

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF IDAHO POWER COMPANY FOR A)	CASE NO. IPC-E-13-08
DETERMINATION OF 2012 DEMAND-SIDE)	
MANAGEMENT EXPENDITURES AS)	NOTICE OF APPLICATION
PRUDENTLY INCURRED)	
)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 32810

On April 3, 2013, Idaho Power Company applied for an Order establishing that it prudently incurred \$46,356,160 in demand-side management (“DSM”) expenses in 2012, including \$25,857,603 in Idaho Energy Efficiency Rider expenses, \$6,019,109 in Custom Efficiency program incentive expenses, and \$14,479,447 of demand response program incentive expenses. Application at 1. The Company submitted a copy of its DSM 2012 Annual Report and testimony in support of its Application. The Company asks the Commission to process the Application under Modified Procedure. *Id.* at 9.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company says it has implemented or manages wide ranging opportunities for all customer classes to participate in DSM activities, consistent with the Commission’s direction that the Company pursue DSM programs to promote energy efficiency. The Company says it uses DSM programs to: (1) provide customers with programs and information to help them manage their energy usage, and (2) achieve prudent cost-effective energy efficiency and demand response resources to meet the Company’s electrical system’s energy and demand needs. Idaho Power consults with an Energy Efficiency Advisory Group that provides a broad range of recommendations, including input on new program proposals, modifications to existing programs, and overall expenditures of DSM funds. *Id.* at 2.

YOU ARE FURTHER NOTIFIED that the Company says it has progressively increased the breadth and funding level of its DSM activities since the Rider was implemented in 2002. The Company also notes that the Commission found the Company prudently incurred cost-effective, DSM-related Rider expenses of \$29 million from 2002-2007, \$50.7 million from

2008 and 2009, \$41.9 million in 2010, and \$42.5 million in 2011. *Id.* at 2-3, *citing* Order Nos. 30740, 31039, 32113, 32331, 32667 and 32690.

YOU ARE FURTHER NOTIFIED that in the latter two Orders, the Commission also declined to decide the reasonableness of the Company's increase in Rider-funded, labor-related expense included in the 2011 DSM expenses until the Company provides evidence by which to better assess the reasonableness of those expenses. In this Application, the Company says it has included the evidence requested by the Commission. *Id.* at 3 and 8. In light of this evidence, the Company says this Application's \$25,857,603 in Idaho Rider expenses include the previously excluded 2011 increase in Rider-funded labor-related expenses. This Application also quantifies the corresponding amount of increase in 2012 Rider-funded labor-related expenses, as measured from the 2012 labor expense level. *Id.* at 9.

YOU ARE FURTHER NOTIFIED that the Application says that in 2012, the Company continued its DSM programs to increase participation and facilitate energy savings. The Company's DSM programs included energy efficiency programs, demand response programs, market transformation programs, and educational initiatives. The Company says 13 of its 15 energy efficiency programs in Idaho were cost-effective; the Weatherization Assistance for Qualified Customers and the Weatherization Solutions for Eligible Customers programs were not cost-effective. The Company says all three of its demand response programs are cost-effective from a long-term perspective, but that the A/C Cool Credit program was not cost-effective in 2012. *Id.* at 3-4. The Company says its efficiency activities produced 170,228 MWh in energy savings in 2012. *Id.* at 3.

YOU ARE FURTHER NOTIFIED that the Company attached its DSM 2012 Annual Report to the Application. The DSM Report discusses the cost-effectiveness of the Company's DSM programs and energy savings measures, as well as financial information separated by expense category and jurisdiction. *Id.* at 5. The Company examines a program's cost-effectiveness using the following four tests: (1) the total resource cost test ("TRC"); (2) the utility cost test ("UCT"); (3) the participant cost test ("PCT"); and (4) the ratepayer impact measure ("RIM"). *Id.*¹ The DSM Report also describes the Company's plans to evaluate its

¹ The four tests compare a program's cost-effectiveness from different perspectives. In summary, the TRC compares program administrator and customer costs to utility resource savings, and assesses whether the total cost

DSM programs, and contains copies of completed evaluation reports and research reports. *Id.* The DSM Report also describes each DSM program, including 2012 activities, along with customer satisfaction and process, impact, and market-effect evaluations. *Id.* at 6.

YOU ARE FURTHER NOTIFIED that the Company says independent, third-party consultants provide impact and process evaluations to verify that program specifications are met, recommend improvements to the programs, and validate program-related energy savings. *Id.* at 8. In 2012, impact evaluations were completed on six programs and a process evaluation was completed on one program. Third-party consultants researched cycling strategies for the A/C Cool Credit program and evaluated measure assumptions for the Irrigation Efficiency Rewards program. Additionally, Idaho Power analyzed the FlexPeak Management and Irrigation Peak Rewards programs and has submitted corresponding reports with the Application. *Id.*

YOU ARE FURTHER NOTIFIED that the Company says that when it calculated the prudently incurred expenses referenced in the Application, it adjusted some of the amounts set forth in the DSM Report. Specifically, the Company included an \$82,856 adjustment for the disallowance of 2011 expenses in the A/C Cool Credit program; accounting corrections that principally reflect incentives paid to customers from the Idaho Rider that should have been charged to the Oregon Rider; an adjustment deferring a determination of prudence for some expenses incurred in 2012; and an exclusion of incentive payments paid to program participants that did not meet program requirements. Additionally, \$3,512 of the incentives paid to customers from the Idaho Rider, which should have been charged to the Oregon Rider, occurred in 2011. The Company asks the Commission to reflect this adjustment in its records as necessary. *Id.* at 7.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201-204. The Commission notes that Modified Procedure and

of energy in a utility's service territory will decrease. The UCT compares program administrator costs to supply-side resource costs, and assesses whether utility bills will increase. The PCT compares the costs and benefits of the customer installing the measure, and assesses whether program participants will benefit over the measure's life. The RIM measures the impact to customer bills or rates due to changes in utility revenues and operating costs caused by an energy efficiency program.

written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or in opposition with the Commission **by August 20, 2013**. The comment must contain a statement of reasons supporting the comment.

YOU ARE FURTHER NOTIFIED that the Company and other interested parties have **fourteen (14) days after the initial comment period to file reply comments**.

YOU ARE FURTHER NOTIFIED that persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application may be mailed to the Commission and Idaho Power at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, Idaho 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

Julia A. Hilton
Lisa D. Nordstrom
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PO Box 70
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These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to Idaho Power at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit

set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices or on the Commission's web site at www.puc.idaho.gov by clicking on "File Room" and then "Electric Cases."

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 et seq.

ORDER

IT IS HEREBY ORDERED that this matter be processed by Modified Procedure, IDAPA 31.01.01.201-.204. Persons interested in submitting written comments in this matter must do so by August 20, 2013.

IT IS FURTHER ORDERED that Idaho Power may file reply comments (if necessary) within 14 days after the initial comment period.

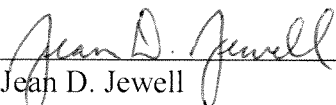
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 21ST
day of May 2013.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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