DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

RANDY LOBB

TERRI CARLOCK

GARY RICHARDSON

WORKING FILE

FROM:SCOTT WOODBURY

WAYNE HART

DATE:MARCH 8, 1996

RE:CASE NO. WWP-E-96-1

TERMINATION OF ENERGY EFFICIENCY GRANT PROGRAM

On January 19, 1996, The Washington Water Power Company (Water Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of a revision to its electric tariff Schedule 67—Energy Efficiency Service for New Residential Buildings—Idaho.  As proposed the revision would end direct grants for the installation of weatherization materials and energy efficiency measures in residential buildings, effective for buildings permitted on or after March 1, 1996.  Under the Company’s present tariff grants are available for up to $720 for single-family houses and up to $255 for multi-family units.  There is no rate change or revenue impact associated with the Company’s filing.

The grant program, the Company states, was started in 1989 in an effort to move Pacific Northwest building standards to a greater energy efficiency level.  In support of its Application the Company maintains that current residential construction practices conform to the specifications for which the grants were intended to promote.  Homebuilders, the Company contends, now expect, and builders routinely provide as standard practice, such features as 2x6 exterior wall framing with R-19 insulation, increased roof insulation, double glazed windows, etc.  It is therefore not necessary, the Company contends, to continue the program.  Additionally, the Company states that almost all of the jurisdictions in Water Power’s service territory that originally supported the Northwest Energy Code (NWEC) plan to continue to support either the NWEC or the Model Energy Code (MEC) for residential construction.  The Company contends, that this continued support by building code officials is the most critical element in maintaining energy efficient building practices.

The Company in its filing requested an effective date of March 1, 1996, for the proposed tariff change.  By Order No. 26320 the Commission suspended the proposed effective date from March 1, 1996 to March 15, 1996.  The Commission also preliminarily determined that the public interest in this case may not require a hearing to consider the issues presented and that the issues raised by the Application could be appropriately processed under Modified Procedure, i.e., by written submission rather than by hearing.  Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.  The deadline for filing written comments or protests in Case No. WWP-E-96-1 was February 23, 1996.

Although north Idaho homebuilder and contractor groups were provided with notice in this case, only the Commission Staff filed comments (attached).  Staff contends that the Company’s assertion that incentives are no longer necessary is supported by discussions Staff has held with building code officials and others within the industry.  Staff recommends that the Commission approve the tariff revision as proposed.  Staff notes that the Commission has yet to make a determination as to the prudency of prior program expenditures and suggests that the Commission include qualifying language in its Order.

Commission Decision

•Does the Commission continue to find Modified Procedure appropriate?

•Should the proposed electric Schedule 67 tariff revision be approved—i.e., should the Company be authorized to end direct grants for the installation of weatherization materials and energy efficiency measures in residential buildings permitted on or after March 15, 1996?

•If so, should qualifying language be included regarding the prudency of prior program expenditures?

•If the Commission does not believe the tariff revision is appropriate, what is the Commission’s preference as to further procedure?

Scott Woodbury

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