

Ronald L. Williams, ISB No. 3034  
Williams Bradbury, P.C.  
1015 W. Hays St.  
Boise, ID 83702  
Telephone: (208) 344-6633  
Email: ron@williamsbradbury.com

Attorneys for Intermountain Gas Company

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE APPLICATION OF )  
INTERMOUNTAIN GAS COMPANY FOR )  
THE AUTHORITY TO CHANGE ITS RATES ) Case No. INT-G-16-02  
AND CHARGES FOR NATURAL GAS )  
SERVICE TO NATURAL GAS CUSTOMERS )  
IN THE STATE OF IDAHO )  
\_\_\_\_\_ )

DIRECT TESTIMONY OF CHERYL IMLACH  
FOR INTERMOUNTAIN GAS COMPANY

August 12, 2016



1 I am also well versed in the tactical implementation of efforts designed to  
2 encourage efficiencies through the direct use of natural gas.

3 **II. SCOPE AND SUMMARY OF TESTIMONY**

4 **Q. What is the purpose of your testimony in this docket?**

5 A. My testimony will cover three primary areas. First, I will discuss the feasibility of  
6 operating a residential conservation rebate program and the preparations  
7 Intermountain has made to launch this effort. Next, I will offer a detailed  
8 description of our proposed program ramp-up. Lastly, I will describe anticipated  
9 program benefits and predicted results.

10 **Q. Are you sponsoring any exhibits in this proceeding?**

11 A. No, although I participated in the preparation of Original Tariff Sheet No. 16,  
12 Rate Schedule DSM (DSM Tariff), which is the Company's proposed Tariff that  
13 would obtain demand side resources through rebates for select energy efficiency  
14 equipment and upgrades. This proposed DSM Tariff sheet is part of Exhibits 30  
15 and 31 sponsored by Company witness Michael McGrath.

16 **III. FEASIBILITY OF DEMAND SIDE MANAGEMENT AND**  
17 **ASSOCIATED PREPARATIONS**

18 **Q. What steps has the Company taken in preparation of the launch of a**  
19 **residential conservation rebate program in Intermountain's service area?**

20 A. As explained in the testimony of Ms. Spector, the Company has performed an  
21 assessment of both its total DSM potential and the cost effectiveness of offering  
22 rebates for residential conservation measures. In addition, the Company has also

1 performed a desk audit of similar rebate programs in the State of Idaho including  
2 both Avista and Idaho Power's energy conservation efforts.

3 Intermountain has also held meetings with its district employees to ensure  
4 that the measures in its portfolio were not already saturated in the local markets,  
5 and that rebate levels are meaningful from an "on-the-ground" perspective.  
6 Feedback from district staff ultimately drove the Company to make changes to  
7 their initial program design, raising minimal efficiency levels from .64 to .67 for  
8 water heaters and for 91% Annual Fuel Utilization Efficiency (AFUE) to 95%  
9 AFUE for furnaces. Feedback from the districts also provided a better  
10 understanding of the incremental costs associated with upgrades from standard  
11 efficiency to high efficiency natural gas equipment in Intermountain's service  
12 area.

13 The Company has also met with local area HVAC contractors and builders  
14 to better understand what natural gas equipment is available on the market today  
15 and how to assist those contractors and builders in the selection of more energy  
16 efficient measures and equipment.

17 Finally, Intermountain has developed a comprehensive set of trade ally  
18 and rebate eligibility guidelines that will be used to govern the program, after  
19 hoped-for approval by the Commission.

20 **Q. What is the current demand for high-efficiency natural gas equipment and**  
21 **ENERGY Star homes in Intermountain's service area?**

22 A. Within the residential market, there is currently a mix of older equipment, and  
23 lower-grade energy efficiency measures being utilized by customers. While

1 energy efficient upgrades are not uncommon in the Boise metropolitan area,  
2 anecdotal feedback suggests that penetration is inconsistent, and lower efficiency  
3 equipment is still readily available to IGC customers, contractors and builder.  
4 There is likewise a strong opportunity to increase the presence of energy efficient  
5 equipment and ENERGY Star homes in other parts of the service area as well.

6 **Q. What impacts do you anticipate your program will have on the residential**  
7 **sector?**

8 A. Making rebates available for energy-efficient natural gas equipment and  
9 ENERGY Star homes will drive increased sales of these essential upgrades,  
10 leading to energy savings that would have not been otherwise achieved without  
11 the program. Other gas utilities in the northwest have achieved consistent energy  
12 savings through rebates for energy efficiency measures. The Company believes  
13 this momentum can be replicated in Intermountain's service area in Idaho. More  
14 specifically, based on the Company's TEAPot modeling results, blended with  
15 feedback from district staff, and area contractors, Intermountain believes it can  
16 achieve a therm savings target of 65,000 therms with a stretch goal of 97,8235 as  
17 described in the testimony of Ms. Spector. This savings will be achieved by using  
18 rebates to encourage the purchase of energy efficient natural gas space and water  
19 heating equipment and ENERGY Star homes in the residential sector.

20 **Q. How will success resulting from this program be measured?**

21 A. Success means that the Company has met or exceeded its programmatic therm  
22 savings targets, and that the program's pre-screened measures have been  
23 performed safely, in accordance with industry best practices.

1                   The program metrics that will be used to determine performance will  
2 include total therm savings achieved; Utility Cost Test (UCT) results in relation to  
3 the \$0.531 threshold; total conversions to high-efficiency natural gas equipment  
4 directly attributable to the Company's rebate program; total number of ENERGY  
5 Star homes directly attributable to the Company's rebate program; and the results  
6 of any quality assurance inspection outcomes.

7 **Q. How does the Company intend to directly attribute natural gas savings to**  
8 **your conservation rebate program?**

9 A. Natural gas savings will be considered directly attributable to the Company's  
10 natural gas conservation program if it is associated with a successfully completed  
11 conservation incentive application for a rebate eligible measure. The Company  
12 will be using deemed therm savings based from the appropriate climate zone  
13 programmed in the TEAPot model. The risk of free ridership associated with  
14 customers applying for incentives for equipment they would have otherwise  
15 installed will be mitigated in the ways described within the testimony offered by  
16 Ms. Spector.

17 **Q. What will the Company do once the measures in its portfolio achieve market**  
18 **transformation in Intermountain's service area?**

19 A. Measures eligible for incentive as part of the Company's conservation rebate  
20 program will be examined on an ongoing basis to ensure that they support the  
21 most efficient technologies available on the market within Intermountain's service  
22 area. In the event that a measure becomes saturated into the local market, or

1 becomes mandated by code, the Company will replace it with a higher-tier energy  
2 savings measure as they become available.

3 **IV. PROGRAM RAMP UP AND DELIEVERY**

4 **Q. Please describe the first 90 days of operation for your conservation rebate**  
5 **program, if approved.**

6 A. Following the approval of the Company's DSM program, Intermountain will file  
7 for the collection of costs as described in Ms. Spector's testimony. Upon approval  
8 of the recovery mechanism, the Company will issue a solicitation for two new  
9 staff to support daily program operation and implementation.

10 As Manager of Energy Utilization, I will oversee this process and provide  
11 ongoing management and oversight to the DSM team. We will meet with our  
12 district team to finalize all program terms and conditions, and to ensure that they  
13 have the resources necessary to explain the program to customers and area  
14 contractors. We will provide easy-to-complete rebate applications for distribution  
15 by our district and program staff, and for distribution to local contractors. We will  
16 convene meetings with area contractors to launch a residential trade ally program  
17 to encourage partnership with the HVAC and builder communities on the sale of  
18 high-efficiency natural gas equipment and ENERGY Star homes over standard-  
19 efficiency alternatives. We will have an enrollment campaign to invite all well-  
20 qualified contractors to participate in our trade ally program. We will perform  
21 ongoing monitoring of work and will gather customer feedback to ensure that the  
22 program operates as intended.

1           While program ramp-up is taking place, the Company will concurrently  
2 implement internal best-practices for rebate processing and data collection to  
3 ensure that customer rebate requests are processed in a timely manner, and that  
4 we are able to report all program findings and outcomes with maximum  
5 transparency and clarity. We will also train our call center staff to ensure they are  
6 prepared to answer customer questions about our energy efficiency rebate  
7 program and to refer customers to the appropriate departmental contacts.

8 **Q. Please describe the guidelines that will be associated with this program and**  
9 **how they will be enforced.**

10 A. Intermountain has developed terms and conditions that will govern the operation  
11 of its rebate program. The program will be available to residential customers who  
12 use natural gas as their primary space or water heating fuel. Natural gas must be  
13 the space heat fuel for all space heating applications. Natural gas must be the  
14 water heat fuel for all water heating applications. Energy savings equipment must  
15 meet the program requirements specified in the program's terms and conditions.  
16 Rebate eligible measures will be performed through licensed & bonded  
17 contractors. A Trade Ally program will help enforce best practices in equipment  
18 installation, and ensure a commitment to assisting customers through the rebate  
19 application process.

20           All rebate applications will be subject to verification and review, including a  
21 review of all associated invoices. Staff will be available to perform both  
22 randomized and targeted quality assurance inspections as appropriate. Trade



1 Allies whose work does not pass QC inspection will be removed from the  
2 program.

3 **Q What existing resources are available to the Company for program delivery?**

4 A. In addition to the in-house expertise harnessed for our DSM analysis and the  
5 design of our rebate portfolio, we have the following resources available to  
6 support our rebate program:

7 First, we have an Energy Utilization management position, which I now  
8 hold with the Company. In this capacity, I will be overseeing the practical  
9 implementation and daily operation of our program.

10 Second, we have customer-facing Company staff in each district served by  
11 the Utility that have been instrumental in providing feedback to ensure the smooth  
12 integration of this effort into their day-to-day operations. They will be thoroughly  
13 trained on all rebate program guidelines and requirements and will be available to  
14 answer customer questions, and provide support to area contractors.

15 Third, we have an existing program that has been used to promote  
16 efficient natural gas equipment in partnership with area contractors. We intend to  
17 increase the focus of this program to focus on the measures available under our  
18 DSM rebate portfolio. This will serve as a starting point from which we will be  
19 able to launch a more comprehensive trade ally program effort.

20 Fourth, as stated earlier, Intermountain's Customer Service team will be  
21 trained on all aspects of our rebate program and will be available to answer  
22 customer questions and refer them to the appropriate program contacts.

1                   Finally, we have ongoing customer outreach materials such as our  
2 monthly bill-stuffers that will contain messaging designed to encourage additional  
3 program participation.

4                   **V.      ANTICIPATED BENEFITS AND OUTCOMES**

5       **Q.      What are the anticipated outcomes & associated benefits of the Company’s**  
6           **conservation rebate program?**

7       A.      The anticipated outcome of the Company’s rebate program is an energy savings  
8 achievement 65,000 therms in the first year with a stretch target of 97,825 therms  
9 based on the TEAPot’s model of Achievable potential. Intermountain also  
10 anticipates a gradual increase in the availability of high-efficiency natural gas  
11 space and water heating equipment and ENERGY Star homes in its service area,  
12 which will be encouraged through partnership with area contractors.

13                   Benefits associated with the Company’s rebate program include the cost-  
14 effective acquisition of demand side resources for load management;  
15 environmental benefits and increased efficiencies associated with the direct use of  
16 natural gas that was described in detail in the testimony of Mr. Kirschner; and  
17 direct benefits to participating homeowners such as increased comfort and lower  
18 energy bills than if the program were not in existence.

19       **Q.      Does the Company anticipate a limit to the amount of DSM potential in its**  
20           **service area?**

21       A.      While there is a finite level of DSM potential for any given measure within an  
22 energy conservation portfolio, housing stock will continue to age over time, and

1 technologies will continue to evolve, offering additional opportunities for energy  
2 efficiency, which the Company will explore on an ongoing basis.

3 **Q. Does this conclude your testimony?**

4 A. Yes it does.