

## BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER	)	CASE NO. IPC-E-19-11
COMPANY'S APPLICATION FOR A	)	
DETERMINATION OF 2018 DEMAND-	)	NOTICE OF APPLICATION
SIDE MANAGEMENT EXPENSES AS	)	
PRUDENTLY INCURRED	)	NOTICE OF
	)	INTERVENTION DEADLINE
	)	
	)	ORDER NO. 34301
	)	

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On March 15, 2019, Idaho Power Company (the Company) applied for a Commission order finding that the utility's demand-side management (DSM) expenses for the year 2018 were prudently incurred. The Company seeks to recover \$40,712,164 in deferred costs for its DSM programs, which includes \$33,560,433 in Idaho Energy Efficiency Rider expenses, and \$7,151,730 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.

### NOTICE OF APPLICATION

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 2. The Company states these efforts resulted in energy savings that exceeded the savings target specified in the Company's Integrated Resource Plan. *Id.* The Company states it achieved 183,378 megawatt hours (MWh) of incremental annual energy efficiency savings on a system-wide basis in 2018. *Id.* at 4. The Company noted its energy efficiency programs saved 158,412 MWh, comprising 43,651 MWh from the residential sector, 95,759 MWh from the commercial/industrial

sector, and 19,002 MWh from the irrigation sector. *Id.* Additionally, the Company achieved 24,966 MWh of energy efficiency market transformation savings through NEEA 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). *Id.* at 7. 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 \$40,712,164 in expenses to develop and run its DSM programs in 2018. *Id.* The Company states these expenses include \$33,560,433 in Idaho Energy Efficiency Rider expenses and \$7,151,730 in demand response program incentive payments. *Id.* In 2017, the Company made an accounting adjustment of \$89,304 relating to labor expenses that were part of the Rider expense. *Id.* This accounting adjustment was reversed in 2018. *Id.* Upon preparation of its Application and supporting materials, the Company discovered an incorrect accounting entry was made in 2018 for the Multifamily Energy Saving Program. *Id.* at 8. The correction is reflected in the “Current year-end accounting adjustment” section of Exhibit No. 2. *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 2018. *Id.* at 8. 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 the prefiled testimony of Pawel Goralski, 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).<sup>1</sup> *Id.* The Company reports that in 2018 its overall energy efficiency portfolio was cost-effective, passing the TRC, UCT, and PCT, with ratios of 2.26, 3.04, and 2.85

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<sup>1</sup> 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. It demonstrates the full incremental cost of the measure to both participants and the utility in the service territory as a whole. The UCT compares program administrator costs to supply-side resource costs, assessing costs and benefits to the utility and its ratepayers. 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.

respectively. *Id.* Of the Company's 16 Idaho energy efficiency programs, 12 programs passed the TRC and UCT. Goralski Direct Testimony at 17. Further, all energy efficiency programs with customer costs passed the PCT. *Id.* 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.*; Application at 9.

YOU ARE FURTHER NOTIFIED that when assessing the cost-effectiveness of its demand response programs the Company did not calculate a benefit/cost ratio. Application at 10. 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 11.3 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 2018, three program evaluations, one program process evaluation, one savings determination analysis, and three program summary analyses were completed. *Id.*

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](http://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.*

### NOTICE OF INTERVENTION DEADLINE

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.

YOU ARE FURTHER NOTIFIED that after the intervention deadline runs, the Commission Secretary shall issue a Notice of Parties. Staff then will informally confer with the parties about appropriate scheduling for this case.


### ORDER

IT IS HEREBY 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 after the Commission Secretary issues a Notice of Parties, Staff will informally confer with the parties about an appropriate schedule.

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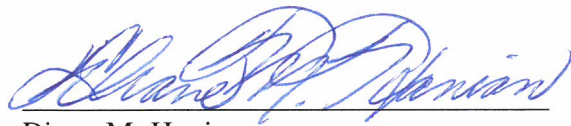
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 8<sup>th</sup>  
day of April 2019.

  
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PAUL KJELLANDER, PRESIDENT

  
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KRISTINE RAPER, COMMISSIONER

  
\_\_\_\_\_  
ERIC ANDERSON, COMMISSIONER

ATTEST:

  
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Diane M. Hanian  
Commission Secretary

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