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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)	
IDAHO POWER COMPANY FOR AUTHORITY)	CASE NO. IPC-E-08-3
TO REVISE THE ENERGY EFFICIENCY)	
RIDER, TARIFF SCHEDULE 91)	
)	COMMENTS OF THE
)	COMMISSION STAFF
)	
)	

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Weldon B. Stutzman, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure in Order No. 30520 issued on April 2, 2008, submits the following comments.

BACKGROUND

On March 14, 2008, Idaho Power Company filed an Application asking the Commission to approve an increase to its Energy Efficiency Rider (Rider) from 1.5% to 2.5% of base revenues effective June 1, 2008. The Rider is a charge on customers' bills to fund conservation or demand-side management (DSM) programs implemented by the Company.

The Commission initially approved a Rider in May 2002, and targeted an amount for collection at 0.5% of overall base revenue of each customer class. The initial charge for residential customers

was set at \$.30 per month and for irrigation customers it was capped at \$15 per meter per month. At the 0.5% rate, the energy Rider provided approximately \$2.6 million annually for DSM programs.

In May 2005, the Commission generally approved the Company's request to increase the Rider to 1.5% of base revenue applied uniformly to all customer classes. The Commission put a \$1.75 monthly cap on the residential Rider charge and a cap of \$50.00 per meter per month for irrigation customers. At the 1.5% rate, the energy Rider plus interest on the Rider balance provided approximately \$8.6 million in 2006 for DSM programs, while expenses charged to these programs totaled \$8.8 million and the year ended with a \$5.9 million positive Rider balance.

In 2007 the Company collected approximately \$9.0 million from the Rider including interest on the balance, spent about \$13.5 million from the Rider fund, and ended that year with a \$1.5 million positive balance.

The Application states that Idaho Power has been expanding its DSM programs and other energy efficiency initiatives since 2002, and anticipates that its DSM programs and initiatives will cost approximately \$19.3 million in 2008, \$16.8 million in 2009 and \$17.0 million in 2010, or \$53 million total for the years 2008-2010. By June 1, 2008, the Application projected a \$3.2 million deficit in the Rider balance. However, in response to a data request received May 14, 2008, the Company now estimates that the June 1, 2008, deficit will be about \$2.2 million instead of \$3.2 million. The Company also cautioned that DSM expenditures, and thus the Rider balance, can deviate substantially from forecasts due to the lumpiness and unpredictability of large commercial and industrial DSM activity.

Idaho Power proposes to increase the Rider from 1.5% to 2.5% of base revenue beginning June 1, 2008 to support expected conservation program expenditures. At that level, the Company projects a deficit of approximately \$4.2 million in the Rider balance by the end of 2010. Accordingly, the Company also plans to request in its next general rate case authorization to include approximately \$3.5 million in annual labor and administrative expenses related to its planned DSM programs in its regular operations and maintenance expenses. If approved, the Company would use this \$3.5 million increase in base rates to pay for labor, contributions to the Northwest Energy Efficiency Alliance, and DSM departmental costs not directly related to specific DSM programs. It is important to note that Idaho Power now says it intends to pursue all cost-effective DSM regardless of any short-term Rider account deficits. (T. Tatum pre-filed testimony, p. 14)

The Company also proposes to remove the current rate caps for residential and irrigation customers because DSM programs are now broadly available to all customer classes, all of which are benefitting from the Company's resource cost savings in proportion to their energy usage.

Finally, the Application requests approval of revised language in the Energy Efficiency Rider tariff expanding the scope of Rider-funded activities to include financial incentives for small-scale renewable energy projects (e.g. photovoltaic systems) to the extent that Idaho Power's program costs are shown to be cost-effective from the utility's resource cost perspective.

PROPOSED RATE INCREASE – PROJECTED REVENUES, EXPENSES AND BALANCE

The current rates in Schedule 91, Energy Efficiency Rider, are 1.5% of base rates for each customer class, but with a residential cap of \$1.75 per month and an irrigation cap of \$50.00 per month per meter. The Application proposes to remove the two caps and increase the Rider rates to 2.5% of base rates for all customer classes, including its three special contract customers.

Idaho Power projects the Rider increase and removal of caps to increase revenue available for DSM to \$13.2 million in 2008, to \$16.9 million in 2009, and to \$17.3 million in 2010. (see T. Tatum, Exhibit No. 4)

The Company projected its DSM expenses will increase to \$19.3 million in 2008, drop to \$16.8 million in 2009, and then increase slightly to \$17.0 million in 2010. (Tatum, Exhibit No. 3, Table I) However, given the previously mentioned \$1.0 million reduction in the projected Rider deficit (\$2.2 million instead of \$3.2 million) by June 1, 2008, it is likely that Mr. Tatum's pre-filed projections would change if his testimony were amended today.

Given the \$1.5 million positive Rider account balance at the beginning of 2008, if the Rider is increased as proposed by the Company, the account balance was projected to have a \$4.6 million deficit by the end of 2008. This deficit balance was projected to decrease only slightly to \$4.2 million by the end of 2010. But if at the conclusion of its next general rate case, the Company is allowed to begin recovering about \$3.5 million of DSM overhead expenses from its base rates, then the Company projects it will have a \$2.5 million positive account balance by the end of 2010. (Tatum, Exhibit No. 3, Tables II and III) As previously noted and demonstrated, all of these projections are subject to customer choices and circumstances that are not predictable. It is also worth noting that in response to a staff request, the Company provided program-level expense detail for 2008 forecast (Attachment B), but could not provide such detail for 2009 and 2010 forecasts because those "...long term expense projections ... are estimated at the customer class level not the program level."

Idaho Power does not actually propose collecting additional DSM overhead expenses from base rates in this Application. Nor does the Company request that its past DSM expenses be determined by the Commission to have been reasonably and prudently incurred. These issues are intended to be addressed in the Company's next general rate case.

DEMAND SIDE MANAGEMENT (DSM) PROGRAMS

Attachment A provides annual summaries of reported program costs and energy or peak demand savings for each of Idaho Power's DSM programs from 2002 through 2007. Expected program costs in 2008 are listed in Attachment B, which was provided by Idaho Power on May 14, 2008, in response to a data request.

Following are brief descriptions of the recent histories of each of Idaho Power's current, major DSM Rider-funded programs based on information in its DSM Annual Reports and expense projections for 2008 based on Idaho Power's May 14, 2008 response.

Residential Programs

Air Conditioning Cycling – the number of participants more than doubled from 2005 to 2006 and again from 2006 to 2007 when it had nearly 14,000 participants. The peak kilowatt (KW) savings increased from less than 3 MW in 2005 to nearly 11 MW by 2007, while Idaho Power's total costs increased from \$0.8 million in 2005 to \$2.4 million in 2007. In 2008 Idaho Power projects that it will spend \$3.7 million of DSM Rider funds for this program.

Energy House Calls – This program consists primarily of sealing ducts in mobile homes and until early 2007 was funded by the Bonneville Power Administration (BPA) but is now funded by Idaho Power's DSM Rider. Participation dropped by nearly half in 2005 from the prior year and has slowly declined each year since then, as have the costs and the savings. In 2007 Idaho Power's Rider funded about \$250,000 on top of BPA's \$80,000. The Company projects it will spend \$343,000 of Rider funds on the program in 2008.

Energy Star Homes – The number of new Energy Star homes and the total energy savings dropped by about 30% from 2006 to 2007, which is not unexpected given the general housing decline. The estimated percentage of Energy Star homes compared to total new homes increased from 3.9% in 2006 to 5.0% in 2007. Idaho Power's Rider funded nearly \$500,000 in 2006 and again in 2007, but that is projected to decrease to less than \$400,000 in 2008. Much of the marketing for this program is performed through the Northwest Energy Efficiency Alliance (NEEA).

Rebate Advantage – This program to encourage purchases of energy efficient mobile homes was funded by BPA until early 2007. Participants increased by 20% from 2006 to 2007 after being nearly unchanged for the prior three years. In 2007 Idaho Power's Rider funded nearly \$60,000 for this program on top of BPA's \$25,000. Rider funding is expected to more than double in 2008.

Energy Star Lighting (CFLs) – Historically, Idaho Power's CFL promotions have been leveraged and timed with promotions by NEEA and BPA. In 2007 Idaho Power's Rider provided a about \$520,000 and is projected to provide about \$750,000 in 2008.

Heating and Cooling Efficiency – This program to train heating and cooling technicians and provide incentives to customers essentially began in late 2007 and the Rider provided nearly \$500,000 for the year. Idaho Power projects the costs will nearly double in 2008.

Appliance Efficiency – Idaho Power projects that in 2008 it will spend \$300,000 on this new program that provides incentives for purchases of energy efficient appliances such as washing machines and refrigerators.

Low-Income Weatherization – This program is currently not funded from the DSM-Rider and is listed here only to provide a more complete picture of overall DSM activity. Idaho Power has provided more than \$1.2 million annually from base rates for this program since 2005.

Commercial/Industrial Programs

Building Efficiency – The number of participants has been up and down again since 2005 for this new construction/major addition program, but Idaho Power's program costs have been steadily climbing as have the energy savings. In 2007 the DSM Rider provided about \$660,000 and is projected to provide \$800,000 in 2008.

Easy Upgrades – This program was officially launched early in 2007 after being included in the 2006 IRP as a cost-effective resource. Most of the actual activity occurred in the latter half of 2007 and the Rider provided \$680,000. In 2008 the Rider is projected to provide nearly \$1.4 million.

Custom Efficiency – As a result of the 2006 IRP, this program grew from an expansion of the former Industrial Efficiency program that was originally identified in the 2004 IRP. In 2007, 49 large commercial and industrial customers participated with \$3.0 million of Rider-provided funds. In 2008 Idaho Power projects the Rider will fund \$4.7 million for these large projects, but this is the program with the lumpiest and most unpredictable funding needs.

Irrigation Programs

Irrigation Efficiency – This program was significantly expanded in 2006. The costs and energy savings shrunk by about 1/4th in 2007, while the number of participants increased by nearly half. In 2007 the Rider provided \$1.9 million and is projected to provide a slightly lower amount in 2008.

Irrigation Peak Rewards – The number of participants and Idaho Power's costs have slowly increased from 2005 to 2007. The Rider provided \$1.5 million in 2007 and is projected to provide the same amount in 2008.

Regional Market Transformation

Idaho Power has a five-year contract with the Northwest Energy Efficiency Alliance (NEEA) for \$1.3 million annually in exchange for its participation in and benefit from NEEA's regional energy efficiency market transformation activities. This contract runs from 2004 through 2009 and the monetary obligation is funded from its Idaho DSM Rider, carryover from past contributions to NEEA, and from its Oregon service area. In addition to the 28,601 MWh that NEEA attributed to Idaho Power proportionately to its funding level in 2007, some of Idaho Power's own DSM activities rely upon research, testing, marketing and demonstration programs performed or administered by NEEA.

Renewable Energy Program Proposal

The Application proposes that the Energy Efficiency Rider be modified to allow funding of renewable energy projects, e.g. photovoltaic systems. Mr. Tatum explains this proposal in more detail on pages 16-18 of his testimony, but does not provide a cost estimate. In short, because photovoltaic systems are not generally cost-effective, the Company would suspend its requirement that projects must be cost-effective from a total resource cost (TRC) perspective. Apparently Idaho Power believes it can offer financial incentives sufficient to encourage such systems, but still small enough that they are cost-effective from the utility's perspective. The limited perspective of the utility cost test ignores the possibility that such projects may not be cost-effective for participants or for society as a whole.

COST-EFFECTIVENESS OF IDAHO POWER'S DSM PROGRAMS

Idaho Power's Technical Appendix D to its 2006 Integrated Resource Plan (IRP) states that for planning and evaluating the cost-effectiveness of its DSM programs, the Company follows the cost-effectiveness guidelines of the Electric Power Research Institute's (EPRI) 1991 End-Use Technical

Assessment Guide (End-Use TAG) and the California Standard Practices Manual: Economic Analysis of Demand-side Programs and Projects.¹

Mr. Tim Tatum's testimony (page 8) references the table of DSM portfolio options at the bottom of page 73 of the 2006 IRP Technical Appendix D (Tatum Exhibit No. 2) in stating that each of the DSM programs is expected to be cost-effective from both the total resource cost (TRC) perspective and the utility cost test (UCT)² perspective. However, the table he references actually shows only the expected cost-effectiveness of each customer sector's total DSM portfolio of programs, rather than the cost-effectiveness of individual programs.

Idaho Power's 2004 and 2006 Integrated Resource Plans (IRP) provide somewhat more detail regarding cost-effectiveness of programs under consideration, but they are typically high-level reviews of potential programs that might be designed and implemented in the future. The annual DSM reports filed by the Company provide details of costs, energy savings and peak demand reduction achievements, but because these reports do not assign monetary values to the savings, they provide only cost per kWh savings or cost per kW savings and do not provide actual cost-effectiveness statistics.

On May 14, 2008, Idaho Power provided actual cost-effectiveness results of its 2007 program activity in the form of a cost effective limit (CEL), which is the calculation of levelized benefits per kilowatt-hour (kWh) using hourly load-shaped values for the estimated savings achieved by each DSM measure. The CEL metric appears to be appropriate, but it is different than what is normally reported to the Commission. The CEL is described in more detail on page one of Attachment C. Pages 2 and 3 of this Attachment list for 2007 each energy efficiency program Idaho Power costs, total resource costs, estimated annual energy savings and lives of those savings, the levelized utility and total resource costs per kWh saved and the levelized benefits (CEL) per kWh saved. As explained in the Attachment, simple division of the CEL by the levelized cost/kWh

¹ Both manuals are good, commonly used tools for evaluating DSM cost-effectiveness, but the Staff has notified representatives of all Idaho electricity utilities of a potential disagreement with how tax credits are treated in the TRC formula. This has little impact, partly because Staff believes the UCT is the most important of the four standard tests.

² The UCT perspective actually indicates the cost-effectiveness of utility programs for customers as a whole, since they eventually pay the utility's costs.

produces the benefit/cost ratio. By this metric, given the inherent assumptions and unverified data and calculations, all of Idaho Power's 2007 energy efficiency programs are reported as having been cost-effective from both the UCT and the TRC perspectives.

CUSTOMER COMMENTS AND STAFF RESPONSE

As of May 14, 2008, the Commission had received four comments from the public. Three of these people seemed to be generally in favor of Idaho Power increasing its DSM Rider commensurate with its increased DSM program activity, but with some suggestions. The person entirely opposed to the Rider increase is a senior citizen living on a fixed income who said she already conserves electricity any way she can to keep her bill low, and that the surcharge "... means I have to pay for the rich who don't conserve." One person said the Rider ought to apply only to energy charges and not base fees. And one person questioned whether Idaho Power's funding for its share of the Northwest Energy Efficiency Alliance (NEEA) was cost-effective, whether the funds sent to NEEA might be more cost-effectively spent within Idaho Power's service area, and whether Idaho Power has incorporated energy efficiency within its own buildings and operations.

Staff appreciates these comments and acknowledges that even small additional rate increases create hardships for some customers. Nevertheless, Staff believes expansion of cost-effective DSM programs will ultimately reduce all customers' bills below what they would otherwise be absent such programs. While it is true that customers who are able and willing to participate in the programs will benefit more than those who don't participate, the latter group, even those who are already conserving, will also benefit indirectly from the Company's power supply costs being lower than they otherwise would be.

The Staff philosophically agrees that the DSM Rider should apply only to energy and demand charges and not to monthly customer charges. However, in recognition that if the Rider did not apply to the monthly fixed charge it would have to be set at a slightly higher rate, and because even at 2.5% the customer charge part of the Rider equates to only 10¢ for residential customers, and because there may be a billing cost issue, the Staff does not oppose the Rider's application to total base revenues. Staff believes the customer who commented on this issue may have been misled by the Company's use of the term "base revenues," which is only meant to exclude such items as the power cost adjustment charge and does not mean that the Rider applies only to monthly fixed charges.

Staff agrees that it is legitimate to question whether Idaho Power's involvement with NEEA continues to be the best use of its DSM funds and whether the energy savings allocated by NEEA to

Idaho Power's service area can be substantiated. These types of questions apply to all DSM measures and programs, not just to NEEA. But given the regional market transformation nature of NEEA and the integration of its programs with Idaho Power's own programs, answering these questions is more difficult. Over the past decade, Staff believes Idaho Power's customers have realized a net benefit from the Company's involvement with NEEA. Staff is also aware that NEEA has recently changed its governance, that Idaho Power's own DSM program funding needs have greatly expanded, and that the 2007 Idaho Energy Plan adopted by the Idaho Legislature recommends that Idaho's utilities continue participating in regional market transformation efforts. Staff believes that it is important to continue monitoring Idaho Power's participation in NEEA and weighing the benefits it provides with the costs that it requires.

Finally, Staff notes that Idaho Power's internal efficiency efforts for its own buildings and operations are described on page 50 of its Demand Side Management 2007 Annual Report.

STAFF ANALYSIS

Staff supported Idaho Power's initiation of its 0.5% DSM tariff Rider and programs in 2002 (Case No. IPC-E-01-13), the increase in the Rider to 1.5% in 2005 (Case No. IPC-E-04-29), and supports this increase in the Rider to 2.5% of base revenues. Staff recognizes that rate increases, even this relatively small 1.0% increase, are never popular. However, Staff is aware that even more expensive supply-side alternatives can and will be avoided to the extent that more customers use electricity more efficiently.

Idaho Power will need additional resources to meet its future load. Cost-effective demand-side management (DSM), including energy efficiency programs and load management programs, is a significant, albeit insufficient, resource available to help ensure reasonable system reliability.

The least costly electricity resource alternative is customers increasing the efficiencies of, and efficient use of, their buildings, appliances, lights, irrigation systems, and industrial processes without utility intervention and administration. Staff believes the second least costly electricity resource is available when utilities or other entities prudently administer cost-effective programs that provide monetary incentives and educational opportunities for customers to increase their efficiencies. The most expensive electricity resources are additional generation, transmission and distribution facilities, regardless of whether the generation facilities are thermal, hydro, wind, solar, or other alternatives.

It is evident that most customers, left on their own, do not use electricity as efficiently as rational economic theory suggests they should, probably due to a combination of Idaho Power's

historically low electricity rates, lack of knowledge and misconceptions about efficiency, and a perceived need for inordinately high implicit discount rates, i.e. individuals and businesses often, if not usually, require assurance that rates of return for energy efficiency investments are much higher than for competing, alternative investments. The need for unusually high rates of return for energy efficiency investments may be due to a skewed perception of risk, misinformation, and/or other factors. Whatever the reasons, the result is that Idaho Power's own analyses, as well as regional and national analyses, show that there remain many efficiency programs that utilities or other entities can administer cost-effectively. Even though such administration creates additional costs, the programs can be cost-effective to the extent that the cash incentives and/or educational efforts result in customers sufficiently improving their energy efficiencies beyond what they would do without such programs and in amounts sufficient to cost-effectively recoup the necessary program administration costs. If prudently managed, these programs are designed and expected to be less costly than currently available supply-side resources.

As can be seen by the past DSM program detail shown in Attachment A, all major customer classes are receiving benefits of Idaho Power's DSM programs. Precise comparisons among customer classes of DSM Rider revenue collected, program dollars spent and energy savings received are complicated by low-income weatherization costs in base rates, programs that were funded by the Bonneville Power Administration (BPA) until early 2007, imprecise allocation of NEEA savings, and by the peak savings goals of air conditioning cycling and irrigation scheduling programs. Still, rough comparisons do suggest that no major customer classes are being disproportionately advantaged or disadvantaged by the distribution of the programs.

Staff has reviewed the Application's proposed DSM funding level and believes it is reasonable to continue funding the Company's DSM program activity.

Staff has also reviewed the Company's program cost-effectiveness screening method and believes it is reasonable. On May 13, 2008, the Staff was provided actual cost-effectiveness results of Idaho Power's 2007 program activity. Staff has not been provided all data, assumptions and calculations used to arrive at these results, but it is not necessary to have such information at this time. Instead, when reviews of program processes and results are required for a prudency determination of past DSM efforts during future rate cases, all necessary calculations and supporting information is expected to be made available.

Staff does not believe it is appropriate for Idaho Power to begin using DSM Rider funds to promote renewable energy projects, especially those that are not cost-effective for participants or from

a total resource cost perspective, regardless of the Company's belief that it can provide sufficiently small incentives for these projects that they remain cost-effective from the utility perspective. In addition to being generally opposed to siphoning DSM Rider funds away from DSM programs that are cost-effective for participants as well as for the utility, Staff believes that use of DSM funds for such projects that fail all but one of the four major cost-effectiveness tests would have the potential to undermine the credibility of all DSM programs.

Staff believes it is both appropriate and productive for all DSM costs, including administrative overhead, to be recovered through the DSM tariff Rider. As such, the costs are more readily transparent and the increased Rider level is more likely to catch the attention of customers. Such increased attention creates potential DSM education and marketing opportunities. Furthermore, we believe the increased transparency of recovering DSM overhead costs from the Rider funds provides more assurance that cost-effectiveness calculations will include these costs, whether such calculations are formally done by the Company or more casually by the public. Therefore, we suggest that Idaho Power reconsider proposing in its next rate case that DSM overhead expenses be recovered from base rates.

Given the level of uncertainty of Idaho Power's projected DSM Rider revenue needs, given that the Staff does not recommend that renewable energy projects be funded from Rider revenue, and given that the Company has not yet filed the rate case in which it said it intends to ask that DSM general administrative costs be recovered from base rates, Staff does not believe it is necessary at this time to recommend a higher DSM Rider rate than the requested 2.5% of base revenues. Instead, Staff suggests that the Company determine whether it needs a higher DSM Rider rate after the conclusion of its rate case or when it becomes evident that a higher rate is necessary for its long-term DSM program activity level, whichever occurs sooner.

CUSTOMER RELATIONS COMPLIANCE

Idaho Power filed an Application to revise the Energy Efficiency Rider on March 14, 2008. A press release concerning the Application was included with that filing. The Customer Notice was filed with the Commission on March 26, 2008. The Notice combined information for three cases: IPC-E-08-03 (Energy Efficiency Programs), IPC-E-08-04 (Fixed Cost Adjustment) and IPC-E-08-01 (Danskin CTI Plant). The Notice was included as a bill insert in statements mailed to customers beginning March 26, 2008, and ending April 24, 2008. In Order No. 30520, the Commission established a deadline of May 15, 2008, for filing comments in this case.

The Commission approved a 3-year pilot program for the Fixed Cost Adjustment (FCA) in Case No. IPC-E-04-15, Order No. 30267. Rather than implementing the FCA as a stand-alone charge on customers' bills, the FCA was to be included as part of the existing Conservation Program Funding Charge, which already appeared as a separate line item on bills. Idaho Power is proposing to change the line item description to read "Energy Efficiency Services". Given the fact that the FCA and Conservation Program Funding Charge have been combined for purposes of bill presentment, Staff agrees that the Company's proposed description is more appropriate and supports this change.

RECOMMENDATIONS

Staff recommends that Idaho Power's Energy Efficiency Rider (tariff Sch. 91) be increased to 2.5% of base revenues and that the caps currently in effect for the residential and irrigation customer classes be removed.

Staff recommends that the Commission approve the Company's suggestion to rename the billing line item that includes the FCA and Conservation Program Funding Charge to read "Energy Efficiency Services".

Staff recommends denial of the Schedule 91 tariff change that would allow use of Energy Efficiency Rider funds for the promotion of renewable energy projects.

Finally, Staff recommends that Idaho Power be required to report actual cost-effectiveness results in its future DSM annual reports.

Respectfully submitted this 15th day of May 2008.



Weldon B. Stutzman
Deputy Attorney General

Technical Staff: Lynn Anderson
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2007 Rider Rev.	\$ 9,036,072	kWh/year	KW
House Calls	\$ 251,743	523,809	
Heating/Cooling	\$ 482,051	1,575	
CFL Res. Light	\$ 519,818	6,718,521	663
En. Star Homes	\$ 451,775	598,793	576
Rebate Advtg.	\$ 58,854	365,258	
AC Cycling	\$ 2,421,461		10,741
Comm. Bldg.	\$ 661,485	2,785,468	449
Easy Upgrades	\$ 680,376	4,956,928	746
Industrial	\$ 3,032,047	28,566,223	3,622
Irrigation Eff.	\$ 1,881,116	11,561,358	3,407
Irrig. Peak Clip	\$ 1,520,106		35,222
Commercial Edu.	\$ 25,427		
Distrib. Eff. Init.	\$ 6,514		
Admin/Analyses	\$ 647,789		
NEEA Idaho	\$ 846,898	18,632,675	
Total Rider	\$ 13,487,460	74,710,607	55,426
LIWA (nonRider)	\$ 1,295,588	3,226,205	
Oth. IPC nonRider	\$ 269,455	1,492,582	1,107
NEEA carryover	\$ 394,602	8,681,672	
Total Idaho DSM	\$ 15,447,105	88,111,067	56,534
% chng. prior yr.	43%	37%	58%

2006 Rider Rev.	\$ 8,632,535	kWh/year	KW
Res. Cooling	\$ 15,647	0	
CFL Res. Light	\$ 110,036	2,321,422	
En. Star Homes	\$ 461,315	896,130	
AC Cycling	\$ 1,230,826		5,616
Comm. Bldg.	\$ 356,218	704,541	
Comm. Retrofit	\$ 30,238	0	
Industrial	\$ 1,578,975	18,664,992	
Irrigation Eff.	\$ 2,691,193	16,445,639	
Irrig. Peak Clip	\$ 1,221,499		29,362
Education	\$ 3,303		
Distrib. Eff. Init.	\$ 15,778	0	
Admin/Analyses	\$ 257,316		
NEEA Idaho	\$ 872,570	14,993,086	
Total Rider	\$ 8,844,914	54,025,811	34,978
LIWA (nonRider)	\$ 1,375,422	2,795,525	
Oth. IPC nonRider	\$ 211,460	1,291,623	836
NEEA carryover	\$ 368,930	6,339,204	
Total Idaho DSM	\$ 10,800,726	64,452,163	35,814
% chng. prior yr.	58%	85%	-19%

2005 Rider Rev.	\$ 5,866,997	kWh/year	KW
CFL Twist	\$ 73,152	1,386,317	
En. Star Homes	\$ 247,071	411,778	
AC Cycling	\$ 718,066		2,617
Comm. Bldg.	\$ 186,290	474,435	
Bldg. Op. Train.	\$ 1,750	434,167	
Industrial	\$ 1,125,470	11,988,918	
Irrigation Eff.	\$ 103,823	698,384	
Irrig. Peak Clip	\$ 1,435,581		40,323
Education	\$ 14,896		
Distrib. Eff. Init.	\$ 15,470		
Admin/Analyses	\$ 170,899		
NEEA Idaho	\$ 441,409	5,533,651	
Total Rider	\$ 4,533,877	20,927,650	42,940
LIWA (nonrider)	\$ 1,370,099	3,179,311	
Oth. IPC nonRider	\$ 153,037	706,394	1,449
NEEA carryover	\$ 800,091	10,030,208	
Total Idaho DSM	\$ 6,857,104	34,843,563	44,389
% chng. prior yr.	136%	93%	640%

2004 Rider Rev.	\$ 2,687,340	kWh/year	KW
En. Star Homes	\$ 129,825	101,200	
AC Cycling	\$ 273,973		402
Comm. Bldg.	\$ 28,821		
Air Care Pilot	\$ 72		
Industrial	\$ 187,473	2,252,533	
Irrigation Eff.	\$ 73,188	802,812	
Irrig. Peak Clip	\$ 319,424		5,597
School Op. Train.	\$ 43,969	650,000	
Education	\$ 23,449		
Admin/Analyses	\$ 142,476		
Total Rider	\$ 1,222,670	3,806,545	5,999
LIWA (nonrider)	\$ 495,664	1,271,677	
NEEA Id. Rev. Shar.	\$ 1,188,774	12,936,331 est	
Total Idaho DSM	\$ 2,907,108	18,014,553	5,999
% chng. prior yr.	32%	6%	3673%

2003 Rider Rev.	\$ 2,629,798	kWh/year	KW
CFL Coupons	\$ 305,683	3,596,150	
En. Star Homes	\$ 13,597		
AC Cycling	\$ 234,252		159
AC Trade In	\$ 6,687	14,454	
Air Care Pilot	\$ 3,364	33,976	
Industrial	\$ 1,303		
Irrigation Eff.	\$ 8,975	36,792	
Peak Study	\$ 39,321		
School Op. Train.	\$ 48,853	1,075,000	
Education	\$ 5,100		
Admin/Analyses	\$ 40,245		
Total Rider	\$ 707,380	4,756,372	159
LIWA (nonrider)	\$ 278,029	700,000 est.	
NEEA Id. Rev. Shar.	\$ 1,217,590	11,507,900	
Total Idaho DSM	\$ 2,202,999	16,964,272	159
% chng. prior yr.	36%		

2002 Rider Rev.	\$ 1,592,049	kWh/year	KW
CFL Coupons	\$ 150,000		
School Op. Train.	\$ 13,539		
EEAG mtngs.	\$ 1,825		
Total Rider	\$ 165,364		
LIWA (nonrider)	\$ 231,352		
NEEA Id. Rev. Shar.	\$ 1,217,590		
Total Idaho DSM	\$ 1,614,306		

Residential	2008 Expenses
AC Cool Credit	\$ 3,699,203
ENERGY STAR® Homes	361,780
Heating & Cooling Efficiency	959,589
Residential Retrofit Lighting	748,843
Appliance Efficiency	299,513
Energy House Calls	343,643
Radiant Barrier	162,942
Rebate Advantage	125,652
Total Residential Expenses	6,701,164
Commercial/Industrial	
Building Efficiency	799,060
Custom Efficiency	4,712,861
Easy Upgrades	1,364,051
Total Commercial/Industrial Expenses	6,875,972
Irrigation	
Irrigation Efficiency	1,845,421
Irrigation Peak Rewards	1,519,100
Total Irrigation Expenses	3,364,520
Other	
DSM Administration & Overheads	1,195,657
Energy Efficiency Advisory Group	2,977
Local Energy Efficiency Funds	14,250
Northwest Energy Efficiency Alliance	873,996
Commercial Energy Efficiency Education	135,781
Residential Energy Efficiency Education	128,966
Total Other Expenses	2,351,627
Totals	\$ 19,293,284

Response prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Lisa Nordstrom, Attorney II, Idaho Power Company.

Cost Effective Limit (CEL)

- The (levelized) life cycle benefit of a program expressed in a per kilowatt-hour value (cents/kWh)
 - Energy savings are shaped by the hourly end-use shape of the measure(s)
 - In Oregon the CEL for energy efficiency programs is given 10% additional value
- If the CEL is divided by the levelized program costs – either from a UC perspective or a TRC perspective an annual benefit cost ratio is produced

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5/14/2008

Residential Programs - CEL

2007 Program Activity	Levelized Costs				Levelized Benefits	
	Utility Cost (dollars)	Resource Cost (dollars)	Annual Energy (kWh)	Measure Life (Years)	Utility (Cents/kWh)	Total Resource (Cents/kWh)
Energy Efficiency						CEL
Residential						
Energy House Calls	\$336,372	\$336,372	699,899	20	3.94 ¢	3.94 ¢
ENERGY STAR® Homes Northwest	\$475,044	\$566,247	629,634	25	5.61 ¢	6.69 ¢
ENERGY STAR® Lighting	\$557,646	\$668,756	7,207,439	7	1.25 ¢	1.50 ¢
Oregon Residential Weatherization	\$3,781	\$5,589	9,971	25	2.82 ¢	4.17 ¢
Rebate Advantage	\$89,269	\$182,152	554,018	45	1.02 ¢	2.09 ¢
Weatherization Assistance for Qualified Customers	\$1,323,623	\$1,798,804	3,338,126	25	2.95 ¢	4.01 ¢
						9.94 ¢

Response prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Lisa Nordstrom, Attorney II, Idaho Power Company.

Commercial/Industrial & Irrigation Programs - CEL

		Levelized Costs				Levelized Benefits		
2007 Program Activity						Measure Life	Total Resource	CEL
	Utility Cost (dollars)	Resource Cost (dollars)	Annual Energy (kWh)	(Years)	(Cents/kWh)	(Cents/kWh)		
Commercial/Industrial								
Building Efficiency	\$669,032	\$829,600	2,817,248	12	2.60 ¢	3.22 ¢	11.73 ¢	
Easy Upgrades	\$711,494	\$1,882,035	5,183,640	12	1.50 ¢	3.97 ¢	8.08 ¢	
Custom Efficiency	\$3,161,866	\$7,012,686	29,789,304	12	1.16 ¢	2.58 ¢	8.70 ¢	
Irrigation								
Irrigation Efficiency Rewards	\$2,001,961	\$8,694,772	12,304,073	8	2.37 ¢	10.29 ¢	11.23 ¢	

Response prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Lisa Nordstrom, Attorney II, Idaho Power Company.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 15TH DAY OF MAY 2008, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-08-03, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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SECRETARY

CERTIFICATE OF SERVICE