



Case No. IPC-E-15-06, Order No. 33273

Contact: Gene Fadness (208) 334-0339, 890-2712

www.puc.idaho.gov

Idaho Power seeks prudence declaration on \$33.5 million investment in energy efficiency

BOISE (May 22, 2015) – Idaho Power Company is asking state regulators to determine that \$33.5 million of company investment in energy efficiency and demand-response programs during 2014 was prudently incurred.

The application does not impact rates. The Idaho Public Utilities Commission is taking public comment on Idaho Power's application through June 24.

The efficiency programs are primarily funded through a 4 percent Energy Efficiency Rider on customer bills. The demand-response programs are included in the annual Power Cost Adjustment (PCA), which is part of the Annual Adjustment Mechanism listed on customer bills. An energy-efficiency program is one in which less energy is used to perform the same function. A demand-reduction program is one that shifts consumption to non-peak times of the day, reducing demand on a utility's generation system. About \$25.5 million of the total \$33.5 million is related to energy efficiency and would be recovered through the rider. The remaining \$8 million includes demand reduction incentive payments to program participants and is recovered through the PCA.

In general, the commission will allow the utility an opportunity to recover its demand-response expense through rates if the expenses were prudently incurred. If the commission finds otherwise, the disallowed portion of expense is borne by shareholders, not ratepayers.

Idaho Power offers 18 energy efficiency programs (16 in Idaho and two in Oregon) and three demand reduction programs. The company claims these programs increased annual energy savings by 33%, exceeding the company's targets.

Energy efficiency programs resulted in 118,670 megawatt-hours of savings. That doesn't include savings realized from Idaho Power's participation in the Northwest Energy Efficiency

Alliance's market transformation initiatives. That resulted in another 20,000 MWh saved in Idaho Power's service territory. Some of Idaho Power's energy efficiency programs include offering customer rebates for increased use of heating and cooling efficiencies and energy efficient lighting and appliances as well as creating efficiencies in commercial and industrial buildings.

Demand reduction programs that offered financial incentives to residential air conditioning customers, large commercial and industrial customers and irrigators to shift or curtail consumption to off-peak periods reduced demand by 378 megawatts, saving customers about \$6.5 million.

All the programs must pass cost-effectiveness tests to ensure that the cost of the programs does not exceed the benefit to customers. One of the tests, the Total Resource Cost test, must show that all customers benefit from the programs, not just those who directly participate.

Comments are accepted via e-mail through June 24 by accessing the commission's homepage at www.puc.idaho.gov and clicking on "Case Comment or Question Form" under the "Consumers" heading. Fill in the case number (IPC-E-15-06) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

Electric utilities are required to file an annual report of their energy efficiency and demand-response programs. Idaho Power's report is available on the commission Website. Click on "Open Cases" under the "Electric" heading, scroll down to Case Number IPC-E-15-06 and click on "2014 DSM Annual Report."

###