

DONALD L. HOWELL, II  
DEPUTY ATTORNEY GENERAL  
IDAHO PUBLIC UTILITIES COMMISSION  
PO BOX 83720  
BOISE, IDAHO 83720-0074  
(208) 334-0312  
IDAHO BAR NO. 3366

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Street Address for Express Mail:  
472 W. WASHINGTON  
BOISE, IDAHO 83702-5983

Attorney for the Commission Staff

## BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPROPRIATE	)	
DISPOSITION OF IDAHO POWER	)	CASE NO. IPC-E-08-11
COMPANY'S SO2 EMISSION PROCEEDS TO	)	
FUND AN ENERGY EDUCATION PROPOSAL	)	
	)	COMMENTS OF THE
	)	COMMISSION STAFF
	)	

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The Staff of the Idaho Public Utilities Commission, by and through its Attorney of Record, Donald L. Howell II, Deputy Attorney General, submits the following comments in response to Order No. 30699 issued on December 11, 2008.

### BACKGROUND

On April 14, 2008, the Commission issued Order No. 30529 concerning the appropriate disposition of the proceeds from the sale of Idaho Power Company's sulfur dioxide (SO2) emission allowances in calendar year 2007. In its Order, the Commission reserved \$500,000 of the SO2 proceeds to possibly fund an energy education program proposed by the Idaho Energy Education Project (IEEP). On July 16, 2008, the Commission convened a Status Conference so that IEEP and other interested parties could provide more detail about developing energy education programs. On January 8, 2009, the Commission convened an Additional Workshop

for Idaho Power to present an overview of its existing energy efficiency education efforts and its energy efficiency programs available to schools.

### **THE INITIAL STATUS CONFERENCE**

At the conference held on July 16, 2008, the Idaho Office of Energy Resources (OER) submitted a proposal for the Commission's consideration. OER indicated that the proposal was prepared in cooperation with the Idaho Department of Education (DOE, aka State Department of Education/SDE) and with Idaho Power Company. Under the OER-DOE proposal, the \$500,000 in SO2 proceeds would be divided into two equal amounts. Half of the funds would be used to develop and implement an energy efficiency curriculum for schools. The DOE would ensure that the energy curriculum would meet Idaho educational "standards before implementing a program in K-12 schools statewide." During this curriculum phase, DOE would also determine the best school grade(s) in which to implement such a program.

DOE envisioned integrating the energy curriculum into classrooms by using the "train-the-trainer" model. Under the OER-DOE proposal, two teachers would be initially selected to develop the curriculum and those two teachers would then train up to 30 more teachers per workshop. The agencies estimated having 30 workshops during a two-year period. The agencies anticipated that administering the education portion of the energy proposal would require 0.8 of a full-time employee (FTE) for the two-year period.

The second part of the OER-DOE proposal would be to make \$250,000 available for schools in Idaho Power's service territory to implement/construct specific energy efficiency projects. Such measures might include conservation (lighting, heating, building construction) projects or energy generation (solar or wind) projects. OER estimated that there are approximately 62 public school districts in Idaho Power's service territory with more than 350 buildings. By augmenting Idaho Power's existing energy efficiency project for schools with the additional \$250,000, OER asserted that the additional funds will produce greater energy savings for participating schools than relying on Idaho Power's existing programs alone. OER anticipated that administration of the project component would require 0.5 FTE for one year. The estimated costs for both components of the OER-DOE proposal are set out below.

<b>Education Component</b>		<b>Project Component</b>	
Develop Curriculum	\$ 80,000	Marketing	\$ 13,989
Select 2 Training Teachers	10,000	Project Funds	185,000
Train-the-Trainer Workshops	50,000	Admin/Overhead	51,011
Admin/Overhead	110,000		
<b>TOTAL</b>	<b>\$250,000</b>	<b>TOTAL</b>	<b>\$250,000</b>

At the initial conference, Idaho Power did not present a proposal or provide additional detail regarding its existing Community Education Program for schools. Instead, the Company said it was prepared to support whatever the Commission decided. The Company does have employees who make presentations at schools in its service territory about utility matters, safety, generation and energy efficiency. Idaho Power also provides funding for energy conservation projects in schools. The Company indicated that its existing programs "fit very well with the goals" of the OER-DOE proposal.

In reaction to the OER-DOE proposal, participants generally voiced support for energy education and offered constructive criticism of the proposal. Others suggested that the school energy projects should be designed to engage the students at the project schools. Finally, some participants expressed concern about the agencies' estimated administrative costs. The Commission subsequently scheduled another conference so that Idaho Power could present its school programs.

### **THE SECOND CONFERENCE (WORKSHOP)**

At the workshop held on January 8, 2009, Idaho Power presented an overview of its existing programs, including energy efficiency education efforts for students, programs to improve the energy efficiencies of school facilities, and "Solar 4R Schools" program. Idaho Power also presented an Energy Efficiency Education Concept Proposal (Proposal) that would fully utilize the \$500,000 of SO2 proceeds over two years. The Company's two-year Proposal has three parts:

- 1) Expand the scope and number of mini home audits for students and have more in-depth follow-up in the classroom. Assemble classroom energy kits that include an actual kilowatt/kilowatt-hour/volt/amp/etc. meter for each student in the class to take home. Classroom exercises would teach meter reading, including AMI, and how to calculate electricity usage in the home by various appliances. Kits would be distributed to about

100 classrooms each year by Idaho Power's five existing community education representatives. Assuming an average of 30 students per classroom, this component of the Proposal would cost \$90,000 per year or \$180,000 over two years and would not require any additional Idaho Power personnel.

- 2) Have students assist in energy audits of school facilities and have students make recommendations for implementing energy efficiency measures. Students would build and present business cases for their schools' decision makers. Idaho Power's existing financial incentives for commercial energy efficiency would be available to assist in funding of student recommendations adopted through this "learning lab" process. The cost of this new component for marketing, technical assistance, workshops and ½ FTE for a new program specialist would be \$85,000 per year or \$170,000 over two years.
- 3) Include two additional projects in Idaho Power's existing "Solar 4R Schools" program and provide funding for additional classroom kits and training. The cost of this expansion would be \$75,000 per year, or \$150,000 over two years, for materials and training. This would double the number of solar installations per year.

## **STAFF REVIEW**

Staff believes that educating students and their parents about energy use, waste, measurement and costs is the best long-term opportunity to increase energy efficiency. The Idaho Energy Education Project (IEEP) should be commended for recommending that some of the SO2 funds be used to involve students in improving the efficient use of energy in their schools. IEEP's recommendation prompted the Idaho Office of Energy Resources and the State Department of Education to submit a thoughtful proposal. After reviewing all of the proposals, Staff believes that Idaho Power's three-part proposal for using \$500,000 of SO2 funds for energy efficiency education has the best opportunity to result in cost-effective energy savings for Idaho Power's customers.

Although Staff believes that Idaho Power's three components have varying likelihoods for achieving cost-effectiveness, we conclude that all three components have merit. They should each be implemented as generally suggested in Idaho Power's "Energy Efficiency Education Concept Proposal" dated 1/8/2009. However, Staff notes that none of the three components in the Company's proposal include an evaluation process or follow-up report. Post-implementation

evaluations are a necessary part of good program management. It is not clear whether Idaho Power intended to include an evaluation of the three proposed educational components in its overall evaluation budget for all of its demand side management (DSM) programs.

Component 1 of Idaho Power's Proposal (to expand the scope and number of existing mini home audits by distributing educational materials, including kilowatt meters, to each student in a classroom) should provide opportunity for the Company to measure any electricity consumption changes in thousands of students' homes. Staff estimates that about 6,000 students will participate during the two years of this program. If the student education "pilot" program proves to produce cost-effective electricity savings, a broader-based program to distribute kilowatt meters to all interested customers could follow.<sup>1</sup> However, regardless of whether the savings from the student "pilot" are measurable and cost-effective in the short-term, the long-term educational effect of the meters and the classroom instruction will be beneficial, if not precisely measurable, in the decades that follow.

Component 2 of Idaho Power's Proposal (to initiate energy efficiency audits of school facilities by students) appears to promise both short-term, measurable energy savings as well as long-term educational benefits. Although Idaho Power's research revealed that other utilities cautioned that this type of education program can take several years to fully develop, Staff believes it has the potential to produce results consistent with the goals in both IEEP's original proposal and the OER-DOE joint proposal.

Component 3 of Idaho Power's Proposal (to expand the existing Solar 4R Schools program) is the least compelling of the three components in its proposal. Staff's ambivalence is because solar generation of electricity is not yet generally a cost-effective energy resource, especially for buildings where electricity distribution facilities are already in place or are readily available. However, Staff believes that solar generation will become more cost-effective in the future and that solar (or renewable energy) education may be cost-effective in the long-term. Staff is also aware that Idaho Power proposed in Case No. IPC-E-08-03 that it be allowed to expand the use of its energy efficiency tariff rider funds to include promotion of small-scale renewable electricity generation (e.g. photovoltaic) that is claimed to be cost-effective from the utility perspective, but not necessarily cost-effective from total resource or participant perspectives. Commission Order No. 30560 denied that request, but stated that Idaho Power,

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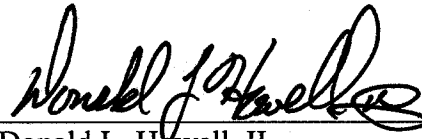
<sup>1</sup> Staff has previously suggested to Idaho's utilities that they consider a broad-based kilowatt meter program.

Staff and other parties should discuss the idea further. Staff believes that it is more appropriate to expand the Solar 4R Schools program using a portion of the SO2 funds than it would be to allow Energy Efficiency Rider funds to knowingly be used for resources that are not yet cost-effective for participants. Staff contends that it is important for Rider funds to be used only for programs that are cost-effective not only from the utility perspective but also from the total resource and participant perspectives to avoid risking the credibility of all of its rider-funded programs.

#### **STAFF RECOMMENDATION**

In summary, Staff recommends that the Commission allow Idaho Power to use SO2 funds of \$500,000 plus the accumulated interest to implement its three-part proposal in approximately the manner suggested in its "Energy Efficiency Education Concept Proposal." Staff also recommends that the Company be required to evaluate the short-term cost-effectiveness and long-term potential of these programs in a manner consistent with good program management.

Respectfully submitted this 5<sup>th</sup> day of February 2009.



Donald L. Howell, II  
Deputy Attorney General

Staff: Lynn Anderson

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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 5TH DAY OF FEBRUARY 2009, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-08-11, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

BARTON L KLINE  
LISA D NORDSTROM  
IDAHO POWER COMPANY  
PO BOX 70  
BOISE ID 83707-0070  
E-MAIL: [bkline@idahopower.com](mailto:bkline@idahopower.com)  
[lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)

JOHN R GALE  
VP – REGULATORY AFFAIRS  
IDAHO POWER COMPANY  
PO BOX 70  
BOISE ID 83707-0070  
E-MAIL: [rgale@idahopower.com](mailto:rgale@idahopower.com)

  
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SECRETARY

CERTIFICATE OF SERVICE