

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	CASE NO. IPC-E-20-15
COMPANY’S APPLICATION FOR A)	
DETERMINATION OF 2019 DEMAND-)	NOTICE OF APPLICATION
SIDE MANAGEMENT EXPENSES AS)	
PRUDENTLY INCURRED)	NOTICE OF
)	INTERVENTION DEADLINE
)	
)	ORDER NO. 34620
)	

On March 13, 2020, Idaho Power Company (“Company”) applied to the Commission for an order finding that the Company’s demand-side management (“DSM”) expenses for 2019 were prudently incurred. The Company requests the Commission find the Company prudently incurred \$45,079,479 in deferred costs for 19 DSM programs, which included \$38,083,244 in Idaho Energy Efficiency Rider expenses, and \$6,996,236 in demand response program incentives. The Application summarizes the Company’s 2019 DSM program performance, expenses, adjustments, cost-effectiveness, evaluations of the program, and input from stakeholders.

“DSM” generally refers to utility activities and programs that encourage customers (i.e., on the “demand-side” as opposed to the “generation side”) to use less overall energy or use less energy during peak usage hours. The Commission will allow the utility an opportunity to recover its DSM expenses through rates if the Commission finds the Company prudently incurred those expenses. However, if the Commission finds the Company did not prudently incur DSM expenses, then it will not allow the Company to recover them through rates and the disallowed expenses will be borne by the utility’s shareholders and not by customers.

The Company also requests authorization to eliminate the reporting requirement for the annual Flex Peak Program. The Company requests its Application be processed via Modified Procedure.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company states its 2019 DSM efforts included Northwest Energy Efficiency Alliance (“NEEA”) market transformation

activities, energy efficiency programs, demand response programs, and several educational initiatives. Application at 2-4. The Company states it achieved 203,041 megawatt hours (“MWh”) of incremental annual energy efficiency savings on a system-wide basis in 2019. *Id.* at 4. The Company noted its energy efficiency programs saved 184,933 MWh¹, including 40,380 MWh from the residential sector, 134,435 MWh from the commercial/industrial sector, and 10,118 MWh from the irrigation sector. *Id.* Additionally, the Company achieved 18,108 MWh of energy efficiency market transformation savings through NEEA initiatives. *Id.*

YOU ARE FURTHER NOTIFIED that the Company funds its energy efficiency and demand response programs through the Idaho Energy Efficiency Rider collected in customers’ base rates. *Id.* at 5. The Company tracks payments through the annual Power Cost Adjustment. *Id.* With this Application, the Company asks the Commission to find that the Company prudently incurred \$45,584,696 in system-wide expenditures related to its DSM programs in 2019. *Id.* The Company states these expenses include \$38,083,244 in Idaho Energy Efficiency Rider expenses and \$6,996,236 in demand response program incentive payments. *Id.* In 2019, the Company made an accounting adjustment of \$13,264 relating to Oregon Multifamily Energy Savings Program that was inadvertently charged to the Idaho Energy Efficiency Rider. *Id.* The Company made a correcting accounting entry in 2019 to move the charges to the Oregon Energy Efficiency Rider and credit the Idaho Energy Efficiency Rider. *Id.* at 5-6.

YOU ARE FURTHER NOTIFIED that the Company’s Application describes the Company’s evaluation of its DSM programs and whether they were cost-effective in 2019. *Id.* at 6. The DSM Report discusses the cost-effectiveness of the Company’s DSM programs and energy efficiency programs. *Id.* In support of its Application, the Company submitted the prefiled testimony and exhibits of Pawel Goralski, its annual DSM Report, and the results of its cost-effectiveness analysis. *Id.* 3, 6.

YOU ARE FURTHER NOTIFIED that the Company explains it determined the cost-effectiveness of its energy efficiency programs using three tests: (1) the total resource cost test (“TRC”); (2) the utility cost test (“UCT”); and (3) the participant cost

¹ The savings from Idaho Power’s energy efficiency programs in 2019, excluding the NEEA savings, represented a 17% increase over 2018 savings.

test (“PCT”).² *Id.* at 6. The Company reports that its overall energy efficiency portfolio was cost-effective in 2019, passing the TRC, UCT, and PCT, with ratios of 2.72, 2.12, and 2.79 respectively. *Id.* Of the Company’s 16 Idaho energy efficiency programs, 11 programs passed the TRC and UCT. Goralski Direct Testimony at 17, Table 3. Further, all energy efficiency programs with customer costs passed the PCT. Goralski Direct Testimony Exhibit No. 2. Five programs were not cost-effective under either the TRC or UCT, or both. The Company intends to continue to work towards greater cost-effectiveness for the Weatherization Assistance for Qualified Customers Program, Weatherization Solutions for Eligible Customers Program, Energy House Calls, Residential New Construction Pilot Program, and the Heating and Cooling Efficiency Program, because they offer benefits that are difficult to quantify. Goralski Direct Testimony at 20-25; Application at 7-8.

YOU ARE FURTHER NOTIFIED that as directed in Order No. 34469, the Company will begin using the UCT as the primary test for evaluating energy efficiency cost-effectiveness in the 2021 Integrated Resource Plan (“IRP”). *Id.* at 6. These changes will be carried out over the 2020 program year to synchronize with the Company’s annual planning cycle. *Id.*

YOU ARE FURTHER NOTIFIED that the Company did not calculate a benefit/cost ratio when assessing the cost-effectiveness of its demand response programs. Application at 8. Rather, the Company determined those programs’ cost-effectiveness based on the \$16.7 million demand response portfolio value specified in Commission Order No. 32923. The system-wide operating cost for the Company’s three demand response programs was \$8.3 million, of which \$7.8 can be attributed to the Idaho-only jurisdiction. *Id.* The Company estimates the three demand response programs would have cost approximately \$11.5 million on a system-wide basis had the programs been dispatched for the full 60 hours permitted by Order No. 32923. The costs are less than the value of the demand, calculated in the 2017 IRP to be \$19.8 million. *Id.*

² The three tests examine a program’s cost-effectiveness from different perspectives. In summary, the TRC compares program administrator costs and customer costs to utility resource savings. It demonstrates the full incremental cost of the measure to both participants and the utility in the service territory as a whole. The UCT compares program administrator costs to supply-side resource costs, assessing costs and benefits to the utility and its ratepayers. The PCT compares the costs and benefits of the customer installing the measure, and assesses whether program participants will benefit over the measure’s life. The Company cannot use the PCT for programs with no customer costs.

YOU ARE FURTHER NOTIFIED that the Company states independent, third-party consultants provide impact and process evaluations to verify that program specifications were met, recommend improvements, and validate program-related energy savings. *Id.* at 9. In 2019, third-party consultants provided two combined program impact and process evaluations, two program option impact evaluations, two program summary analyses, a savings estimate analysis, and a demand reduction analysis. *Id.*

YOU ARE FURTHER NOTIFIED that the Company proposes to eliminate the Flex Peak reporting requirements required by Order No. 33292. *Id.* at 10. The Company states that the reporting requirement could be streamlined if eliminated because the Company already provides the required information for the Flex Peak Program in Supplement 2 in its DSM Annual Report. *Id.*

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers, testimonies and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and testimonies are also available on the Commission's web site at www.puc.idaho.gov. Click on the "ELECTRIC" tab at the top of the page, then click on "Open Cases," and then click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code. The Commission may enter any final order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF INTERVENTION DEADLINE

YOU ARE FURTHER NOTIFIED that persons desiring to intervene in this matter to obtain parties' rights of participation must file a Petition to Intervene with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and .073. **Persons who wish to intervene as a party must file a Petition to Intervene no later than 21 days after the date of service of this Order.** Persons desiring to present their views without parties' rights of participation are not required to intervene and may present their comments without prior notification to the Commission or the parties.

YOU ARE FURTHER NOTIFIED that after the intervention deadline runs, the Commission Secretary shall issue a Notice of Parties. Staff then will informally confer with the parties about scheduling for this case.

ORDER

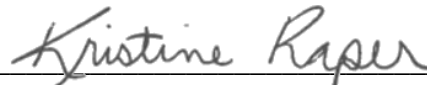
IT IS HEREBY ORDERED that persons desiring to intervene for the purpose of obtaining parties' rights of participation must file a Petition to Intervene with the Commission, pursuant to Rules 72 and 73, IDAPA 31.01.01.72-73, no later than 21 days after the service date of this Order.

IT IS FURTHER ORDERED that after the Commission Secretary issues a Notice of Parties, Staff will informally confer with the parties about an appropriate schedule.

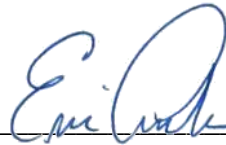
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 6th day of April 2020.



PAUL KJELLANDER, PRESIDENT

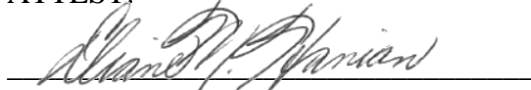


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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