

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER) CASE NO. IPC-E-18-03
COMPANY’S APPLICATION FOR A)
DETERMINATION OF 2017 DEMAND-) NOTICE OF APPLICATION
SIDE MANAGEMENT EXPENSES AS)
PRUDENTLY INCURRED) NOTICE OF
) INTERVENTION DEADLINE
)
) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 34052

On March 15, 2018, Idaho Power Company (the “Company”) applied for a Commission order finding that the utility’s demand-side management (DSM) expenses for the year 2017 were prudently incurred. The Company seeks to recover \$44,145,316 in deferred costs for its DSM programs, which includes \$37,162,002 in Idaho Energy Efficiency Rider expenses, and \$6,983,314 in demand response program incentives. “DSM” generally refers to utility activities and programs that encourage customers (i.e., on the “demand-side” as opposed to the “generation side”) to use less overall energy or use less energy during peak usage hours. The Commission will allow the utility an opportunity to recover its DSM expenses through rates if the Commission finds the Company prudently incurred them. However, if the Commission finds the Company did not prudently incur DSM expenses, then it will not allow the Company to recover them through rates and the disallowed expenses will be borne by the utility’s shareholders and not by customers.

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YOU ARE HEREBY NOTIFIED that the Company states its 2018 DSM efforts included Northwest Energy Efficiency Alliance (NEEA) market transformation activities, energy efficiency programs, demand response programs, and several educational initiatives. Application at 3. The Company states these efforts increased the Company’s annual energy savings by 12% and exceeded the savings target specified in the Company’s Integrated Resource Plan. Application at 2. The Company noted its energy efficiency programs saved 191,478 megawatt hours (MWh), comprising 65,506 MWh from the residential sector, 85,425 MWh from the commercial/industrial

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sector, 16,888 MWh from the irrigation sector, and about 23,652 MWh from the NEAA initiatives. *Id.*

YOU ARE FURTHER NOTIFIED that the Company funds its Idaho programs through the Idaho Energy Efficiency Rider, base rates, and the annual Power Cost Adjustment (PCA). Application at 5. It funds its Idaho demand response incentive payments through base rates and the PCA. *Id.* With this Application, the Company asks the Commission to find that the Company prudently incurred \$44,145,316 in expenses to develop and run its DSM programs in 2017. *Id.* The Company states these expenses include \$37,162,002 in Idaho Energy Efficiency Rider expenses and \$6,983,314 in demand response program incentive payments. *Id.* The Company made one accounting adjustment for 2017 of \$89,304 relating to labor expenses not recorded as part of the Rider expense prior to disclosure of the 2017 accounting books. *Id.* at 6. The Company made five adjustments for 2016, including a decrease of \$56,571 related to the Weatherization Solutions for Eligible Customers Program and four other increases totaling \$43,185. *Id.*

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 2017. *Id.* at 7. The DSM Report discusses the cost-effectiveness of the Company's DSM programs and energy savings measures. *Id.* In support of its Application, the Company submitted prefiled testimony of Connie Aschenbrenner, Regulatory Analyst, an annual DSM report, the results of its cost-effectiveness analysis, and the third-party program evaluation reports. *Id.*

YOU ARE FURTHER NOTIFIED that the Company explains 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); and (3) the participant cost test (PCT).¹ *Id.* The Company reports that in 2017 its overall energy efficiency portfolio was cost-effective, passing the TRC, UCT, and PCT, with ratios of 2.50, 2.75, and 3.67 respectively. *Id.* Of the Company's 16 Idaho energy efficiency programs, 11 programs passed the

¹ The three 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.

TRC and UCT. Aschenbrenner Direct Testimony at 22. Further, all energy efficiency programs with customer costs passed the PCT with the exception of the Home Improvement Program which was discontinued on June 30, 2017. Application at 8. *Id.* Due to a lack of cost-effectiveness, the Fridge and Freezer Recycling Program ended on December 31, 2017. Application at 8. Although they are not cost-effective, Idaho Power intends to continue to work towards greater cost-effectiveness for the Weatherization Assistance for Qualified Customers Program, Weatherization Solutions for Eligible Customers Program, and the Heating and Cooling Efficiency Program, because they offer benefits that are difficult to quantify. *Id.*

YOU ARE FURTHER NOTIFIED that when assessing the cost-effectiveness of its demand response programs the Company did not calculate a benefit/cost ratio. *Id.* at 9. 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 cost approximately 11.1 million on a system-wide basis and are less than the value of the demand, calculated to be \$19.8 million. *Id.*

YOU ARE FURTHER NOTIFIED that the Company states independent, third-party consultants provide impact and process evaluations to verify that program specifications are met, recommend improvements, and validate program-related energy savings. *Id.* In 2017, two combined program impact evaluations and programs process evaluations were completed. *Id.* at 10.

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. 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.*

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YOU ARE FURTHER NOTIFIED that persons desiring to intervene in this matter to obtain parties' rights of participation must file a Petition to Intervene with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073. **Persons who wish to intervene as a party must file a Petition to Intervene no later than 21 days after the date of service of this Order.** Persons desiring to present their views without parties' rights of participation are not required to intervene and may present their comments without prior notification to the Commission or the parties, as described 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 **July 19, 2018**. 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 the Applicant 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
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
Email: jhilton@idahopower.com
dockets@idahopower.com

Connie Aschenbrenner
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-mail: caschenbrenner@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 the Company at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Company shall file reply comments, if any, by **August 2, 2018**.

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.

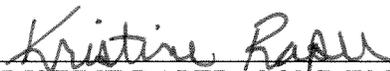
IT IS FURTHER ORDERED that persons desiring to intervene in this case for the purpose of obtaining parties' rights of participation must file a Petition to Intervene with the Commission, pursuant to Rules 72 and 73, IDAPA 31.01.01.72-73, no later than 21 days after the service date of this Order.

IT IS FURTHER ORDERED that persons interested in submitting written comments must do so by July 19, 2018. The Company may file a reply no later than August 2, 2018.

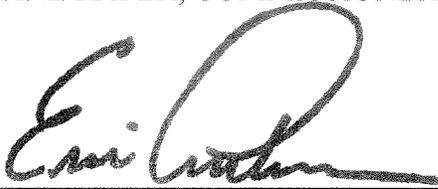
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 30th
day of April 2018.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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