

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. IPC-E-15-06
OF IDAHO POWER COMPANY FOR A)	
DETERMINATION OF 2014 DEMAND-SIDE)	NOTICE OF APPLICATION
MANAGEMENT EXPENDITURES AS)	
PRUDENTLY INCURRED)	NOTICE OF
)	INTERVENTION DEADLINE
)	
)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 33273

On March 13, 2015, Idaho Power Company applied to the Commission for an Order establishing that, in 2014, the Company prudently incurred \$33,495,385 in demand-side management (DSM) expenses, including \$25,554,688 in Idaho Energy Efficiency Rider expenses and \$7,940,697 in demand response program expenses. A utility incurs DSM expenses by developing and operating programs that are designed to reduce or shift customers' energy consumption and improve their efficient use of energy. In general, the Commission will allow the utility an opportunity to recover its DSM expenses through rates if the Commission finds that the expenses were prudently incurred. If, however, the Commission finds any of the DSM expenses were not prudently incurred, then it will not allow the utility to recover those expenses through rates, and the disallowed expenses will be borne by the utility's shareholders and not by customers.

With this Order, the Commission summarizes the Application, directs that it be processed under the Commission's Rules of Modified Procedure and sets deadlines for interested persons to intervene as parties in the case or to otherwise file written comments.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company says its 2014 DSM efforts included Northwest Energy Efficiency Alliance (NEEA) market transformation activities, 18 energy efficiency programs (16 in Idaho, 2 in Oregon), 3 demand response programs, and several educational initiatives. The Company states these efforts increased the Company's annual energy savings by 33% and exceeded the savings target specified in the Company's Integrated

NOTICE OF APPLICATION
 NOTICE OF INTERVENTION DEADLINE
 NOTICE OF MODIFIED PROCEDURE
 ORDER NO. 33273

Resource Plan. The Company says its DSM efforts saved 138,670 megawatt hours (MWh), including 118,670 MWh from energy-efficiency programs and 20,000 MWh from market transformation initiatives.

YOU ARE FURTHER NOTIFIED that the Company primarily attributes these energy savings to industrial sector DSM activities and, to a lesser extent, residential sector DSM activities. The Company reports it enrolled enough participants in its demand response programs to provide 390 MW of load shedding capacity, and that the programs ultimately reduced demand by 378 MW and saved customers about \$6.5 million.

YOU ARE FURTHER NOTIFIED that the Company funds its Idaho energy-efficiency programs through the Idaho Energy Efficiency Rider, base rates, and the annual Power Cost Adjustment (PCA). It funds its Idaho demand response programs through base rates and the PCA. With this Application, the Company asks the Commission to find that the Company prudently incurred \$33,495,385 in expenses to develop and run its DSM programs in 2014. The Company states these expenses include \$25,554,688 in Idaho Energy Efficiency Rider expenses and \$7,940,697 in demand response program incentive payments. The Company states it calculated these expenses after adjusting some of the amounts set forth in the DSM Report. Specifically, the Company maintains it excluded the following expenses from its prudence request: (1) \$338,707 in Rider-funded labor-related expenses; (2) \$248 in Home Energy Audit program labor expenses; and (3) \$1,153 in Energy House Calls Program incentives that were charged against the Idaho Energy Efficiency Rider when they should have been charged against the Oregon Rider. The Company also notes that it helped create a new market transformation plan for NEEA that should save 145 average MW from 2015 to 2019 while costing the Company's customers \$3 million less than they paid under NEEA's prior plan. The Company asks the Commission to reflect these adjustments in its records.

YOU ARE FURTHER NOTIFIED that the Company's Application describes the Company's evaluation of its DSM programs and whether they were cost-effective in 2014. The DSM Report discusses the cost-effectiveness of the Company's DSM programs and energy savings measures.

YOU ARE FURTHER NOTIFIED that the Company says it used the following benefit/cost tests to determine the cost-effectiveness of its energy efficiency programs and

measures: (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 test (“RIM”).¹ The Company reports that in 2014 its overall energy efficiency portfolio was cost-effective from a TRC and UCT perspective. Of the Company’s 16 Idaho energy efficiency programs, 11 programs passed the TRC and UCT, 2 programs failed the TRC but passed the UCT, and 3 programs failed both the TRC and UCT. Further, all energy efficiency programs with customer costs passed the PCT. In contrast to its assessment of the energy efficiency programs, when assessing the cost-effectiveness of its demand response programs the Company did not calculate a benefit/cost ratio. Rather, the Company determined the cost-effectiveness of its demand response programs based on the \$16.7 million demand response portfolio value specified in Commission Order No. 32923, and estimated that the programs would have remained cost-effective if fully dispatched.

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, and validate program-related energy savings. In 2014, impact evaluations were completed on five programs and process evaluations were completed on three programs.

YOU ARE FURTHER NOTIFIED that the Company’s Application describes the input that various stakeholders, including the Company’s Energy Efficiency Advisory Group, had in developing the Company’s DSM activities. The Company notes that stakeholder input in 2014 led the Company to increase the incentive paid under its commercial and industrial DSM programs and to change its commercial/industrial lighting measures. The Company, with input from the EEAG, also implemented or will implement two new energy efficiency programs and offerings.

¹ The four tests examine a program’s cost-effectiveness from different perspectives. In summary, the TRC compares program administrator costs and customer costs to utility resource savings, and assesses whether the total cost 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. Under these tests, a program or measure is deemed cost-effective if it has a benefit/cost ratio above 1.0.

YOU ARE FURTHER NOTIFIED that in the Company's last prudence filing, Case No. IPC-E-14-04, Staff and other parties questioned the Company's declining DSM marketing efforts and declining DSM expenditures. After noting that the Company had defended its actions, the Commission directed the parties to further explore these issues in the context of the Company's next Integrated Resource Plan filing. *See* Errata to Order No. 33161. In the present Application, the Company says it has responded to the Commission's direction by organizing an Energy Efficiency Advisory Committee to discuss these issues, and by investigating the extent to which transmission and distribution benefits result from energy efficiency measures and programs. The Company expects to discuss its preliminary findings at the June 2015 Integrated Resource Plan Advisory Committee meeting. The Company also says it will continue evaluating program delivery issues, and that Staff, customers, and others will be able to use the Energy Efficiency Advisory Committee as a forum at which Staff, customers, and other stakeholders can advise the Company about formulating, implementing, and evaluating energy efficiency programs and demand response programs.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers, testimonies and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and testimonies are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Open Electric Cases," and then click on the case number as shown on the front of this document.

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, including *Idaho Code* §§ 61-501 and -503. 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.*

NOTICE OF INTERVENTION DEADLINE

YOU ARE FURTHER NOTIFIED that persons desiring to intervene in this case for the purpose of presenting evidence or cross-examining witnesses must file a Petition to Intervene with the Commission, pursuant to Rule 72 and 73 of the Commission's Rules of Procedure

(IDAPA 31.01.01.000 *et seq.*), **no later than 14 days after the date of service of this Order.** Persons desiring to present their views without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or to other parties, as discussed below.

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 through .204.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission by **Thursday, May 7, 2015.** The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall 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

Lisa D. Nordstrom
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
Email: lnordstrom@idahopower.com
dockets@idahopower.com

Zachary L. Harris
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-mail: zharris@idahopower.com

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 "Case Comment or Question Form" under the "Consumers" tab, 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 the Company shall file reply comments, if any, by **Thursday, May 14, 2015**.

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.

ORDER

IT IS HEREBY ORDERED that this Application be processed under Modified Procedure, Rules 201-204, IDAPA 31.01.01.201-.204.

IT IS FURTHER ORDERED that persons desiring to intervene in this case for the purpose of presenting evidence or cross-examining witnesses must file a Petition to Intervene with the Commission, pursuant to Rules 72 and 73, IDAPA 31.01.01.72-73, no later than 14 days after the date of service of this Order.

IT IS FURTHER ORDERED that persons interested in submitting written comments must do so by May 7, 2015. The Company may file a reply no later than May 14, 2015.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 14th
day of April 2015.



PAUL KJELLANDER, PRESIDENT

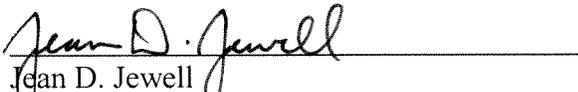


MACK A. REDFORD, COMMISSIONER



KRISTINE RAPER, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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