



Case No. IPC-E-16-03, Order No. 33505

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Idaho Power seeks prudence declaration on \$35.2 million investment in energy efficiency

BOISE (June 28, 2016) – Idaho Power Company is asking state regulators to determine that \$35.2 million of company investment in energy efficiency and demand-response programs during 2015 was prudently incurred.

The application does not impact rates. The Idaho Public Utilities Commission is taking public comment on Idaho Power's application through July 14.

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. Idaho Power offers 19 energy efficiency programs and three demand reduction programs. The company claims these programs increased annual energy savings by 18 percent.

About \$28.5 million of the total \$35.2 million investment is related to energy efficiency and would be recovered through the 4 percent rider. The remaining \$6.7 million includes demand reduction incentive payments to program participants and, if approved, is recovered through the PCA.

In general, the commission will allow Idaho Power 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.

Energy efficiency programs resulted in 162,533 megawatt-hours of savings, which includes 21,900 MWh from Idaho Power's participation in market transformation initiatives offered through the Northwest Energy Efficiency Alliance. 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.

The largest amount of energy efficiency savings came from the commercial/industrial sector (102,074 MWh), followed by the residential sector (24,532 MWh), followed by the irrigation sector (14,027 MWh).

Demand reduction programs that provided 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 on Idaho Power's system by 376 megawatts, saving customers about \$1.6 million.

All the programs must pass cost-effectiveness tests to ensuring their cost 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.

To read Idaho Power's full report, go to the commission's website at www.puc.idaho.gov. Click on "Open Cases" under the "Electric" heading, scroll down to Case Number IPC-E-16-03 and click on "2015 DSM Annual Report." Comments can be filed electronically by going to the same website and clicking on "Case Comment or Question Form" under the "Consumers" heading. Fill in the above case number and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

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