such as "Energy Out West" and "Joint Low Income Energy Conferences". Idaho Power is also active in the Policy Advisory Council helping advise and direct Idaho's state weatherization application to the United States Department of Energy.

## Plans for 2007

The Company will continue working in partnership with the Community Action Partnership Association of Idaho, Inc. (CAPAI)<sup>2</sup> as well as individual CAP agency weatherization personnel to maintain the targets, guidelines, and cost effectiveness of the WAQC program. In so doing Idaho Power will provide a valuable service to the Company's special needs population. In order to maintain the current level of funding, the Company plans to file a joint application with CAPAI in early 2007 requesting the Commission authorize the continuation of the increased funding for WAQC, as initially approved in May, 2004 through Order No. 29505, beyond June 2007.

Based on historical averages, the Company estimates 467 homes and five non-profit buildings will be weatherized in 2007. In total, the Company expects to fund \$1,296,371 in weatherization measures and administrative fees for 2007. The Company plans to continually evaluate the need for additional program changes. As in years past, a minimum of five percent of all weatherization jobs submitted for reimbursement will be audited. In addition, plans are underway for the Company to sponsor the 2007 Energy Assistance Resource Symposium this fall in partnership with CAPAI, state agencies, and other utilities.

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<sup>2</sup> CAPAI is a non-profit organization that sponsors trainings and conferences and serves as an advocate for CAP agencies before the Idaho Legislature.