

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF IDAHO POWER</b>	)	
<b>COMPANY'S APPLICATION FOR</b>	)	<b>CASE NO. IPC-E-14-38</b>
<b>AUTHORITY TO FUND ITS CONTINUED</b>	)	
<b>PARTICIPATION IN THE NORTHWEST</b>	)	
<b>ENERGY EFFICIENCY ALLIANCE</b>	)	
<b>THROUGH THE ENERGY EFFICIENCY</b>	)	<b>ORDER NO. 33210</b>
<b>RIDER FOR 2015-2019</b>	)	

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On October 29, 2014, Idaho Power Company filed an Application requesting authorization to continue its participation in the Northwest Energy Efficiency Alliance (NEEA) for 2015-2019. NEEA is a non-profit organization that encourages energy efficiency in the Northwest through market transformation by promoting energy efficient products, services, and practices, and by working in concert with the regional utilities through which NEEA is funded. Application at 1-2. Idaho Power requests that its participation in NEEA continue to be funded by the Energy Efficiency Tariff Rider (Schedule 91), a mechanism initiated in 2002 for recovering the costs of Idaho Power's demand-side management (DSM) programs. *See* Order No. 29026.

On November 26, 2014, the Commission issued a Notice of Application and Notice of Modified Procedure. Order No. 33185. The Industrial Customers of Idaho Power and Snake River Alliance filed written comments, as did the Commission Staff. Idaho Power advised Staff it did not intend to file a reply.

**BACKGROUND**

The Commission first approved Idaho Power's participation in NEEA in 1997, and required the Company to defer recovery of its expenditures. Order No. 27045. The Commission later found that participation in NEEA was prudent, and authorized Idaho Power to establish a reserve of accumulated revenue sharing balances to reimburse it for deferred NEEA expenditures from 1997-1999. Order No. 27877. In 2000, the Commission approved Idaho Power's continued participation in NEEA for 2000-2004, allowing Idaho Power to recover its participation costs through revenue sharing funds. Order No. 28333. In 2002, the Commission authorized the Company to recover the costs for DSM programs and NEEA participation from the Energy Efficiency Tariff Rider. Order No. 29026.

The Commission increased Idaho Power's Energy Efficiency Rider in 2005 so the Company could expand its energy efficiency programs and continue participation in NEEA for 2005-2009. Order No. 29784. In 2009, the Commission approved a stipulation between Idaho Power and Commission Staff, finding the \$4 million Idaho Power paid to NEEA during 2002-2007 was prudently incurred. Order No. 30740. In 2010, the Commission again approved Idaho Power's request for continued participation in NEEA for 2010-2014. Order No. 31080. In that Order, the Commission noted that – as recognized by Idaho Power – “The Commission’s approval of the Company’s continued participation in NEEA, and the use of Rider funds to pay for that participation, is not a determination of prudence.” *Id.* at 7. Rather, “when Idaho Power in the future requests a Commission determination that its use of Rider funds was prudent, it must demonstrate a sufficient benefit to customers resulted from the Company’s participation in NEEA.” *Id.*

## **THE APPLICATION**

Idaho Power's current Application describes the main components of NEEA's business plan for 2015-2019. The Company identifies the NEEA activities that it believes will benefit its customers most, including: (1) activities of the University of Idaho Integrated Design Lab; (2) Top Tier Trade Ally Advanced Training; (3) commercial lighting initiatives, (4) residential retail product portfolio; and (5) residential new construction. Application at 6. Idaho Power's Application points out that the Company and NEEA have negotiated a Regional Energy Efficiency Initiative Agreement to help ensure that the Company's energy efficiency expenditures are prudent – that is, that they are reasonable and effective. *Id.* at 6-7. The Company attached the Agreement to its Application. Application, Attachment 3.

Idaho Power has committed to fund NEEA based on a quarterly estimate of expenses up to the five-year total direct funding amount of \$13,450,835. Application at 9. This amount is 8.97% of NEEA's \$145-169 million budget for 2015-2019. Section 2 of the Agreement obligates NEEA to deliver 145 average megawatts (aMW) of energy savings, of which at least 8.97% must be developed in Idaho Power's service area and reported by zip code. *Id.* at 7-8.

## **THE COMMENTS**

### ***A. Staff Comments***

Staff reviewed the Company's Application, direct testimony, and Agreement with NEEA. Staff also reviewed prior NEEA accomplishments, NEEA's current proposal, and Idaho

Power's explanation why it opted out of participating in selected NEEA programs and activities. Staff was concerned that Idaho Power's decisions to opt out of programs and activities could affect its ability to obtain additional cost-effective energy savings. However, NEEA does provide cost-effective energy savings, consistent with prior Commission Orders directing Idaho Power "to pursue all cost-effective DSM programs." *See* Order No. 32953 at 10. Accordingly, Staff recommended the Commission approve Idaho Power's Application to authorize its continued participation in NEEA for 2015-2019, funded through the Energy Efficiency Rider, but subject to prudence review.

In its comments, Staff highlighted NEEA's successes in promoting energy efficiency practices in the Northwest. Staff Comments at 3. Staff summarized the terms of Idaho Power's Regional Energy Efficiency Initiative Agreement with NEEA. *Id.* at 7-8. Staff noted that the Company's total investment in NEEA for the 2015-2019 funding cycle decreased from \$16.5 million to \$13.5 million. *Id.* at 7. Idaho Power's investment represents about 8.96% of NEEA's total budget. *Id.* at 7.

Staff also summarized NEEA's 2015-2019 business plan, which identifies four core strategic markets, and four optional programs. *See id.* at 4-5. The four optional programs are: (1) Top Tier Trade Ally Advance Training (TTTA), (2) Commercial Real Estate and Existing Building Renewal (CRE/EBR), (3) Industrial Technical Training, and (4) Marketing and Stakeholder Relations. *Id.* Of these four programs, Idaho Power opted to fund only the TTTA. *Id.* at 5. Funding the other three programs would have committed the Company to an additional \$1,679,320 over the five-year cycle. *Id.* The four optional programs are described below.

1. TTTA. This program targets commercial lighting contractors, training resources, and utility programs to accelerate market adoption of advanced lighting practices. *Id.* at 4. Idaho Power elected to fund this program.

2. CRE/EBR. The focus of this program is to engage and leverage strategic partnerships between property owners and managers that will advance energy efficiency. Idaho Power has opted out of this program because it believes this program focuses on large commercial office buildings that are not as prevalent in Idaho. *Id.* at 5. Staff acknowledged it is difficult to convince building owners to invest in energy efficiency projects because energy bills are often paid by office building tenants. *Id.*

Staff noted that the CRE/EBR program was successful in its 2013 local implementation of the national program “Kilowatt Crackdown” – a competition between commercial office buildings to save the most energy. *Id.* Despite the program’s success in encouraging energy efficiency awareness and behavioral change, Staff recognized that NEEA is not offering Kilowatt Crackdown in its 2015-2019 business plan. *Id.* at 6. Staff encouraged Idaho Power to implement a similar program that would extend beyond the usual direct incentive offerings. *Id.*

3. Industrial Technical Training. Through this program, NEEA contracts with a third party to offer webinars and in-person industrial technical trainings in Idaho Power’s service territory. *Id.* Idaho Power opted out of the program, stating that it can offer similar training at a lower cost, but acknowledged it does not plan to offer webinars. *Id.* Staff believes it is appropriate for the Company to offer lower cost trainings than would be offered (through third-party contractors) with NEEA, provided that such trainings are equally cost-effective. *Id.* However, because webinars can be a cost-effective and convenient way to reach customers, Staff expressed concern that webinars will not be offered by Idaho Power. *Id.* Staff indicated it will revisit the Company’s Industrial Technical Education programs in Idaho Power’s next DSM prudency review. *Id.*

4. Marketing and Stakeholder Support. Staff has been critical of Idaho Power’s DSM marketing practices, most recently in the Company’s 2013 DSM Prudency review. *See* Staff Comments at 7 *citing* Staff Comments in Case No. IPC-E-14-04. After reviewing third-party evaluations, Staff stated in that prior case that “the lower customer awareness is likely related to uncoordinated and insufficient marketing practices.” *Id.* Here, Staff reported that Idaho Power’s decision to opt out of NEEA’s Marketing and Stakeholder Support “leaves Idaho Power responsible for creating all marketing, such as website development, press releases, consumer awareness campaigns, point of purchase design and development, and product display programs for NEEA’s downstream programs.” Staff Comments at 7. Staff expressed concern that these “are the same type of marketing tasks that Staff believes the Company needs to improve upon.” *Id.* Staff suggested that Idaho Power could “use NEEA funding savings (approximately \$800,000 over 5 years) to bolster marketing and customer awareness of all Idaho Power energy efficiency offerings.” *Id.*

In sum, with reservations noted, Staff recommended the Commission authorize Idaho Power to fund NEEA through the Idaho Energy Efficiency Rider for the 2015-2019 funding cycle.

### ***B. Snake River Alliance Comments***

The Snake River Alliance (SRA) stated, “NEEA is deservedly recognized for helping to secure significant energy savings since 1997.” SRA Comments at 2. SRA applauded Idaho Power’s successful negotiation of its Agreement with NEEA, but expressed concern that Idaho Power “initially balk[ed] at continuing to fund NEEA,” before seeking approval to continue funding NEEA. *Id.* Thus, SRA quoted approvingly from Idaho Power’s witness Warren Kline, who acknowledged in his direct testimony that “Idaho Power can better leverage its market transformation investment by building on NEEA’s pooled resources suppliers, market research, and program design in the four-state area.” *Id.* (quoting Kline Direct at 4). SRA concluded, “We are grateful that Idaho Power was able to reconsider its earlier decision to withdraw its NEEA funding upon the end of the 2010-2014 funding cycle . . . and we recommend that the Commission approve Idaho Power’s application.” *Id.* at 3.

### ***C. Comments of the Industrial Customers of Idaho Power***

In its comments, the Industrial Customers of Idaho Power (ICIP) addressed Idaho Power’s decision not to fund the Industrial Technical Training program. ICIP Comments at 2-3. ICIP stated that technical training has been a valued element of Idaho Power’s conservation portfolio, and ICIP “applauds the Company’s intention to continue the program.” *Id.* at 3. More specifically, ICIP “supports the Company leaving NEEA for this program and providing the training itself rather than relying on NEEA.” *Id.* ICIP believes Idaho Power “has a unique knowledge of the industrial customers in its service territory and will be able to tailor the classes and webinars to better address its customers’ specific needs.” *Id.* In ICIP’s opinion, NEEA’s 25-participant limit was too restrictive; ICIP thus approved of Idaho Power’s “decision to remove the attendance cap.” *Id.* at 3-4. In sum, ICIP supports approval of Idaho Power’s application.

## **DECISION AND FINDINGS**

The Commission has reviewed the Application, attachments, and the comments of Staff, SRA, and ICIP. Based upon our review, we have determined it is appropriate to approve Idaho Power’s continued participation in NEEA as requested. We specifically find:

1. The Commission has encouraged Idaho Power to fund cost-effective DSM and energy efficiency programs, and Idaho Power's continued participation in NEEA is consistent with our prior Orders to this effect. *See* Order Nos. 32953, 31080, 29784.

2. Although we are approving Idaho Power's Application, we agree with Staff that the Company's marketing practices have suffered from general insufficiency and lack of coordination. We therefore share Staff's concern about Idaho Power opting out of NEEA's Marketing and Stakeholder Support. In approving the Company's continued participation in NEEA, the Commission expects that Idaho Power will bolster its marketing and customer awareness efforts by using NEEA funding savings.

3. Consistent with prior Orders, our approval of Idaho Power's continued participation in NEEA, and the use of Rider funds to pay for that participation, is not a determination of prudence. Order No. 31080 at 7. For a future determination that its use of Rider funds was prudent, Idaho Power must demonstrate that customers received a sufficient benefit from the Company's participation in NEEA.

4. If Idaho Power later concludes NEEA is not a cost-effective resource, or if it decides to decrease or discontinue funding NEEA, the Company shall notify the Commission as soon as possible.

### **ORDER**

IT IS HEREBY ORDERED that Idaho Power's request to continue its participation in NEEA for 2015-2019, funded through the Energy Efficiency Rider, is approved as requested in the Application, conditioned upon a subsequent prudence review.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

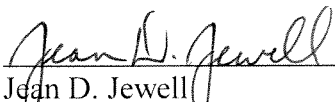
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 8<sup>th</sup>  
day of January 2015.

  
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PAUL KJELLANDER, PRESIDENT

  
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MARSHA H. SMITH, COMMISSIONER

  
\_\_\_\_\_  
MACK A. REDFORD, COMMISSIONER

ATTEST:

  
\_\_\_\_\_  
Jean D. Jewell  
Commission Secretary

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