

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )**  
**OF IDAHO POWER COMPANY FOR A )** **CASE NO. IPC-E-19-11**  
**DETERMINATION OF 2018 DEMAND-SIDE )**  
**MANAGEMENT EXPENSES AS )**  
**PRUDENTLY INCURRED )**  
**ORDER NO. 34503**  
\_\_\_\_\_ )

On November 21, 2019, Idaho Power Company filed a Petition for Clarification in which it asked the Commission to clarify “that the change in cost-effectiveness test [in Order No. 34469] is intended to apply to energy efficiency resources in the resource planning context, not all supply-side resources.” On November 27, 2019, Commission Staff filed a Cross-Petition, and Idaho Conservation League (ICL) filed an Answer to the Petition for Clarification.

After reviewing the record and Order No. 34469, we grant the Company’s Petition.

**BACKGROUND**

On March 15, 2019, Idaho Power applied for a Commission order finding that the utility’s demand-side management (DSM) expenses for the year 2018 were prudently incurred. The Company sought to recover \$40,712,164 in deferred costs for its DSM programs, which includes \$33,560,433 in Idaho Energy Efficiency Rider expenses, and \$7,151,730 in demand response program incentives. The Company also asked the Commission to find that including “all cost-effective DSM resources in the Company’s long-term resource planning process, from a total resource cost [TRC] perspective, will lead to the most economic planning outcome and best serve the public interest.” Application at 2. ICL and City of Boise (Boise City) intervened in the case. Order Nos. 34306 and 34328.

Staff, ICL, and Boise City filed comments, all opposing the use of the TRC as the primary cost efficiency perspective for integrated resource planning, and recommending the Commission adopt the utility cost test (UCT) as the most appropriate test for integrated resource planning.

Idaho Power filed reply comments, reiterating its request that the Commission find that the Company “should continue to rely on the TRC test perspective when evaluating the amount of

*energy efficiency* included in long-term resource planning.” Company Reply Comments at 10 (emphasis added).

On October 31, 2019, the Commission issued Order No. 34469. While noting that “all three of the commonly used perspectives...provide an insight helpful to utilities, customers, and regulators during the lifecycle of an energy efficiency program,” the Commission found that “there must be a single perspective during the integrated resource planning stage of a program’s lifecycle.” The Commission concluded:

We find that the UCT perspective is the appropriate perspective for integrated resource planning because it includes only those costs and benefits that the utility incurs to provide service. By contrast, the TRC includes voluntary participant costs and benefits that will not be incurred by the utility or impact rates. While the Company correctly points out that it is this Commission’s “desire to keep costs low for Idaho customers,” we have no statutory duty to ensure that voluntary participants in the Company’s energy efficiency programs are making a cost-effective decision by participating. Indeed, the public should have the freedom to participate in energy efficiency programs that, while perhaps not cost effective for the voluntary participants, are cost effective for the utility’s ratepayers as a whole.

Therefore, we deny the Company’s request to use the TRC perspective as the primary perspective for integrated resource planning. The UCT perspective will lead to the most economic planning outcome and will best serve ratepayers.

Order No. 34469 at 8-9. The Commission ordered that Idaho Power use the UCT perspective for integrated resource planning.

### **THE COMPANY’S PETITION FOR CLARIFICATION**

Idaho Power petitioned the Commission for clarification under Procedural Rule 325, IDAPA 31.01.01.325<sup>1</sup>. Specifically, the Company requested the Commission clarify “that the change in cost-effectiveness test is intended to apply to energy efficiency resources in the resource planning context, not all supply-side resources.” Petition for Clarification at 3.

The Company noted the written comments from Commission Staff, ICL, and Boise City argued from the perspective of energy efficiency resources. The Company also pointed out the Commission’s rationale for its Order was from an energy efficiency program perspective.

---

<sup>1</sup> IDAPA 31.01.01.325 states:

Any person may petition to clarify any order, whether interlocutory or final. Petitions for clarification from final orders do not suspend or toll the time to petition for reconsideration or appeal a final order. A petition for clarification may be combined with a petition for reconsideration or stated in the alternative as a petition for clarification and/or reconsideration. The Commission may clarify any order on its own motion.

Idaho Power concluded that, “[b]ased on the context of arguments made by the Company, Staff, ICL, and [Boise City] in this case, the issue before the Commission was the appropriate cost-effectiveness test to apply to the evaluation of energy efficiency resources in resource planning.” *Id.* at 5.

If the Commission’s directive to “use the UCT perspective for integrated resource planning” applies to supply-side resources, Idaho Power argued (as it did in its reply comments) that certain supply-side resources that appear to be “no cost” would in fact shift costs to ratepayers. *Id.* at 5; *see* Company Reply Comments at 2-6. Thus, Idaho Power seeks to clarify that Order No. 34469 does not apply to supply-side resources.

### **STAFF’S CROSS-PETITION FOR CLARIFICATION**

Staff’s Cross-Petition requested that the Commission “clarify that Order No. 34469 applies only to DSM resources for integrated resource planning.” Staff Cross-Petition at 3. Staff noted that all of the parties, except for Idaho Power in its reply comments, argued in the context of DSM. Staff therefore believes this is not the appropriate case to decide what cost-effectiveness perspective should be used for evaluating supply-side resources as part of integrated resource planning, and that Idaho Power should file a new proceeding if it wishes to know the answer to this question.

### **ICL’S ANSWER TO PETITION FOR CLARIFICATION**

ICL’s Answer to Idaho Power’s Petition for Clarification was substantively similar to Staff’s filing, but did not ask the Commission to clarify Order No. 34469. ICL stated that “the entire docket [in this case] was about energy conservation programs and not generation resources,” and noted ICL “never argued to apply the [UCT] to generation resources because doing so would have been outside the scope of this docket...” ICL Answer at 1. ICL pointed out that, because the Company only considers generation resources it owns or contracts with for utility planning, the costs to the utility are already clear for generation resources. ICL’s conclusion: “Commission Order 34469 speaks for itself.” *Id.* at 2.

### **DISCUSSION AND FINDINGS**

After reviewing Idaho Power’s Petition for Clarification and the record in this case, we grant the Petition. While we believe our final order was clear when read in the context of the case, we understand Idaho Power’s desire to ensure a common understanding between the parties. As

all parties acknowledge, this case has been about DSM programs from the beginning.<sup>2</sup> It would be outside the scope of this case for us to decide what cost-effectiveness test should be used for the Company's supply-side resources in the integrated resource planning context. We clarify that our directive in Order No. 34469—"that Idaho Power use the UCT perspective for integrated resource planning"—applies to DSM programs in the integrated resource planning context, not to supply-side resources.

### **ORDER**

IT IS HEREBY ORDERED that Idaho Power's Petition for Clarification is granted. The Commission's directive in Order No. 34469—"that Idaho Power use the UCT perspective for integrated resource planning"—applies to DSM programs in the integrated resource planning context, not to supply-side resources.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code* § 61-626.

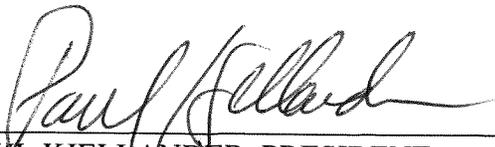
///

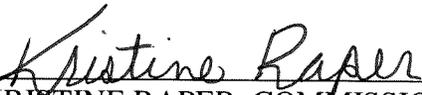
---

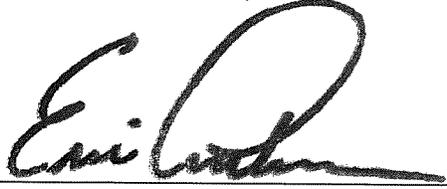
<sup>2</sup> As noted by Staff and ICL, only Idaho Power argued in the context of supply-side resources, and that within the Company's Reply Comments. We wonder whether this Order on Clarification would have been necessary had the Company not introduced new arguments in its Reply Comments.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this  
day of December 2019.

13<sup>th</sup>

  
\_\_\_\_\_  
PAUL KJELLANDER, PRESIDENT

  
\_\_\_\_\_  
KRISTINE RAPER, COMMISSIONER

  
\_\_\_\_\_  
ERIC ANDERSON, COMMISSIONER

ATTEST:

  
\_\_\_\_\_  
Diane M. Hanian  
Commission Secretary

E:\Legal\ELECTRIC\IPC-E-19-11\ORDERS\MPCE1911\_Clarification\_mh.docx