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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF THE WASHINGTON WATER POWER COMPANY FOR APPROVAL OF A REVISION TO ITS ELECTRIC TARIFF SCHEDULE 67-ENERGY EFFICIENCY SERVICE FOR NEWRESIDENTIAL BUILDINGS-IDAHO. | ))))))) | CASE NO. WWP-E-96-1COMMENTS OF THE COMMISSION STAFF |

COMES  NOW  the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Scott Woodbury, Deputy Attorney General, and hereby submits these comments as provided for in the Notice of Application issued in this case on February 2, 1996.

SUMMARY OF COMPANY APPLICATION

On  January 19, 1996 Washington Water Power (WWP) filed a tariff revision with the Commission that would terminate the Company’s payments for energy efficiency measures installed in new residential buildings.  Under the revision, buildings permitted after March 1, 1996, would no longer qualify for any payments.

BACKGROUND

Starting in 1989, WWP provided direct grants for the installation of energy efficiency measures, such as 2x6 walls, additional or “super” insulation levels, double or triple glazed windows, air tight construction practices, advanced framing techniques, etc.,  in new residential buildings in an effort to move building standards in their service territory near to the levels required by the Northwest Energy Code (NWEC) promulgated by the Northwest Power Planning Council.  Since that time, the building codes in the State of Washington, and in many Idaho cities and counties in WWP’s service territory have been changed to include most of the measures required by the NWEC.  As a result of these code changes, as well as market demands, the standard practices of the builders in WWP’s area have changed to include the measures for which these grants were provided.  Therefore, the market has been transformed and it is no longer necessary to provided the incentives.

Early in 1995, Staff cited the results of Idaho Power’s evaluation of their Good Cents Program, which showed that the market in Southern Idaho had been transformed, and raised the question of the continued necessity of such incentives in WWP’s service territory, and questioned the prudency of continuing to provide such incentives.   At that time, WWP staff indicated they had informally reached a similar conclusion, and they intended to terminate the program, but for reasons of regional consistency, they would probably coordinate the termination of their program with the termination of Bonneville Power’s similar program, which had already been scheduled for the end of 1995.

In a discussion in the fall of 1995, Staff suggested that if the utility was planning any subsequent efforts to encourage advanced conservation measures in the new residential building sector, it may be appropriate to modify the tariff, rather than discontinue it, and initiate a different one at a subsequent date.  Staff has been informed that the Company does not believe any additional efforts in this sector would be cost effective at this time, or in the near future.

STAFF ANALYSIS & RECOMMENDATIONS

This proposal should not be a surprise to anyone who has followed the Company’s conservation or resource planning efforts for the past two years.  These incentives were shown as ending in 1995/1996 in the Company’s recent Conservation and Integrated Resource Plans, and this was openly discussed in the  public planning meetings the Company held in preparing those documents.  This issue was not a source of significant interest or controversy.

Although the Company has not provide empirical evidence to support its conclusion that these incentives are no longer necessary, it is supported by discussions Staff has held with building code officials and others within the industry.  Therefore, Staff recommends that the Commission approve the tariff revision as proposed.

Staff notes that it has not made a determination as to the prudency of the expenditures incurred through this program.  It may be appropriate to include language in the Order that advises the Company that the Commission’s approval of this tariff revision does not constitute a ratemaking decision on the reasonableness of the Company’s expenditures under this program.

DATED  at Boise, Idaho, this                    day of February, 1996.

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Scott Woodbury

Deputy Attorney General

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Wayne Hart

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