DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

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WORKING FILE

FROM:SCOTT WOODBURY

DATE:AUGUST 25, 1997

RE:CASE NO. WWP-E-97-7

PROPOSED CHANGES TO ENERGY EFFICIENCY TARIFFS

On August 4, 1997, The Washington Water Power Company (Water Power; Company)  made a letter filing with the Idaho Public Utilities Commission proposing four changes to the Company’s energy efficiency tariffs.  Modifications are proposed to the Home Automation and Commercial Fuel Switching Rebate programs.  A new Leasing Program is proposed.  The final requested change is to name the Northwest Energy Efficiency Partnership by its proper title, i.e., the Northwest Energy Efficiency Alliance.

Home Automation

The Home Automation revision changes the program from a high-end demonstration project contemplated in the original tariff to a low-end home automation project.  As represented by the Company, this midstream fine tuning enhances the market transformation characteristics of the program.  The high-end of the market (e.g., houses with market value greater than $250,000) appears to be transforming without utility assistance.  Under this tariff, the Company will review home automation products for their energy saving characteristics and offer customer incentives either on a per device or connected load basis.  These products may control end-uses such as lighting (interior and exterior), water heating, HVAC, swimming pool filtration and heating or other electric end-uses.  There is no change from the original tariff in the maximum funding for this program.

Commercial Prescriptive Fuel Switching Rebate Program

This program will provide low interest loans to customers for capital expenditures associated with switching from electric to natural gas.  The proposed revision to the Company’s Commercial Prescriptive Fuel Switching Rebate Program adds a prescriptive path for water heating units under 150 gallons and also allows other end uses to be converted at a rate of 3¢ per kWh.  This rate, the Company contends, is consistent with the rate implicit in the space heating incentives contained in the original tariff.  The majority of projects eligible for incentives under this tariff, the Company states, will be either in the space or water heat prescriptive paths.  Some occasional cooking, process or other loads may be converted based upon the 3¢ per kWh path.  There is no change from the original tariff in the maximum funding for this program.

Electric Efficiency Leasing Program

The proposed Electric Efficiency Leasing Program is new and is targeted to educational or public institutions, primarily schools.  The funding is based upon $500,000 in “seed” money from anticipated lower expenditures in the HVAC System Efficiency Program (which is now largely a regional program) in the Northwest Energy Efficiency Alliance (NEEA).  This program is proposed, the Company contends, due to unique market barriers faced by educational and other public institutions having borrowing limitations for conservation and energy efficiency projects.  Specifically, many of these customers are unable to undertake such projects because they cannot commit funding beyond the term of their current school board or legislative body.  As a consequence of this restriction, such public entities frequently rely upon leases rather than purchases for their capital equipment.  This program will provide public entities with the means to obtain such equipment, with the equipment becoming the property of the customer at the end of the lease.  The lease payments will be structured such that the implicit interest rate will not exceed the market rate of interest for the tax exempt entities.  The program will be limited to the leasing of equipment which is vital to the operation of the facility and which incorporates an improvement in energy efficiency.  Lease revenues will reimburse the Energy Efficiency Tariff Rider fund but will not necessarily be used to fund other leases.  The program will expire when the funds available for purchase of leased equipment are exhausted.

Name Change

The final change proposed by the Company in its filing is renaming the Northwest Energy Efficiency Partnership by its proper title, i.e., the Northwest Energy Efficiency Alliance.

Water Power contends that there is no revenue change associated with this filing.  The Company requests that the Commission approve the proposed tariff changes 30 days from filing.

Staff Analysis

Staff notes that the Company is proposing a new Leasing Program and recommends that the matter be noticed and processed under Modified Procedure.  The Company has been notified of Staff’s preference and agrees to the proposed procedure.  Staff recommends that the proposed effective date be suspended.

Commission Decision

Should the Company’s proposed tariff revisions regarding energy efficiency tariffs be noticed and processed pursuant to Modified Procedure ?  Should the proposed effective date be suspended?  If not, what is the Commission’s preference?

Scott Woodbury

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