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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for the Industrial Customers of Idaho Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE) **CASE NO. IPC-E-15-06**
APPLICATION OF IDAHO POWER)
COMPANY FOR DETERMINATION OF) COMMENTS OF THE INDUSTRIAL
2014 DEMAND-SIDE MANAGEMENT) CUSTOMERS OF IDAHO POWER
("DSM") EXPENDITURE AS)
PRUDENTLY INCURRED)
_____)

COMES NOW, the Industrial Customers of Idaho Power ("ICIP") pursuant to that Notice Application and Notice of Modified Procedure issued by the Idaho Public Utilities Commission ("Commission") on April 14, 2015, and hereby provides the following comments on Idaho Power Company's ("Idaho Power" or the "Company") application for approval of prudently incurred 2014 demand-side management ("DSM") expenditures. On March 13, 2015, Idaho Power filed its Application for an order designating \$33,495,385 in demand-side management expenses, including \$25,554,688 in Idaho Energy Efficiency Rider ("Rider") expenses and \$7,940,697 in demand response program expenses as prudently incurred. If the Commission finds the DSM expenses are prudently incurred, it should allow the Company to

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recover the expenditures in customer's rates. On the other hand, any imprudently incurred expenses should be disallowed and those costs borne by the utility's shareholders.

COMMERCIAL AND INDUSTRIAL ENERGY EFFICIENCY PROGRAMS

The ICIP have participated in and encouraged Idaho Power's energy efficiency programs ("EE") in the past and support and encourage continuance of the programs in the future. The commercial and industrial demand-side programs are not only important to ICIP members, but also for the conservation efforts of the Company as a whole and all of its rate payers. Idaho Power's Application states the primary driver for the 33 percent increase in energy savings, on a system wide basis, for 2014 over 2013¹ was in the industrial sector.

6. On a system-wide basis, Idaho Power achieved 138,670 megawatt-hours (.MWh") of incremental annual energy efficiency savings in 2014. This value includes 118,670 MWh from Idaho Power's energy efficiency programs and an estimated 20,000 MWh of energy efficiency market transformation savings through NEEA initiatives. The increase in the 2014 savings was driven primarily by industrial sector program savings and to a lesser degree from the residential sector.²

For the Commercial and Industrial classes combined, (Schedules 7, 9, and 19) energy efficiency program expenditures totaled \$11,582,269 which purchased a total energy savings in the amount of 78,939,605 kWh.³ Therefore the Commercial and Industrial classes were 57% of total EE expenditures but contributed 66% of the energy savings.

Among the Commercial and Industrial EE programs, in terms of energy savings, the Custom Efficiency program was by far the most successful. It had the largest energy savings in 2014 with 50,363 MWh (the next highest program was Easy Upgrades with 19,118 MWh).⁴ Custom Efficiency was also one of the most cost effective programs on Idaho Power's system.

¹ Direct Testimony of Idaho Power witness Darlene Nemnich, p. 3.

² Idaho Power Application, IPC-E-15-06, p. 3, citations omitted.

³ Idaho Power 2014 DSM Annual Report, Table 2, p., 12.

⁴ Id, at Table 11, p. 11.

Idaho Power applies four Cost/Benefit (C/B) measures to the MWh savings to determine the cost effectiveness of each program in the Company's DSM portfolio. Custom Efficiency is one of only three programs, along with the Irrigation Efficiency and Home Products programs, to have all four C/B measures (UC, TRC, PCT, RIM) greater than one. Thus, by any test used, it is cost effective. Of the three programs with all four measures over 1.0, the Custom Efficiency saves by far the most energy on a MWh basis with 50,363 MWh, versus Irrigation Efficiency with 18,464 MWh, and Home Products with 652 MWh.⁵

Therefore, the energy efficiency program offered by Idaho Power to the ICIP members, as well as other business customers, has been shown to be the most effective in terms of the amount of electric power saved in a cost effective manner. The ICIP appreciates Idaho Power's efforts with these programs and encourages the Company to not only continue but expand these types of cost effective energy conservation programs.

THE DSM RIDER PROJECTED SURPLUS

According to the testimony of Company witness Darlene Nemnich, the adjusted Energy Efficiency Rider balance, as of December 31, 2014, is a negative \$781,078.⁶ This balance is the result of 2014 collections, with interest, of \$38.1 million, expenditures of \$25.6 million, and the Commission authorized transfer of \$20.0 million to the 2014/2015 PCA. At the current level of Rider accrual and rate of DSM expenditures, the Rider account will end 2015 with a surplus of \$11.7 million.

This surplus in the account is becoming an ongoing pattern. In Case No. IPC-E-14-05 (2014/2015 PCA) the Company projected, "an estimated surplus of \$9.8 million at May 31, 2015".⁷ The 2015 estimated surplus is nearly \$12 million. This pattern should concern the Commission. Chronic surpluses (or deficits for that matter) suggest there are systemic problems in management of the funds. If there are more cost effective DSM opportunities available, then the ICIP encourages the Company to acquire those opportunities with the funds it has been entrusted for those purposes. The ICIP is willing to work with the Company, the Commission

⁵ Ibid, Supplement 1, Table 3, p. 13.

⁶ Nemnich, DI Table 7, p. 18.

⁷ Direct Testimony of Idaho Power witness Timothy Tatum, IPC-E-14-05, p. 27.

Staff, and other stake holders to pursue additional cost effective DSM programs.

RESPECTFULLY SUBMITTED this 7th day of May 2015.

RICHARDSON ADAMS, PLLC

By 
Peter J. Richardson on behalf of
the Industrial Customers of Idaho Power

CERTIFICATE OF SERVICE

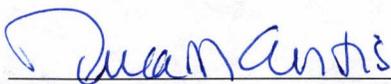
I hereby certify that on the 7th day of May 2015, copies of the foregoing Comments of the Industrial Customers of Idaho Power in Docket No. IPC-E-15-06 were hand delivered to:

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