



RECEIVED

201 South Main, Suite 2300
Salt Lake City, Utah 84111
2009 MAR 18 AM 10:07

IDAHO PUBLIC
UTILITIES COMMISSION

March 18, 2009

Idaho Public Utilities Commission
472 West Washington
Boise, ID 83702-5983

Attention: Jean D. Jewell
Commission Secretary

Re: **PAC-E-05-10**
2008 Annual Report of Idaho Demand Side Management Activities

PacifiCorp (d.b.a. Rocky Mountain Power) hereby submits for filing an original and eight copies of its 2008 Demand Side Management Annual Report, pursuant to Order No. 29976 in Case No. PAC-E-05-10.

It is respectfully requested that all formal correspondence and staff requests regarding this filing be addressed to one of the following:

By E-mail (preferred): datarequest@pacificorp.com

By Fax: (503) 813-6060

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah Blvd., Suite 2000
Portland, OR 97232

Informal inquiries regarding this filing may be directed to Ted Weston at 801-220-2963.

Sincerely,

Jeffrey K. Larsen
Vice President, Regulation

Enclosures

RECEIVED

2009 MAR 18 AM 10: 07

IDAHO PUBLIC
UTILITIES COMMISSION

**Rocky Mountain Power
Demand-side Management
2008 Annual Report for the Idaho Jurisdiction**

March 18, 2009

Table of Contents

Executive Summary	3
Demand-side Management Programs and Activity	4
Load Management	4
Residential Energy Efficiency	5
Home Energy Savings Program.....	5
See Ya Later Refrigerator	8
Low Income Weatherization.....	9
Non-residential Energy Efficiency	10
Irrigation Energy Savers	10
FinAnswer Express	11
Energy FinAnswer	12
Northwest Energy Efficiency Alliance	13
Overall Revenues, Expenditures and Results	13
Program Cost Effectiveness.....	16
Customer Efficiency Services Balancing Account.....	20
Appendix One - Balancing Account Activity.....	22

List of Tables

Table 1. Rocky Mountain Power – Idaho DSM Program Summary Results	3
Table 2. Irrigation Load Control Program Performance.....	4
Table 3. Home Energy Savings Program Performance	6
Table 4. See Ya Later Refrigerator Performance.....	8
Table 5. Low Income Weatherization Performance	9
Table 6. Irrigation Energy Savers Program Performance.....	11
Table 7. FinAnswer Express Program Performance.....	12
Table 8. Energy FinAnswer Program Performance.....	13
Table 9. 2008 Revenue by Customer Type.....	14
Table 10. 2008 Expenditures by Type of Program	15
Table 11. 2008 Energy Efficiency Expenditures by Customer Type	15
Table 12. 2008 Energy Efficiency Results by Customer Type.....	16
Table 13. Irrigation Load Control (72 & 72A) – 2008 Cost Effectiveness	17
Table 14. Home Energy Savings – 2008 Cost Effectiveness.....	17
Table 15. See Ya Later Refrigerator – 2008 Cost Effectiveness	18
Table 16. Low Income Weatherization – 2008 Cost Effectiveness.....	18
Table 17. Irrigation Energy Savers – 2008 Cost Effectiveness	18
Table 18. FinAnswer Express – 2008 Cost Effectiveness	19
Table 19. Energy FinAnswer – 2008 Cost Effectiveness	19
Table 20. Residential Energy Efficiency Portfolio – 2008 Cost Effectiveness	19
Table 21. Non-Residential Energy Efficiency Portfolio – 2008 Cost Effectiveness	20
Table 22. Overall Energy Efficiency Portfolio – 2008 Cost Effectiveness	20
Table 23. Preliminary Balancing Account Analysis.....	21

Executive Summary

Rocky Mountain Power (the “company”) offers demand-side management (DSM) programs to retail customers in Idaho as an alternative to the acquisition of supply-side resources. Demand-side resources assist the company in keeping up with load growth and contribute to the company’s ability to meet system peak requirements. Demand-side management programs provide Idaho customers with tools that enable them to reduce or assist in the management of their energy usage, thereby reducing customer energy costs. Demand-side resources are a valuable component of Rocky Mountain Power’s resource portfolio and are relied upon in resource planning as a least cost alternative to supply – side resources.

Rocky Mountain Power currently offers seven energy efficiency and load control programs in Idaho. Costs associated with these programs as well as the Idaho portion of the company’s contribution to the Northwest Energy Efficiency Alliance are recovered through the Customer Efficiency Services Rate Adjustment (Schedule 191), with the exception of the Load Control Service Credits which are paid to participants of the irrigation load control programs (Schedule 72 and 72A) and are recovered through general rates. The results of Rocky Mountain Power’s Idaho demand-side management activities for the reporting period of January 1, 2008 through December 31, 2008 are summarized in Table 1 below.

Table 1. Rocky Mountain Power – Idaho DSM Program Summary Results

Total Revenue	\$4,287,060 ¹
Total Expenditures	\$4,767,955 ²
Controllable loads - Megawatts	215 ³
Energy savings – First year megawatt hours	10,389 ⁴

Participation in the irrigation load control programs exceeded expectations by 65 megawatts providing the company with 215 megawatts of controllable load through these programs in 2008. Overall energy savings for 2008 achieved through energy efficiency programs, while below the forecast provided in early 2008, were in line with the company’s expectations after accounting for declining economic activity and the reduction in residential lighting savings.

Irrigation load control program expenses during 2008 were higher than forecasted due to higher than expected participation levels and general program complexities experienced during the installation of newer and more sophisticated control equipment. This was offset by lower than anticipated expenses for the energy efficiency programs. At the end of 2008, the Customer Efficiency Services balancing account had an unfunded balance of \$770,451, or 18 percent of 2008 annual revenues.

¹ Reflects revenues recovered through Schedule 191, the Customer Efficiency Services Rate Adjustment.

² Expenditures exclude the Load Control Service Credits which are paid to participants of the irrigation load control programs Schedule 72 and 72A and recovered through general rates.

³ Demand reduction as measured at the customer site.

⁴ Energy savings as measured at the customer site.

With the exception of the Home Energy Savings program (Schedule 118), individual programs were cost effective based on the utility cost and the total resource cost tests. The Home Energy Savings program's utility and total resource cost test results were marginal at 0.822 and 0.758 respectively. Overall, Rocky Mountain Power's Idaho energy efficiency portfolio was cost effective under both key cost tests. As anticipated, only the irrigation load control programs satisfied the rate impact test.

Demand-side Management Programs and Activity

Load Management

This program is marketed as the Irrigation Load Control program (Schedules 72 & 72A) and is offered to Idaho irrigation customers receiving retail electric service on Schedule 10. Participants agree to allow for the curtailment of their electricity usage as prescribed in Schedules 72 and 72A in exchange for the receipt of participation credits. A report specific to the 2008 season for this program was submitted to the Idaho Public Utilities Commission on December 2, 2008 and covers the period from October 1, 2007 through September 30, 2008⁵. Information in Tables 2 and 12 included in this report were taken from that report.

Table 2. Irrigation Load Control Program Performance

2008 Program Performance	
MW	215 ⁶
Expenditures -total	\$8,908,216
Participation credits	\$5,993,869 ⁷
Program operations	\$2,914,347 ⁸
Participation (customers)	609 ⁹
Participation (sites)	1,578 ¹⁰

Additional information on the irrigation load control program is available in the 2008 seasonal report. While field costs for the program are recovered through the Schedule 191, the Customer Efficiency Services charge, the program's customer participation credits are recovered through general rates. Enrollment and site installations for the 2009 season are currently underway.

⁵ Report is dated November 25, 2008

⁶ Demand reduction as measured at the customer site.

⁷ Load Control Service Credits. Not included in the Customer Efficiency Services balancing account. Data taken from table four of the 2008 irrigation load management program seasonal report.

⁸ Program delivery costs for the period from October 2007 through September 2008 as described in the 2008 irrigation load management program seasonal report provided in table four. The amount included in the 2008 Customer Efficiency Services balancing account analysis within this report is based on a calendar period in which the costs were \$3,126,637.

⁹ Data from Pages 2 and 9 of the 2008 irrigation load management program seasonal report.

¹⁰ Date from Pages 2 and 9 of the 2008 irrigation load management program seasonal report.

Residential Energy Efficiency

Home Energy Savings Program

The Home Energy Savings program (Schedule 118) provides a broad framework to deliver incentives for more efficient products and services installed or received by Idaho customers in new or existing homes, multi-family housing units or manufactured homes. The program is delivered through, Portland Energy Conservation, Inc. (PECI), a third party administrator hired by the company. Customer information on the Home Energy Savings program can be found on the program's web site at www.homeenergysavings.net/idaho/home and can also be accessed through www.rockymtnpower.net/Article/Article45165.html, the company's Idaho energy efficiency program website.

Eligible program measures include: washing machines, refrigerators, water heaters, dishwashers, lighting (both compact florescent lamps (CFLs) and fixtures), cooling equipment and services, ceiling, wall and attic insulation, windows and miscellaneous equipment such as ceiling fans. Incentives are provided to customers through two methods: (1) post-purchase application process with incentives paid directly to participating customers, and (2) mid-market (i.e., retailers and manufacturers) buy-downs, for delivery of CFL incentives. Mid-market buy-downs result in lower retail prices for customers at point-of-purchase and involve no direct customer application process.

In 2008 the company proposed several changes to the program in Case No. PAC-E-08-01 that were approved by the Commission effective in May of 2008. The changes were intended to increase program participation and better align incentives with Idaho market costs. The changes proposed and approved in 2008 included:

- **Washing machines:** Based on analysis of sales and participation by modified energy factor (MEF) level, the category was split into two tiers and the incentive was reduced for the lower tier and increased for the upper tier. This was designed to increase sales of higher efficiency equipment, yet still provide a modest incentive for equipment exceeding baseline levels. Qualifying equipment and incentive levels are listed below.
 - **Tier 1:** MEF 1.72-1.99, \$50 incentive
 - **Tier 2:** MEF 2.0+, \$100 incentive
- **Dishwashers:** Reduced the qualifying equipment requirements from 0.68 Energy Factor (EF) to 0.65 EF, to align with ENERGY STAR qualifications. This was done to minimize customer uncertainty regarding incentive availability if they purchased ENERGY STAR qualified equipment.
- **Water heaters:** Aligned eligibility requirements across different tank sizes, established a minimum size of 40 gallons and utilized a minimum EF of 0.93.
- **Lighting:** Expanded CFL manufacture buy-downs from twice annually to year round and modified qualifying lighting and pricing to better accommodate

specialty bulb pricing. The final price to the customers for specialty bulbs was increased from \$.99 to \$2.75 to reflect the bulb pricing differences.

- **Evaporative cooling:** As a result of local pricing, product purchase locations, ease of installation and company experience in other markets the incentive for evaporative cooling equipment was reduced to \$100 and the contractor incentive was discontinued.
- **Insulation:** Insulation incentives were reduced from \$1.00 per square foot to \$0.50 per square foot and a cap of \$650 per home was added. This change was based on Idaho market data on costs and participation from the prior two years.
- **Heat Pumps:** Added incentives for heat pumps to the program. Established minimum efficiency requirements and set customer and dealer incentives for two types of projects; a) installing a high efficiency heat pump instead of a code minimum unit, or b) converting an electric heating system to a heat pump.

Table 3 provides an overview of the 2008 Home Energy Savings program performance information by program measure.

Table 3. Home Energy Savings Program Performance

2008 Program performance	
kWh	552,117
Expenditures -total	\$490,101
Incentives	\$265,360 ¹¹
Participation by measure type	
Ceiling fans	20
Clothes washer	813
Dishwasher	205
HVAC	2
Water heater	72
Fixtures	34 ¹²
Insulation - attic	127 ¹³
Insulation - floor	19 ¹⁴
Insulation - wall	25 ¹⁵
Refrigerator	263
Windows	105 ¹⁶
Compact Florescent Lighting	485 ¹⁷

¹¹ This amount represents total incentives paid in 2008, not necessarily attached directly to all savings reported in 2008. Incentives used in the cost effectiveness analysis are \$224,827.

¹² Represents participants - 60 units total

¹³ Represents participants - 180,721 square feet of attic insulation in total

¹⁴ Represents participants - 18,046 square feet of floor insulation in total

¹⁵ Represents participants - 18,236 square feet of wall insulation in total

¹⁶ Represents participants - 11,833 square feet of windows in total

¹⁷ Represents participants – each participant is assumed to have purchased 10 CFLs (a total of 4,849 bulbs)

The Home Energy Savings program under-performed in 2008 due to a reduction in lighting savings and increased costs associated with weatherization measures. Retail locations and delivery interactions associated with regional lighting offerings were all contributing factors to these results.

In 2006 and 2007 the Home Energy Savings program benefited from its alignment with and savings attributions from the regional lighting program. In 2008 Rocky Mountain Power intended to continue its support of the regional effort when the company made its changes to the 2008 Home Energy Savings program's lighting measures. However due to timing differences of when the lighting initiative redesigns occurred, the opposite occurred, the two programs ended up not in alignment on the pricing of specialty bulbs.

This lack of alignment presented two options to the company; 1) the Home Energy Savings offer could be changed again in 2008 to correct the situation or 2) Rocky Mountain Power, through PECEI, could seek other paths to ensure the program's lighting savings were secured and wait until the next program change before aligning again with the regional program. While the options were not mutually exclusive, the company elected to not change the program twice in 2008 and instead to pursue a small market strategy of enrolling smaller retailers in the market, those more strategically located in the company's rural service areas in Idaho. Many of these smaller retailer chains indicated an interest at the corporate level; however delays in generating interest at the individual store level resulted in a delay in the discounted lighting options becoming available on store shelves. As a result, lower than anticipated CFL bulb sales contributed to reduced energy savings through the Home Energy Savings program in 2008.

Based on the company's experience in 2008, the company and PECEI believe a two tier approach - 1) regional program realignment and 2) enrollment of small retailers in the company's program - will provide the best opportunity to improve lighting measure savings and overall program results going forward. PECEI is currently analyzing changes to the company's lighting offer necessary to better align with the regional offering and to further pursue the small market channel strategy. Program changes will be implemented in the second quarter of 2009 utilizing the existing flexible tariff process.

Insulation participation in 2008 increased, driven in part by more contractors entering the weatherization business. Contractors are focusing on weatherization projects as a result of declines in new construction activity. These contractors have increased marketing activities to end use customers which, combined with reduced product costs and attractive utility incentives, has increased participation beyond the company's 2008 estimates. Insulation was included in the company's original Home Energy Savings program as an accommodation measure to help ensure a comprehensive package offering to customers, with incentive levels set to encourage participation rather than specifically pass cost effectiveness standards on a stand alone measure basis. Better alignment between costs, incentives and electric savings were part of the 2008 changes, discussed above, with incentive level reductions and the addition of a per house cap. Based on the robust 2008 participation results the company intends to refine its insulation program

even further by reducing incentives to the level necessary for the insulation measures to be cost effective on a standalone basis. These changes will be made early in the second quarter of 2009 utilizing the flexible tariff process.

The lower lighting savings and higher insulation participation described above adversely impacted cost effectiveness of the Home Energy Savings program for 2008. Specific cost effectiveness data for the Home Energy Savings program is provided in Table 14. It should be noted that the benefit cost ratios in Table 14 are calculated strictly from an electric savings basis. This view is consistent with prior company reporting; however, this methodology is considered conservative when compared to other regional and utility reporting entities that include non-electric energy benefits such as water savings for washing machines and other fuel savings such as gas or propane for weatherization in their cost effectiveness calculations. The company and PEI are making the necessary adjustments, discussed above, to restore the cost effectiveness of the program in 2009.

See Ya Later Refrigerator

The Idaho Refrigerator Recycling Program (Schedule 117) is available to Idaho residential customers through a company contract with a third-party program administrator, JACO Environmental Services. Older refrigerators and freezers which are less efficient, yet operational, are taken out of use permanently and recycled in an environmentally responsible manner. The program's objective is to permanently retire these older and less efficient refrigerators and freezers from the market and recycle the units in order to avoid their re-entry or resale on the secondary appliance market. To participate customers call a 1-800 number to schedule a pick-up. Program awareness is generated through mass media advertising channels as well as company channel communications such as the program's web site, bill stuffers, and customer newsletters. In addition to free pick-up and a nominal cash incentive, participants receive an energy efficiency packet consisting of ENERGY STAR®-certified compact fluorescent light bulbs, a refrigerator/freezer thermometer, and energy education materials.

Table 4. See Ya Later Refrigerator Performance

2008 Program performance	
kWh	930,993
Expenditures	\$113,296
Incentives	\$20,910
Participation	
Refrigerators	520
Freezers	177
Kits	643

Participation for 2008 was slightly less than in 2007. This experience is consistent with results reported by JACO for similar programs in other markets and is likely attributable to the downward trend in economic conditions.

The 2008 See Ya Later Refrigerator program was cost effective from both a utility cost test and total resource cost test perspective. See Table 15 for cost test results.

Low Income Weatherization

The Low Income Weatherization Services program (Schedule 21) is administered for Rocky Mountain Power by Eastern Idaho Community Action Partnership (EICAP) in Idaho Falls and South Eastern Idaho Community Action Agency (SEICAA) in Pocatello. These partnerships allow for leveraging of company funding with federal grants available to EICAP and SEICAA, increasing the number of homes served. Rocky Mountain Power's program provides incentives that cover 75% of the cost of the program's approved energy efficiency measures.

Customers with incomes at or below 160% of federal poverty guidelines may qualify. Participants can be either homeowners or renters. Qualifying facilities include single-family homes, manufactured homes and apartments. Program benefits are free to qualifying customers with the project costs being paid by a combination of company incentives and state and/or federal funding.

Table 5 summarizes the program results for 2008. The reported energy savings is based on measured savings documented in an analysis dated August 30, 2006 completed by Quantec. An impact evaluation to determine actual kWh savings is scheduled to occur in 2010. The expenditures of \$164,578 are those paid by Rocky Mountain Power. Of these expenditures, \$156,237 or 95% of the costs incurred are for agency administration and program incentives with the remaining costs attributable to utility administration. Funds received by the agency from other sources (state or federal funding) are not included.

Rocky Mountain Power's program provided funding towards the weatherization of 93 qualifying homes in 2008 with an average program cost per home of \$1,770.

Table 5. Low Income Weatherization Performance

2008 Program Performance	
kWh Savings	204,173
Expenditures	\$164,578
Completed Homes	
Number of homes receiving specific measures were as follows:	
Ceiling Insulation	34
Floor Insulation	16
Wall Insulation	4
Replacement Windows	44
Storm Windows	10
Duct Insulation	5
Insulated Doors	66
Attic Ventilation	24
Infiltration	59

Water Pipe Insulation	67
Water Heater Repair	7
Furnace Repair/tune up	24
Furnace replacement	3
Compact Florescent Light Bulbs	88
Refrigerators	1
Health and safety	57

The 2008 Low Income Weatherization program was cost effective from both a utility cost test and total resource cost test perspective. See Table 16 for cost test results.

Non-residential Energy Efficiency

Irrigation Energy Savers

Irrigation Energy Savers (Schedule 155) was available in 2008 to Idaho irrigation customers taking retail service on Schedule 10 through a company contract with a third-party program delivery vendor, Franklin Soil and Water Conservation District. The program design is intended to be the energy efficiency complement to the irrigation load control programs offered under Schedules 72 & 72A. The 2008 program included the following customer service and measure components:

- **Equipment Exchange** – Provides new standard brass sprinkler nozzles to replace worn ones on hand lines, wheel lines and solid set sprinklers systems. Gasket and drain equipment also qualifies.
- **Pivot and Linear Equipment Upgrades** – Incentives are provided for certain pivot and linear system measures including sprinkler packages and regulators. The list of prescriptive incentives is not designed to be exhaustive and other pivot measures are eligible for incentives if energy savings can be calculated and the customer incurs costs to make the changes.
- **System Consultation** – This service provides a simple site specific audit of a customer's irrigation system to promote irrigation management and identify energy savings opportunities. This consultation provides information prior to a full pump test.
- **Pump Testing** – The pump test includes directly measuring pump lift, flow, electrical demands and system pressures and is performed after the pump has been screened and the owner's financial investment criteria understood.
- **System Analysis** – The program provides energy engineering to help growers quantify the costs and savings of their system efficiency upgrades. Often these upgrade decisions are made in conjunction with operational production change considerations impacting a growers equipment needs. Incentives are based on a standard formula tied to costs and first year energy savings.

Table 6. Irrigation Energy Savers Program Performance

2008 Program Performance	
kWh	1,857,176
Total expenditures	\$268,058
Incentives	\$168,938
	Participation
Unique customers -estimated	140
Nozzles	8,643
Gaskets	15,943
Drains	1,803
Regulators	338
Sprinkler packages	92
System analysis and upgrades completed	7 ¹⁸

Key program changes in 2008 included the removal of the “subject to funding availability” language from the program tariff (Case No. PAC-E-08-1) and a change in the company’s contracted third-party program delivery vendor from Franklin Soil and Water Conservation District to Nexant, Inc. Nexant assumed program delivery responsibilities effective in 2009.

The 2008 Irrigation Energy Savers program was cost-effective from both a utility cost test and total resource cost perspective. See Table 17 for cost test results.

FinAnswer Express

The FinAnswer Express program (Schedule 115) is available to Idaho business customers excluding those served on Schedule 10, who are eligible for program services through the Irrigation Efficiency Savers program. The program is designed to help customers improve the efficiency of their new or replacement lighting, motors, and other equipment purchases by providing prescriptive or pre-defined incentives for the most common efficiency measures. It’s quick and easy and designed to operate in conjunction with the Energy FinAnswer program (Schedule 125), a program designed for more complex new construction and retrofit projects. Although incentives available vary, the program provides incentives for both new construction and retrofit projects.

The program is primarily marketed through local trade allies who receive support from a company provided sales and training team. Twenty-eight trade allies have signed company program participation agreements as of the end of 2008; this represents an increase of seven trade-allies or sales channels over 2007.

¹⁸ Projects with equipment installed and inspected in 2008

Table 7. FinAnswer Express Program Performance

2008 Program Performance	
kWh	1,302,858
Total expenditures	\$166,756 ¹⁹
Incentives	\$83,437 ²⁰
Participants	20 ²¹

Program savings were comparable to 2007 results despite several customers on the program's waiting list for analysis or incentives being transferred to the Energy FinAnswer program for services in May 2008 when that program was introduced.

Changes to the FinAnswer Express program, proposed in Case No. PAC-E-08-01, were effective May 1, 2008. They included removing the "subject to funding availability" language, adding new measures eligible for prescriptive incentives, adding a separate incentive table for lighting retrofits and new construction/major renovation. Changes also included revisions to program delivery mechanisms, including moving premium efficiency motors from point of purchase to post-purchase and modify new construction/major renovation lighting from a pre-purchase incentive agreement to post-purchase incentive application. Lastly, the application of percentage of project cost incentive caps was moved from the measure level to the project level in order to encourage more comprehensive projects.

The 2008 FinAnswer Express program was cost effective from both a utility cost test and total resource cost test perspective. See Table 18 for cost test results.

Energy FinAnswer

The Energy FinAnswer program (Schedule 125) was approved in Idaho effective May 1, 2008. The program replaced the loan based program of the same name. It was initially included in the company's original program filing in 2005 however was later removed from the filing in 2006 in order to better align the DSM program expenditures with available funding under the original collection rate approved by the Commission.

The program provides company-funded energy engineering, incentives of \$0.12 per kWh of first year energy savings and \$50 per kW of average monthly demand savings up to a cap of 50% of the approved project cost. The program is designed to target comprehensive projects requiring project specific energy savings analysis and operates as a complement to the more streamlined FinAnswer Express program. In addition to customer incentives, the program provides design team honorariums (a finder fee for new

¹⁹ Expenditures include \$14,758 of project specific engineering costs.

²⁰ This amount represents total incentives paid in 2008, not necessarily attached directly to savings reported in 2008. Incentives used for the cost effectiveness analysis are \$85,722.

²¹ Customer count of completed projects. Deviation from 2007 annual report data which included customers on the program's waiting list for funding.

projects) and design team incentives for new construction projects exceeding current Idaho energy code by at least 10%.

Table 8. Energy FinAnswer Program Performance

2008 Program Performance	
kWh	395,181
Total expenditures	\$121,192 ²²
Incentives	\$27,716 ²³
Participants	5 ²⁴

Northwest Energy Efficiency Alliance

The Northwest Energy Efficiency Alliance (NEEA) is a non-profit organization working to encourage the development and adoption of energy efficient products and services through a regional market transformation model. NEEA is supported by the region's electric utilities, public benefits administrators, state governments, public interest groups and efficiency industry representatives.

The company provides funding for NEEA through a multi-year commitment helping support their activities in Idaho and Washington. NEEA activities for all sectors are fully described on their web site at www.nwalliance.org. Rocky Mountain Power funding allocated to Idaho for NEEA in 2008 was \$317,339. The associated Idaho savings as reported by NEEA for the same period were 5,146,416 kWh.

For the results displayed in the next section, energy savings from NEEA activities were allocated to customer sectors based on information provided by NEEA. This allocation is based on region-wide NEEA results by sector. The Idaho funding was allocated to customer sectors in the same ratio as the energy savings.

In addition to funding, the company participates in the sector advisory groups, provides input on NEEA activity effectiveness, and works to coordinate the delivery of NEEA products and serves with those of the company's programs. The company continues to work with NEEA regarding ways to increase their activities and results across all sectors and in smaller and more rural markets such as Rocky Mountain Power's Idaho service territory.

Overall Revenues, Expenditures and Results

This section illustrates how program revenues were collected and spent by customer sector as well as provides information on those sectors generating the greatest results.

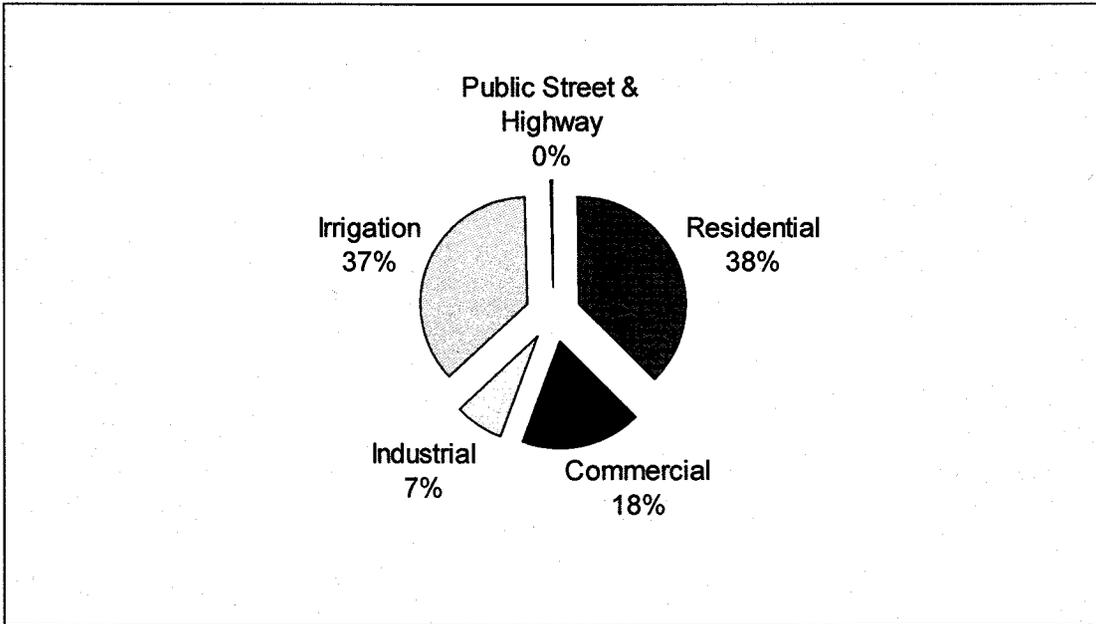
²² Expenditures include \$80,250 of project specific engineering costs for projects completed in 2008 and progress payments on projects in various stages of completion.

²³ Incentives included in the Customer Efficiency Services balancing account which aligns with incentives for measures installed in 2008 and used for the cost effectiveness analysis within this report.

²⁴ Customer count of completed projects only.

The information represents revenues and costs for calendar year 2008 only. Additional detail by month is included in Appendix One. Program revenues and costs include only those that are collected and accounted for through the Customer Efficiency Services balancing account and therefore exclude the costs and revenues associated with the irrigation load management program customer participation credits.

Table 9. 2008 Revenue by Customer Type²⁵



Revenue from Public Street and Highway is \$12,985 which is less than 1%.

²⁵ Customer Efficiency Services Rate Adjustment Revenues, Schedule 191

Table 10. 2008 Expenditures by Type of Program²⁶

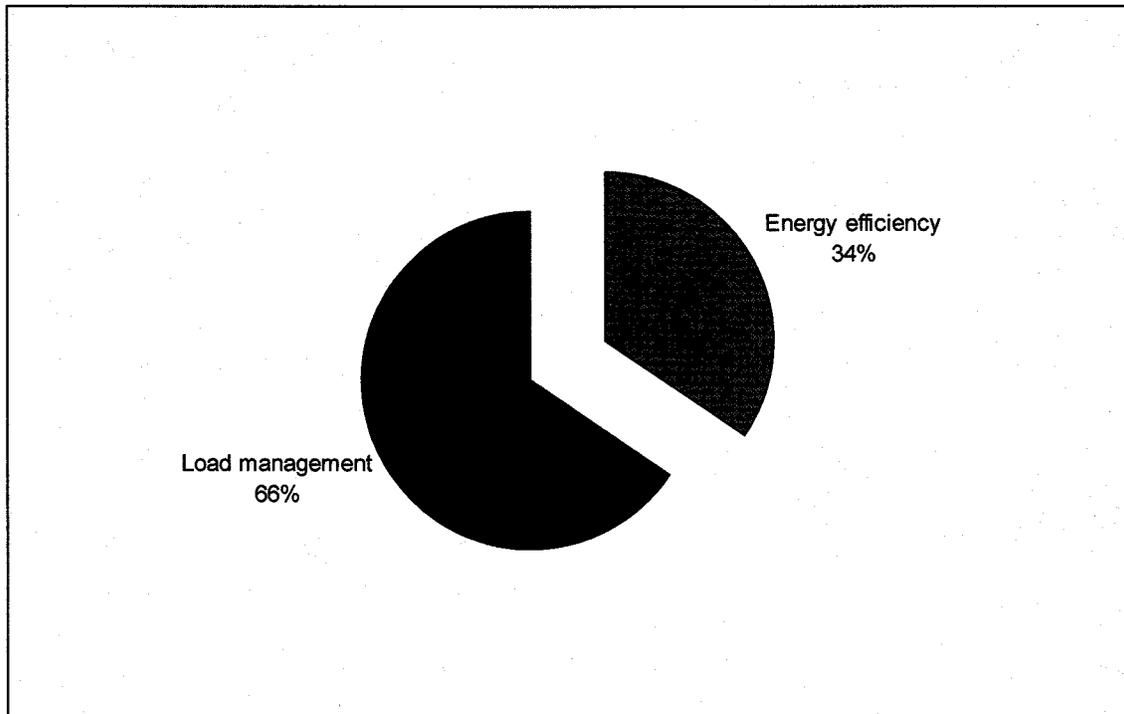
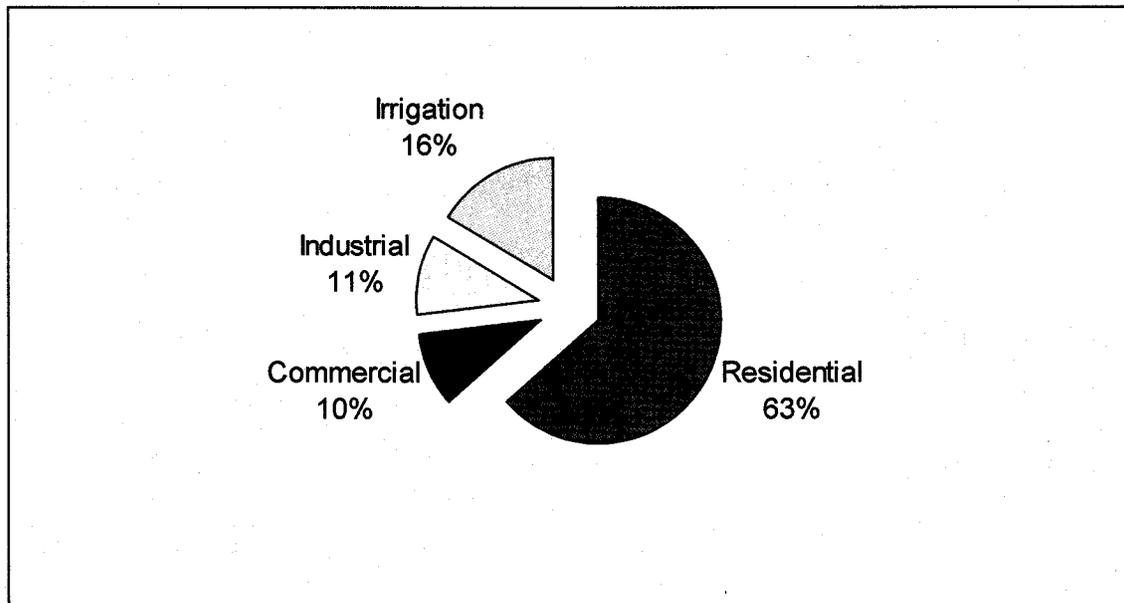
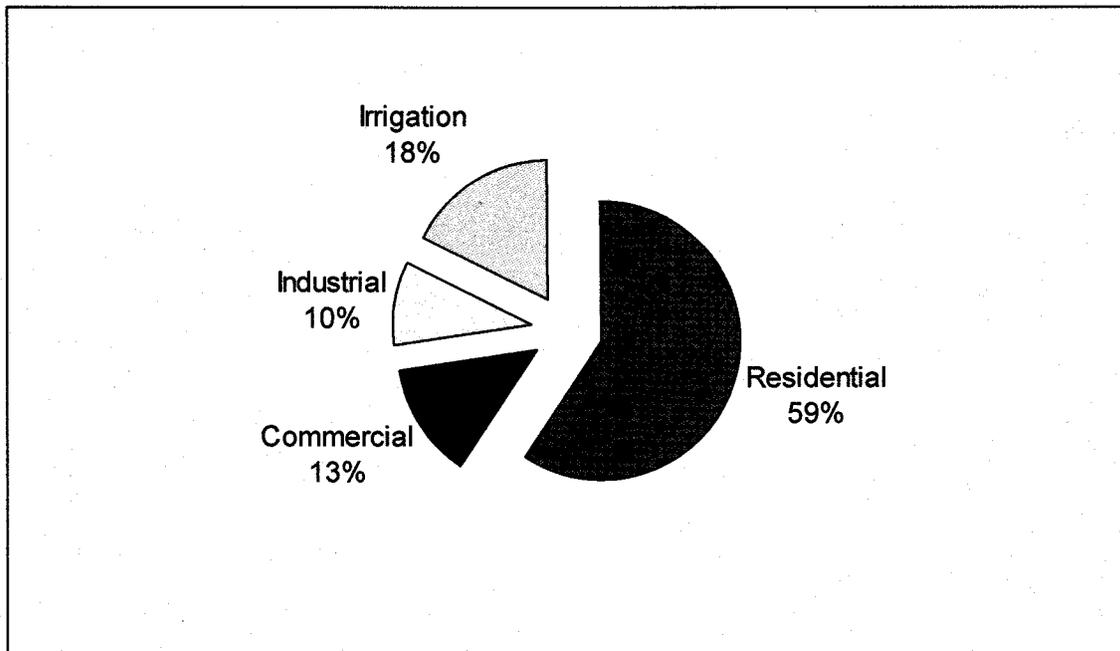


Table 11 – 2008 Energy Efficiency Expenditures by Customer Type



²⁶ Percent of expenditures accounted for and collected through the Customer Efficiency Services Rate Adjustment, Schedule 191. Excludes irrigation load management grower participation Load Service Credits

Table 12 – 2008 Energy Efficiency Results by Customer Type

Program Cost Effectiveness

As noted in the Executive Summary and further described in this report, with the exception of the Home Energy Savings program (Schedule 118), individual programs were cost effective based on the utility cost and the total resource cost tests as was the aggregate of the overall portfolio of programs offered by the company.

The cost effectiveness analysis of individual programs in 2008 was calculated using actual expenditures and reported savings. An energy efficiency portfolio level assessment is also provided. Deemed savings estimates where applicable (primarily residential programs) were the same as those used in the planning estimates.

As discussed in the 2007 report, all energy savings reporting in this report is on a net basis at the customer site. Net to gross estimates and allowances for line losses utilizing the company's 2004 line loss study are reflected in the cost effectiveness information provided below. This reporting is consistent with the Northwest Power and Conservation Council's 5th and 6th Power Plan(s) and represents a change from last year's report. An additional change in cost effectiveness analysis is specific to the Home Energy Savings program. In the prior years, measures were separated into lighting and non-lighting. Non-lighting measure life was set at 15 years. With larger insulation participation this year, measures for this program are separated into lighting, non-lighting and weatherization, which are assigned a 45 year measure life consistent with the Regional Technical Forum (RTF). Measure lives for lighting and non-lighting remain the same as used in prior analyses.

Cost effectiveness calculations also used the net-to-gross assumptions used in the planning estimates. The energy savings attributed to the program are shaped according to end-use specific load shapes (the hourly calculation of when energy is used for the various program measures being installed). Program costs and the value of the energy savings are then compared on a present value basis with the company's 2007 Integrated Resource Plan (IRP) calculated decrement values for DSM savings. The decrement values are fully shaped to represent the 8,760 hourly values that exist within a calendar year. By matching the hourly savings with the hourly avoided costs, both energy and capacity impacts are recognized. As is the industry standard, the California Standard Practice Manual cost effectiveness tests were used in the assessment of program cost effectiveness. The cost effective analysis of the Irrigation Load Control program is based on capacity value since energy usage is shifted and there are no energy savings. See the 2008 seasonal report for a full discussion. Results by individual program are displayed in the Tables 13 through 19 below. Tables 20 and 21 display the residential and non-residential energy efficiency program portfolio test results respectively. Table 22 displays the aggregate portfolio test results of the overall energy efficiency program set.

Table 13. Irrigation Load Control (72 & 72A) – 2008 Cost Effectiveness

	Costs	Benefits ²⁷	Net Benefits	Benefit/Cost Ratio
Total Resource Cost Test (TRC) No Adder	\$2,914,347.19	\$13,589,912.92	\$10,675,565.73	4.66
Utility Cost Test (UCT)	\$8,917,785.14	\$13,589,912.92	\$4,672,127.78	1.52
Rate Impact Test (RIM)	\$8,917,785.14	\$13,589,912.92	\$4,672,127.78	1.52
Participant Cost Test (PCT)	\$0	\$6,003,437.95	\$6,003,437.95	NA

Table 14. Home Energy Savings – 2008 Cost Effectiveness

All Measures	AC: IRP 46% LF Decrement				
	Levelized \$/kWh	Costs	Benefits	Net Benefits	Benefit/Cost Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	0.1056	\$545,821	\$413,603	(\$132,218)	0.758
Total Resource Cost Test (TRC) No Adder	0.1056	\$545,821	\$376,003	(\$169,819)	0.689
Utility Cost Test (UCT)	0.0885	\$457,610	\$376,003	(\$81,608)	0.822
Rate Impact Test (RIM)		\$775,699	\$376,003	(\$399,696)	0.485
Participant Cost Test (PCT)		\$88,211	\$479,349	\$391,138	5.434
Lifecycle Revenue Impacts (\$/kWh)				\$0.000088073	

²⁷ For complete discussion of the valuation of program benefits, see 2008 seasonal report.

Table 15. See Ya Later Refrigerator – 2008 Cost Effectiveness

All Measures	AC: IRP 46% LF Decrement				
	Levelized \$/kWh	Costs	Benefits	Net Benefits	Benefit/Cost Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	0.0362	\$86,261	\$185,977	\$99,716	2.156
Total Resource Cost Test (TRC) No Adder	0.0362	\$86,261	\$169,070	\$82,809	1.960
Utility Cost Test (UCT)	0.0444	\$105,785	\$169,070	\$63,285	1.598
Rate Impact Test (RIM)		\$290,376	\$169,070	(\$121,306)	0.582
Participant Cost Test (PCT)		(\$19,524)	\$231,007	\$250,531	n/a
Lifecycle Revenue Impacts (\$/kWh)				\$0.0000044648	

Table 16. Low Income Weatherization – 2008 Cost Effectiveness

All Measures	AC: IRP 46% LF Decrement				
	Levelized \$/kWh	Costs	Benefits	Net Benefits	Benefit/Cost Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	0.0614	\$154,167	\$201,993	\$47,826	1.310
Total Resource Cost Test (TRC) No Adder	0.0614	\$154,167	\$183,630	\$29,463	1.191
Utility Cost Test (UCT)	0.0614	\$154,167	\$183,630	\$29,463	1.191
Rate Impact Test (RIM)		\$375,940	\$183,630	(\$192,310)	0.488
Participant Cost Test (PCT)		\$0	\$221,773	\$221,773	n/a
Lifecycle Revenue Impacts (\$/kWh)				\$0.0000025127	

Table 17. Irrigation Energy Savers – 2008 Cost Effectiveness

All Measures	AC: IRP 16% LF Decrement				
	Levelized \$/kWh	Costs	Benefits	Net Benefits	Benefit/Cost Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	0.0726	\$436,187	\$625,215	\$189,028	1.433
Total Resource Cost Test (TRC) No Adder	0.0726	\$436,187	\$568,378	\$132,191	1.303
Utility Cost Test (UCT)	0.0417	\$250,287	\$568,378	\$318,090	2.271
Rate Impact Test (RIM)		\$587,357	\$568,378	(\$18,980)	0.968
Participant Cost Test (PCT)		\$185,899	\$337,070	\$151,170	1.813
Lifecycle Revenue Impacts (\$/kWh)				\$0.0000006176	

Table 18. FinAnswer Express – 2008 Cost Effectiveness

All Measures	AC: IRP 65% LF Decrement				
	Levelized \$/kWh	Costs	Benefits	Net Benefits	Benefit/Cost Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	0.0298	\$371,331	\$891,208	\$519,877	2.400
Total Resource Cost Test (TRC) No Adder	0.0298	\$371,331	\$810,189	\$438,858	2.182
Utility Cost Test (UCT)	0.0125	\$155,701	\$810,189	\$654,488	5.203
Rate Impact Test (RIM)		\$851,151	\$810,189	(\$40,962)	0.952
Participant Cost Test (PCT)		\$215,630	\$888,453	\$672,823	4.120
Lifecycle Revenue Impacts (\$/kWh)				\$0.0000009026	

Table 19. Energy FinAnswer – 2008 Cost Effectiveness

All Measures	AC: IRP 65% LF Decrement				
	Levelized \$/kWh	Costs	Benefits	Net Benefits	Benefit/Cost Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	0.0481	\$146,982	\$207,791	\$60,808	1.414
Total Resource Cost Test (TRC) No Adder	0.0481	\$146,982	\$188,901	\$41,918	1.285
Utility Cost Test (UCT)	0.0370	\$113,158	\$188,901	\$75,743	1.669
Rate Impact Test (RIM)		\$236,234	\$188,901	(\$47,333)	0.800
Participant Cost Test (PCT)		\$33,825	\$163,905	\$130,080	4.846
Lifecycle Revenue Impacts (\$/kWh)				\$0.0000008938	

Table 20. Residential Energy Efficiency Portfolio – 2008 Cost Effectiveness

All Measures	AC: IRP 65% LF Decrement				
	Levelized \$/kWh	Costs	Benefits	Net Benefits	Benefit/Cost Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	0.0722	\$786,250	\$801,573	\$15,323	1.019
Total Resource Cost Test (TRC) No Adder	0.0722	\$786,250	\$728,703	(\$57,547)	0.927
Utility Cost Test (UCT)	0.0659	\$717,563	\$728,703	\$11,140	1.016
Rate Impact Test (RIM)		\$1,442,015	\$728,703	(\$713,312)	0.505
Participant Cost Test (PCT)		\$68,687	\$932,129	\$863,442	13.571
Lifecycle Revenue Impacts (\$/kWh)				\$0.0000207779	

Table 21. Non-Residential Energy Efficiency Portfolio – 2008 Cost Effectiveness

All Measures	Levelized \$/kWh	Costs	Benefits	Net Benefits	Benefit/Cost Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	0.0515	\$954,500	\$1,724,214	\$769,714	1.806
Total Resource Cost Test (TRC) No Adder	0.0515	\$954,500	\$1,567,467	\$612,967	1.642
Utility Cost Test (UCT)	0.0280	\$519,146	\$1,567,467	\$1,048,321	3.019
Rate Impact Test (RIM)		\$1,674,742	\$1,567,467	(\$107,274)	0.936
Participant Cost Test (PCT)		\$435,354	\$1,389,427	\$954,073	3.191
Lifecycle Revenue Impacts (\$/kWh)				\$0.0000020257	

Table 22. Overall Energy Efficiency Portfolio – 2008 Cost Effectiveness

All Measures	Levelized \$/kWh	Costs	Benefits	Net Benefits	Benefit/Cost Ratio
Total Resource Cost Test (PTRC) + Conservation Adder	0.0589	\$1,740,750	\$2,525,787	\$785,037	1.451
Total Resource Cost Test (TRC) No Adder	0.0589	\$1,740,750	\$2,296,170	\$555,420	1.319
Utility Cost Test (UCT)	0.0418	\$1,236,709	\$2,296,170	\$1,059,462	1.857
Rate Impact Test (RIM)		\$3,116,757	\$2,296,170	(\$820,586)	0.737
Participant Cost Test (PCT)		\$504,041	\$2,321,556	\$1,817,515	4.606
Lifecycle Revenue Impacts (\$/kWh)				\$0.0000197010	

Customer Efficiency Services Balancing Account

The intended objective in the management of the Customer Efficiency Services balancing account is to, as closely as possible, align annual revenues collected to program expenditures and maintain a near zero balance over a set planning period, typically based on a program or calendar year basis. The adjustment the Commission approved to Schedule 191 revenue collections effective in May, 2008 (PAC-E-08-1) was designed to accommodate the addition of the Energy FinAnswer program, to relieve the pent up demand for business services (retire the project wait list for funding) and help cover increasing program delivery costs associated with the 2007 and 2008 irrigation load management programs.

The May adjustment was designed to collect \$4.8 million a year in revenues against a program expense forecast of approximately \$9.3M for the 2008-2009 period (at the time of the adjustment there was an unfunded balance in the balancing account of approximately \$350,000). Building upon those revenues and forecasted expenditures, the timeline for bringing the Customer Efficiency Service balancing account into balance

was end of year 2009. As a result, the company would not have expected for the account to be in balance as of the writing of this report. However, a more recent forecast of program expenditures for 2009 indicates they are higher than the \$4.5 million forecast used in the May 2008 adjustment analysis (new forecast is \$5.6 million). The higher program expenditures are being driven primarily by increased load management field expenses as the program continues to grow and contractual delivery is revisited. This higher program re-forecast combined with the current unfunded account balance suggests that in order to balance the account by the end of 2009, as originally intended, another adjustment may be necessary.

Table 23 – Preliminary Balancing Account Analysis

Account balance - Dec 2008		\$ 770,450
2009 program expenditure forecast		\$ 5,630,000
2009 estimated revenue @ 3.72%		\$ (4,800,000)
Projected short fall		\$ 1,600,450

Within the next 90 days, the company will refine the forecasts used in this analysis to; a) determine whether an adjustment is warranted, b) determine the magnitude and c) timing of the required filings. Any adjustment filing will be provided under a separate docket.

Appendix One - Balancing Account Activity

IDAHO DSM PROGRAM COSTS - CALCULATION OF CARRYING CHARGES

Monthly Program	Costs - Fixed		Delayed	Carrying		Customer	Accumulated Balance
	Assets	Amortization	Rate Recovery	Charge	Accumulated Balance	Deposit Rate	Total Carrying Costs
10 January	34,732.35		-	43.00	34,775.35	3.00%	43.00
11 February	35,280.86		-	131.00	70,187.21	3.00%	174.00
12 March	151,213.27		-	364.00	221,764.48	3.00%	538.00
1 April	127,326.50		-	714.00	349,804.98	3.00%	1,252.00
2 May	163,282.88		(58,610.25)	1,005.00	455,482.61	3.00%	2,257.00
3 June	136,316.52		(193,985.84)	1,067.00	398,880.29	3.00%	3,324.00
4 July	168,024.04		(270,559.72)	869.00	297,213.61	3.00%	4,193.00
5 August	181,900.58		(261,282.14)	644.00	218,476.05	3.00%	4,837.00
6 September	120,209.82		(215,571.01)	427.00	123,541.86	3.00%	5,264.00
7 October	97,302.52		(127,802.65)	271.00	93,312.73	3.00%	5,535.00
8 November	107,663.38		(118,488.94)	220.00	82,707.17	3.00%	5,755.00
9 December	201,042.30		(128,042.91)	298.00	156,004.56	3.00%	6,053.00
2006 totals	\$ 1,524,295.02	\$ -	\$ (1,374,343.46)	\$ 6,053.00			
1 January	77,155.87		(134,983.61)	530.00	98,706.82	5.00%	6,583.00
2 February	113,585.67		(126,772.02)	384.00	85,904.47	5.00%	6,967.00
3 March	202,475.39		(112,310.16)	546.00	176,615.70	5.00%	7,513.00
4 April	172,790.06		(104,125.12)	879.00	246,159.64	5.00%	8,392.00
5 May	304,879.22		(140,423.96)	1,368.00	411,982.90	5.00%	9,760.00
6 June	321,744.51		(250,034.65)	1,866.00	485,558.76	5.00%	11,626.00
7 July	107,478.70		(311,361.25)	1,598.00	283,274.21	5.00%	13,224.00
8 August	287,870.53		(270,631.43)	1,216.00	301,729.31	5.00%	14,440.00
9 September	76,199.65		(215,813.66)	966.00	163,081.30	5.00%	15,406.00
10 October	97,571.43		(136,560.43)	598.00	124,690.30	5.00%	16,004.00
11 November	227,901.71		(117,181.09)	750.00	236,160.92	5.00%	16,754.00
12 December	130,990.63		(127,822.91)	991.00	240,319.64	5.00%	17,745.00
2007 totals	\$ 2,120,643.37	\$ -	\$ (2,048,020.29)	\$ 11,692.00			
1 January	254,561.54		(147,385.47)	1,225.00	348,720.71	5.00%	18,970.00
2 February	349,601.09		(137,676.43)	1,895.00	562,540.37	5.00%	20,865.00
3 March	482,604.15		(122,724.41)	3,094.00	925,514.11	5.00%	23,959.00
4 April	324,603.97		(111,513.64)	4,300.00	1,142,904.44	5.00%	28,259.00
5 May	759,266.82		(217,709.20)	5,890.00	1,690,352.06	5.00%	34,149.00
6 June	607,571.17		(481,751.00)	7,305.00	1,823,477.23	5.00%	41,454.00
7 July	297,237.60		(747,073.11)	6,661.00	1,380,302.72	5.00%	48,115.00
8 August	214,499.60		(740,899.93)	4,655.00	858,557.39	5.00%	52,770.00
9 September	631,825.89		(564,594.09)	3,717.00	929,506.19	5.00%	56,487.00
10 October	298,219.36		(395,592.59)	3,670.00	835,802.96	5.00%	60,157.00
11 November	300,608.48		(302,003.29)	3,480.00	837,888.15	5.00%	63,637.00
12 December	247,355.35		(318,136.66)	3,344.00	770,450.84	5.00%	66,981.00
2008 totals	\$ 4,767,955.02	\$ -	\$ (4,287,059.82)	\$ 49,236.00			