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IDAHO PUBLIC
UTILITIES COMMISSION

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February 1, 2019

Diane Hanian, Secretary
Idaho Public Utilities Commission
472 West Washington Street
P.O. Box 83720
Boise, Idaho 83720-0074

Re: Case No. IPC-E-16-14
Tariff Schedule 63, Community Solar Pilot Program
Idaho Power Company's 2019 Community Solar Annual Report

Dear Ms. Hanian:

In Order No. 33638, the Idaho Public Utilities Commission ("Commission") approved a settlement stipulation that required Idaho Power Company ("Idaho Power" or "Company") to submit annual reports updating the Commission and stakeholders on a variety of items for the Community Solar Pilot Program ("Program"). The first report was filed on April 30, 2018.

The Company is submitting the enclosed second annual report for 2019 before the due date of April 30, 2019, per Advice No. 19-02 requesting a suspension of the Program (Schedule 63) due to insufficient enrollment. The report provides details on the Company's extensive marketing efforts, program enrollment statistics, subscriber characteristics, customer feedback, and the Company's communication plan to inform Participants of the Company's request to suspend the Program. Lastly, the report provides an overview of the future of an Idaho Power community solar offering.

If you have any questions regarding this tariff advice, please contact Regulatory Analyst Kelley Noe at (208) 388-5736.

Sincerely,



Lisa Nordstrom

LDN:kkt
Enclosure

**IDAHO POWER COMPANY' S
2019 COMMUNITY SOLAR ANNUAL REPORT**

I. BACKGROUND

A. Initial Filing

On June 22, 2016, in response to customers who expressed interest in a community solar program, Idaho Power Company (“Idaho Power” or “Company”) filed an application requesting that the Idaho Public Utilities Commission (“Commission”) approve a new tariff Schedule 63, Community Solar Pilot Program (“Program”). The Company proposed to build a 500-kilowatt (“kW”) single-axis tracking community solar array in southeast Boise that would allow a limited number of Idaho Power’s Idaho customers the opportunity to voluntarily subscribe to the generation output. Idaho Power proposed that participating customers pay a one-time upfront Subscription Fee (“Subscription Fee”) and in return receive a monthly bill credit (“Solar Energy Credit”) for their designated portion of the energy produced from the array. Details of the Program as filed are provided in the following table:

Program Details – As Filed

Project Size	500 kW
Cost of Construction	\$1.2 Million
Shareholder Contribution	15 Percent
Marketing Budget	\$50,000
Number of Subscriptions	1,563
Subscription Fee	\$740
Payment Options	Upfront
Payment Methods	Check
Solar Energy Credit	Embedded energy-related costs by rate class + PCA offset
Annual kWh's per Subscription	638
Subscription Term	25 Years

Petitions to intervene were filed by the Idaho Conservation League (“ICL”), the Industrial Customers of Idaho Power, the Idaho Irrigation Pumpers Association, Inc., the Snake River Alliance (“SRA”), the Idaho Sierra Club (“Sierra Club”), and the City of Boise (“Boise City”), hereafter referred to individually as a “Party” or jointly as “Parties.”

The Parties engaged in settlement discussions on August 23, 2016, and September 8, 2016, that ultimately led to a settlement of the issues related to the Company’s application, which is outlined below.

B. Settlement Stipulation

The Settlement Stipulation was filed on September 26, 2016, and signed by the Parties including Commission Staff. The stipulation modified the Company’s initial request by the following terms:

1. Subscription Fee. Originally proposed to be \$740, the Subscription Fee was lowered to \$562 to reflect three modifications, collectively referred to as the “Rate Base Amounts:” (1) a reduction reflecting the net present value of the incremental difference between the Demand-Side Management Alternate Costs and the forecasted embedded cost of energy, as applied to the projected output of the project over the 25-year life of the Program, (2) removal of the cost of the smart inverters from the total project cost, and (3) a reduction reflecting the present value of the projected deferral of Transmission and Distribution investments for the 25-year life of the project, as determined by the Company's recently completed study that was presented to the Energy Efficiency Advisory Group on August 30, 2016. The Rate Base Amounts reduced total program costs by \$323,000, resulting in a Subscription Fee of \$562.

2. Monthly Fee Option. The settlement agreement expanded the payment terms and options offered to customers for their Subscription Fee payment. While customers were still allowed to pay the entire Subscription Fee upfront as initially proposed, the Company agreed to offer a “Bill Me” option through which customers would receive a bill for the entire Subscription Fee that must be paid within 30 days, allowing customers to utilize a credit/debit card or their bank's bill pay option plus any nominal convenience fees. The Company also agreed to offer a monthly fee option to Residential Service Customers that would provide for recovery of the Subscription Fee over 24 equal monthly payments of \$26.31. The monthly fee included a carrying charge and an administration charge to reflect the costs of administering this monthly option.

The Parties agreed that Idaho Power should be allowed to collect 100 percent of the revenue requirement associated with the Rate Base Amounts through the Power Cost Adjustment (“PCA”) mechanism or until the Company resets its base rates in a future general rate case proceeding. Additionally, Idaho Power agreed to submit an annual report updating the Commission and stakeholders on various program metrics.¹ The following table provides program details as agreed upon in the settlement stipulation:

Program Details – As Settled

Project Size:	500 kW
Cost of Construction:	\$1.2 Million
Shareholder Contribution:	15 Percent
Rate Base Amount:	\$323,000
Marketing Budget:	\$50,000
Number of Subscriptions:	1,563
Subscription Fee:	\$562
Payment Options:	Upfront or 24 Monthly Payments
Payment Methods:	Check, Debit Card, Credit Card, Bank bill pay
Solar Energy Credit:	Embedded energy-related costs by rate class + PCA offset
Annual kWh's per Subscription:	638
Subscription Term:	25 Years

¹ Idaho Power's 2018 Community Solar Annual Report was filed on April 30, 2018, in Case No. IPC-E-16-14.

On October 31, 2016, the Commission issued Order No. 33638, approving the Settlement Stipulation stating:

The record demonstrates that there is great interest and enthusiasm for the Company's proposed Community Solar Pilot Program. The issues raised by the parties were valid concerns that touch on the viability of the project itself. We find that the resolutions reached in the Settlement Stipulation represent fair and reasonable compromises intended to help the proposed pilot program succeed. We further find that pilot programs such as that proposed here, on a small-scale, are valuable for learning what works and what does not, to inform future projects with similar offerings.²

The Commission concluded that the stipulation is just, fair, reasonable, and in the public interest.

II. PROGRAM OUTREACH AND MARKETING EFFORTS

The Program was marketed utilizing a variety of strategies and tactics, including awareness marketing reaching all customers and targeted approaches reaching customers most likely to subscribe. Customers had the opportunity to learn about the Program through various forms of communication such as public relations (face-to-face), the Idaho Power website, direct mail, and social media. Several local newspapers and television stations ran stories about the Program. Additionally, stakeholder organizations promoted the Program through their various communication channels such as ICL's blog.

A. Direct Mail

The initial targeted direct mail letter went out in early November 2016 which included a target audience of customers meeting one of the following criteria:

- Target customers living close to the array – national research shows those closer to the array have a higher propensity to buy.
- Customers with a higher propensity to participate – they are pro-environment and undertake the highest number of energy conserving behaviors.
- Customers with the discretionary income to make this purchase.

The Company chose these criteria based on information Idaho Power knows about its Green Power participants. The Company assumed that a Community Solar participant may be similar.

The initial direct mail letter was sent to over 11,000 customers. The second direct mail letter was sent in January 2017 and was sent to almost 25,000 additional customers.

² Order No. 33638, p. 10.

Additionally, Idaho Power included program information in a bill insert to all Idaho residential customers between December 2016 and January 2017. In August 2017, a “Green Choices” bill insert summarizing renewable energy and conservation options was sent to all residential customers.

Program information was also included in the September 2016 and January, February, and August 2017 Connections Newsletters that is included with bills to all customers. In September 2017, a program ad was placed in the Energy @ Work newsletter to small business customers and an article promoting the Program as a unique and long-lasting gift for nonprofits was included in the Energy Insights newsletter to large commercial and industrial customers.

B. Direct Customer Outreach

While the docket was being processed, Idaho Power had preliminary program information available on its Company website. On the Community Solar landing page customers interested in the Program could provide contact information to stay informed. Immediately following the Commission’s Order on October 31, 2016, Idaho Power began its outreach to customers by contacting the interested customers and letting them know the Program was open for enrollment. Approximately 200 customers had requested notification of program enrollment.

In February and March 2017, Idaho Power’s Customer Representatives put significant effort into direct marketing by contacting business customers and informing them about the Program. Over 300 one-on-one interactions were completed as a result of this effort. Additionally, Idaho Power worked extensively with several large commercial customers and one municipality on potential large purchases for the unsubscribed portions of the array.

Community solar presentations were given to rotary clubs, chambers, home owners associations, and trade associations. Furthermore, Idaho Power had personnel and displays at events such as the Home and Garden Show, Smart Women Smart Money, Idaho Environmental Forum, and several other trade events. In February 2017, Idaho Power hosted a Brown Bag lunch at its corporate headquarters and invited the public to attend to learn about the Program.

C. Awareness Marketing

Idaho Power utilized its internal employee and retiree communication channels, publishing an article in its all-employee newsletter and producing an informational video about the Program which was posted to Idaho Power’s public YouTube channel. Additionally, Idaho Power used its social media presence on Facebook and Instagram to post information about the Program and to answer questions from customers. Combined, Idaho Power has more than 17,000 followers on Facebook and Instagram. Idaho Power representatives also gave interviews about the Program for local television news and local radio shows.

D. Allied Marketing

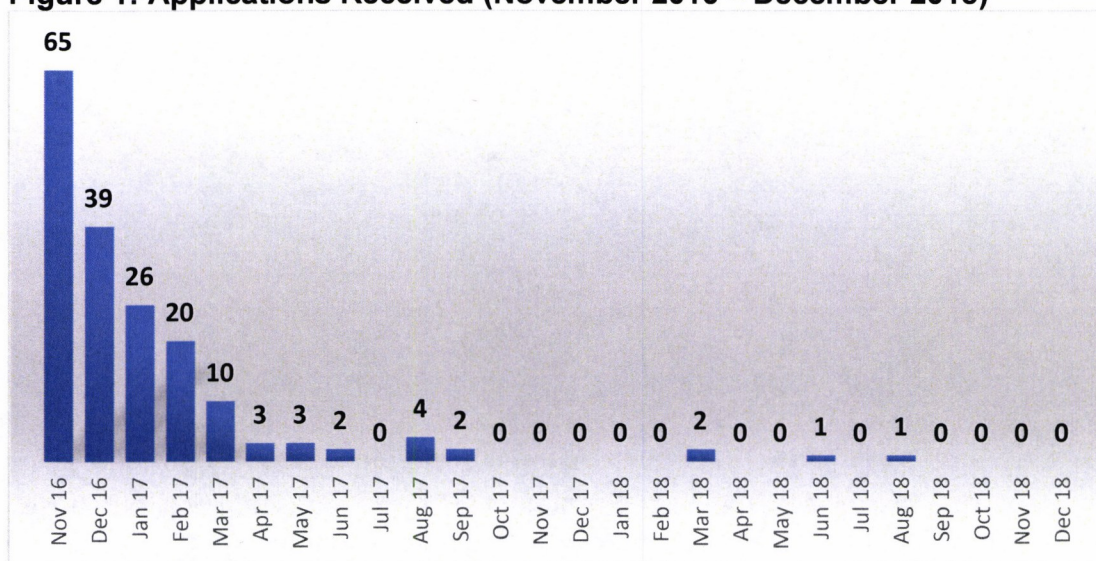
Proponents of the Program and signers to the Settlement Stipulation (ICL, SRA, Sierra Club, and Boise City) utilized their communication channels to promote the Program. Information on their respective websites, social media, blog posts, and emails to members were many of the ways these groups helped promote the Program.

Additionally, local media sources KTVB, Idaho Statesman, and the Boise Weekly all provided news coverage about the Program.

III. PROGRAM ENROLLMENT

The Company's initial email to interested customers informing them that the Program was open for enrollment was one of the biggest drivers of early subscription purchases. In fact, almost half of the subscriptions purchased occurred in November and December 2016. Despite continued marketing efforts, program participation continued to decline after the initial batch of subscription purchases. Figure 1 below shows the number of applications received by month.

Figure 1: Applications Received (November 2016 – December 2018)



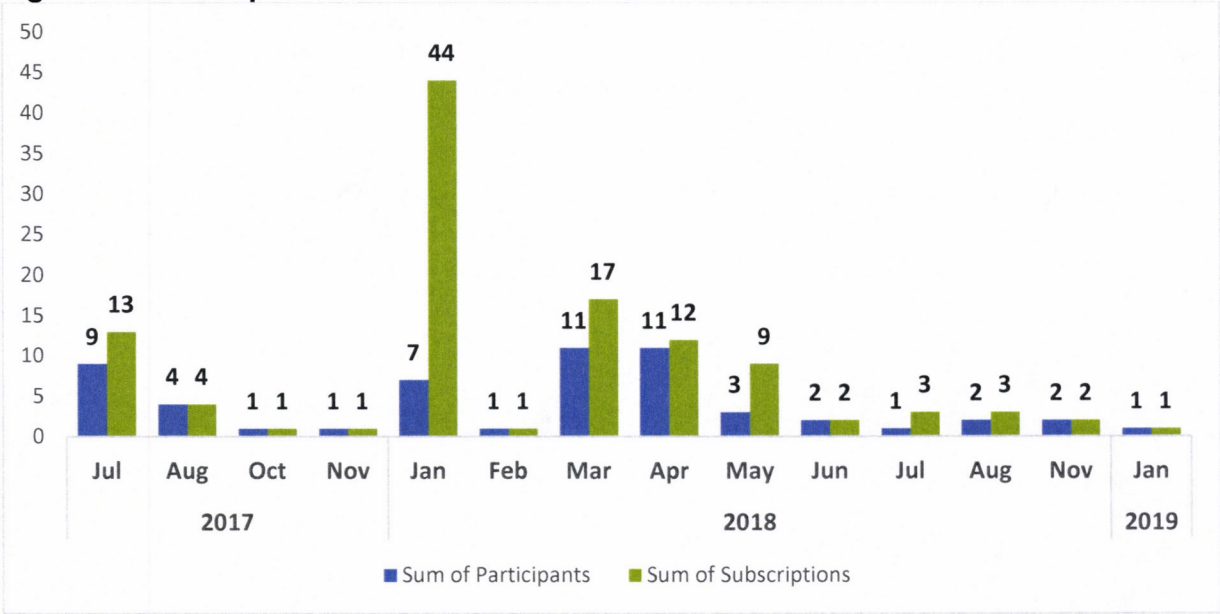
On March 1, 2017, or 120 days after the Commission Order, the Program was only 14 percent subscribed. Although Idaho Power reserved the right to discontinue efforts on the Program if the project was not fully subscribed within 120 days, the Company was determined to provide the best opportunity for the success of the Program so the timeframe for enrollment was extended.

On June 27, 2017, Idaho Power held a stakeholder meeting at its corporate headquarters with the signors of the settlement stipulation. At this meeting, Idaho Power gave an update on the Company's efforts and then-current enrollment levels. The Company aligned with stakeholders to keep enrollment open until the end of the year and focus its efforts on larger customers who might purchase a substantial amount of the unsubscribed portion of the array.

During the Program’s enrollment extension, Idaho Power continued to pursue interested large commercial customers and municipalities with the intent of gaining substantial program subscriptions. The Company has since learned that none of the large customers or municipalities that expressed prior interest would be participating in the Program. Additionally, the Company explored changing the size of the array; however, building smaller was less economical and would have caused individual subscription costs to increase substantially.

The Company sent a program update to participants in July 2017, January 2018, and March 2018 explaining the timeline extension and giving the option to cancel subscriptions. Figure 2 below shows the number of participants and subscriptions cancelled from July 2017 to current.

Figure 2: Subscription Cancellations



At the height of enrollment, June 2017, there were 239 subscriptions purchased or approximately 15.3 percent of the total Program. Of those subscriptions purchased, 22 percent chose monthly payments and 78 percent chose the Upfront/Bill Me option. Of those 239 subscriptions, approximately 95 percent were purchased by residential customers. The remainder of the subscriptions were purchased by large and small commercial customers. While a few participants purchased multiple subscriptions, most purchased a single subscription.

As of the date of this filing, approximately 9.5 percent of the total Program is subscribed, at 148 subscriptions.

IV. SUBSCRIBER CHARACTERISTICS

In an effort to gather data about the Program participants, Idaho Power compiled the number of participants by city. The following table presents the data as of January 2019 and includes participants that have cancelled their subscriptions.

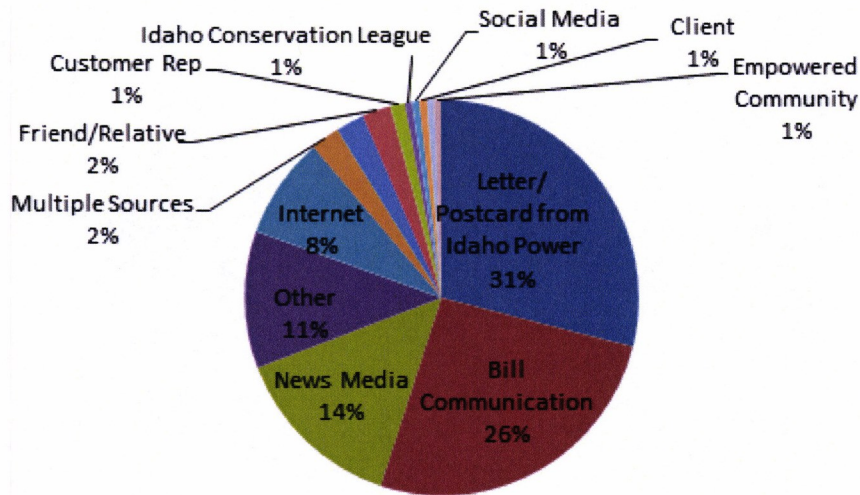
Table 1: Participants by City

City	Participants	Percentage
Blackfoot	1	1%
Boise	126	70%
Caldwell	3	2%
Eagle	3	2%
Emmett	2	1%
Fruitland	1	1%
Garden City	3	2%
Garden City	1	1%
Garden Valley	1	1%
Hailey	1	1%
Hammett	1	1%
Horseshoe Bend	1	1%
Jerome	1	1%
Ketchum	2	1%
Kimberly	1	1%
Kuna	1	1%
McCall	3	2%
Meridian	9	5%
Mountain Home	2	1%
Nampa	3	2%
Ontario	3	2%
Pocatello	1	1%
Sun Valley	2	1%
Twin Falls	8	4%
Wendell	1	1%
Grand Total	181	

As evidenced in the chart, while most of the Community Solar participants were located in Boise there were program participants located throughout Idaho Power's Idaho service territory.

Additionally, as a voluntary part of enrolling in the Program, the participation agreement requests that the customer indicate how they heard about the Program. Figure 3 below summarizes the responses provided by participants.

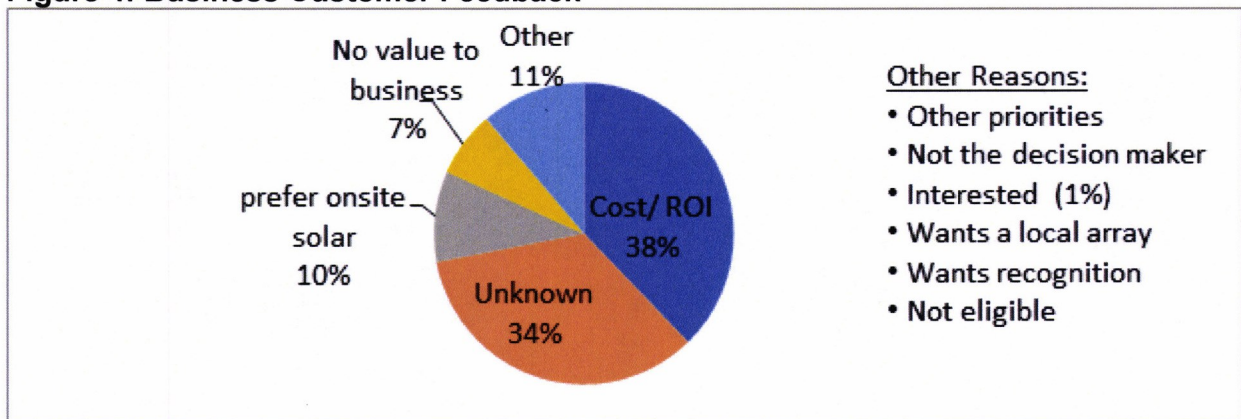
Figure 3: Participant Responses



V. CUSTOMER FEEDBACK

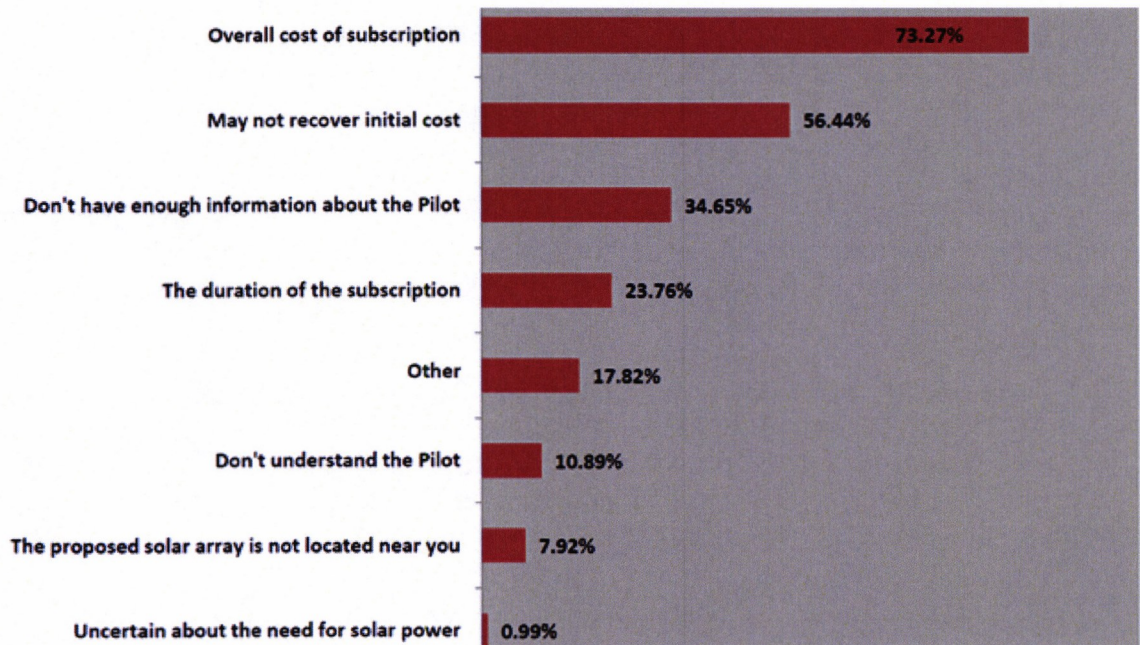
In February and March 2017, Customer Representatives undertook a large effort to contact business customers and inform them about the Program. As described in the marketing section above, they completed over 300 one-on-one interactions with business customers. Through this effort, the customer representatives requested specific feedback during those visits. Only one percent of these customers said they were interested in the Program. The following Figure 4 summarizes the remaining business customers' feedback on why they were not interested in the Program.

Figure 4: Business Customer Feedback



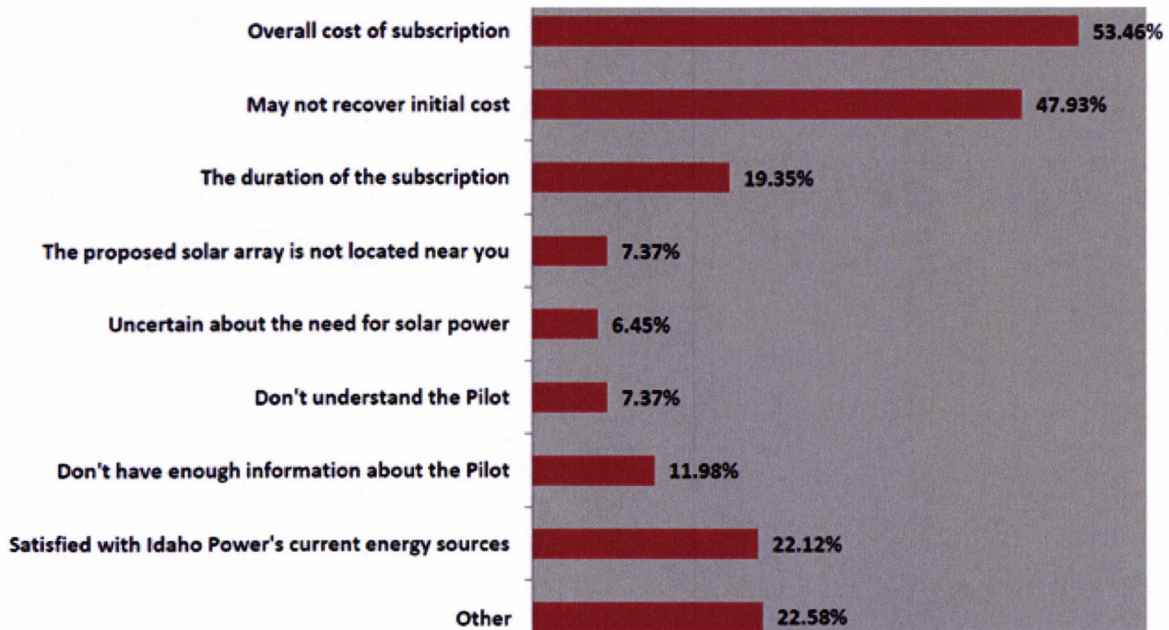
Additionally, in March 2017, Idaho Power sent out a survey to all its Empowered Community members (over 1,000) and received a 65 percent response rate on the survey. The following question and responses are from survey responders interested in community solar:

Q: Which of the following, if any, are concerns or barriers to subscribing to the Community Solar Pilot?



The following question and responses are from survey responders not interested in community solar:

Q: Which of the following, if any, describe why you are not interested in subscribing to the Community Solar Pilot?



Overall, the feedback from business customers and the Empowered Community survey responses revealed that the common concerns about the Program were the cost to participate and the return on investment.

VI. CUSTOMER COMMUNICATION PLAN

To ensure participating customers are informed of the Company's request to suspend the offering, contemporaneous with this filing, Idaho Power will be contacting participants directly via phone to inform them of the decision to suspend the offering. A letter will be sent to each participant after the initial phone call to reiterate next steps. Customers who wish to have their Subscription Fees refunded immediately will receive a check in the mail within six weeks, otherwise refund checks will be sent to all participants upon Commission approval of this filing.

If the filing is approved, Idaho Power will update the Community Solar landing page on its website to inform customers that the Program is suspended while Idaho Power and other interested parties research alternative community solar projects. A notification sign-up mechanism will be placed on the website, so interested customers can leave their contact information, should a form of community solar move forward.

VII. THE FUTURE OF AN IDAHO POWER COMMUNITY SOLAR OFFERING

Idaho Power had requested that the initial offering for community solar be treated as a pilot program to allow the Company to learn about the complexities associated with offering community solar programs including customer commitment, construction, contracting, interconnection, maintenance, and billing. While lack of sufficient subscribers did not enable the Company to achieve each of these learning objectives, the Company is suspending this Program with greater knowledge about customer commitment for this type of offering.

The Company believes that the terms of the Program, as agreed to in the Settlement Stipulation, were fair, and importantly minimized the impact to non-participants. Idaho Power will continue to look at alternative community solar projects that maintain these same principles.

Through this process, the Company received valuable feedback from stakeholders throughout the enrollment timeframe and is committed to working with stakeholders and customers to determine a community solar program design that will be most successful in a future offering. The Company will keep the Commission apprised in the event that a viable option is identified in the future.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 1st day of February 2019 I served a true and correct copy IDAHO POWER'S 2019 COMMUNITY SOLAR ANNUAL REPORT to the following named parties by the method indicated below, and addressed to the following:

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