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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for the Industrial Customers of Idaho Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
IDAHO POWER COMPANY FOR)
AUTHORITY TO REVISE THE ENERGY)
EFFICIENCY RIDER, TARIFF SCHEDULE)
91.)

CASE NO. IPC-E-20-33

COMMENTS
OF THE INDUSTRIAL CUSTOMERS
OF IDAHO POWER

COMES NOW, The Industrial Customers of Idaho Power, ("ICIP") and pursuant to Commission Order No. 34824 issued in this matter and hereby lodges its Comments regarding Idaho Power Company's ("Idaho Power" or the "Company") application for a 12.75% increase in its energy efficiency rider (from 2.75 percent of base revenues to 3.10 percent of base revenues). The ICIP respectfully requests the Commission reject the requested increase for the reasons stated herein and also require Idaho Power to use current and verifiable data for conducting the alternate cost test for determining whether its energy efficiency rider programs are cost effective.

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PAST PERFORMANCE IS NOT NECESSARILY
INDICATIVE OF FUTURE RESULTS

A significant reason for the company's proposed large increase in the energy efficiency rider is the recent jump in incentive payments to the Commercial and Industrial Custom Project program. According to the Company's Application:

The proposed 0.35 percent Rider increase¹ is reasonable as a near-term step to mitigate the growing under-collected balance in the Company's 2020-2021 forecasts of the Rider account activity. Idaho power has experienced significantly higher energy efficiency incentive payments to participating customers over the January 2019 through July 2020 period compared to incentive payments anticipated for that period when the Rider funding was last addressed, and Idaho Power expects that trend will continue for the remainder of 2020. In the most-recent 19 months, incentives exceeded prior forecasts by approximately \$18 million, contributing to the current under-collected balance. Notably, participation in the Company's Commercial and Industrial Custom Project option has increased with the Company achieving the same kWh savings level in the six months ending June 2020, as for all of 2019

Application at pages 3 -4.

An examination of Idaho Power's Commercial and Industrial Efficiency (C&E) incentive payments from 2017 through July 2020 shows that four of the largest project payments occurred in 2020, with a fifth in 2019. These five largest incentive payments totaled over \$9 million or 27% of the total incentive payments for the entire three-and-a-half-year time period.² There was only one project slightly over \$1 million prior to May 2019. This recent (and only) rush of very large Custom Efficient projects (three over \$1 million and two over \$2 million) does not justify a permanent increase in the Rider. In order to justify a permanent increase of this magnitude based on what appears to be an aberration would unfairly raise Idaho Power's rates based on mere

¹ To be clear, the Company's proposed Rider increase percentage is 12.75 percent and not approximately one third of one percent as is apparently represented in its Application.

² Idaho Power response to the ICIP's Second Production Request #9.

conjecture. Idaho Power should be required to provide known and measurable facts supporting the need for such a large rate increase.

FUTURE UNCERTAINTY IS NOT A JUSTIFIABLE
BASIS FOR RAISING TODAY'S RATES

Idaho Power also suggests that the change to a Utility Cost Test ("UTC") for cost effectiveness determinations will create uncertainty for which a ratepayer funded cushion is expected. The Company's Application states:

By implementing the near-term action [translation: raising rates] as proposed in this case to mitigate increases in under collection, the Company is afforded time to update a longer-term analysis of energy savings targets. The Company's long-term forecast will be informed by two key inputs to be completed over the next several months. First, the Company will incorporate use of the Utility Cost Test ("UTC") for cost-effectiveness screening in the determination of DSM savings potential, and second, the 2021 Integrated Resource Plan ("IRP") (which includes stakeholder engagement in developing the energy efficiency savings level in the IRP) will inform the long-term energy efficiency programs savings estimates. Idaho Power is committed to continue to maintain a long-term view of energy efficiency funding and make future adjustments as necessary to better align collection with expenses.

Application at P. 4, emphasis provided.

In essence, the Company is saying that it doesn't know what the impacts of using the UTC and data from the 2021 IRP³ will be on its energy efficiency revenue requirement. Therefore, it is asking the Commission to approve its "near-term action" (translation: large rate increase) so that the Company is "afforded time to update ...[its] analysis" (translation: ratepayer funded contingency fund). Asking ratepayers to pay for future higher costs that may (or may not) materialize is speculative and is not conducive to setting rates that are fair, just or reasonable.

Unless the Company can produce hard evidence of known costs that are measurable and

³ The Company's 2019 IRP has not even been acknowledged. In addition, it has delayed even starting the process of developing the 2021 IRP until sometime next year. It is thus, disingenuous to assert that the 2021 IRP "includes stakeholder engagement in developing the energy efficiency savings level" because the 2012 IRP simply does not exist.

reasonable, it is incumbent on this Commission to deny the requested “near term action” plan or rate increase.

THE COMPANY NEEDLESSLY USES STALE DATA TO CALCULATE THE COST-EFFECTIVENESS OF ENERGY EFFICIENCY PROGRAMS

The alternative cost used to calculate the cost effectiveness of the Company’s energy efficiency (“EE”) and demand side management (“DSM”) programs is based on the Company’s IRPs that are at least two and up to four years older than the year in which the programs are to be in place. This is because the Company budgets and plans its EE/DSM programs using alternate costs only from the most recently acknowledged IRP. For example, the following table matches the IRP year with the DSM/EE cost effectiveness report year since 2004:

<u>IRP Year</u>	<u>DSM/EE Report Year</u>	<u>Age of Data</u> ⁴
2013	2014	2 years old
2013	2015	3 years old
2013	2016	4 years old
2015	2017	3 years old
2015	2018	4 years old
2017	2019	3 years old
2017	2020	4 years old

Thus, the date utilized by the Commission in determining the Company’s alternate cost in order to measure the cost effectiveness of its DSM/EE programs is, on average, over three years old. It is, of course axiomatic, that in the rapidly changing electric utility industry that the use of stale (and hence inaccurate) data will naturally result in inaccurate findings as to the true alternate cost of the Company’s EE and DSM measures – a.k.a ‘garbage in-garbage out’. The use of stale and inaccurate data inputs is incompatible with the concept of setting fair, just and reasonable rates.

⁴ IRP data already has a built in one-year lag. For instance, an IRP that is published in 2019 uses data from 2018.

There is no practical, legal or regulatory justification for the Company's continued use of stale data to calculate alternate costs associated with its DSM/EE programs. From a practical standpoint the Commission and Idaho Power are very familiar with and capable of updating alternate costs. For instance, the Company's PURPA avoided cost rates are continuously (on an annual basis) being updated using data in a calculation that closely mirrors the alternate cost calculation used for the EE/DSM programs. Of course, there is no legal basis for ostensibly setting fair, just and reasonable rates based on data that is known to be stale and inaccurate. In addition, there is no regulatory foundation for the Company's continued use of stale inputs as demonstrated by the Company's response to the ICIP's 12th Data request which asked:

REQUEST FOR PRODUCTION NO. 12:

In response to ICIP Request for Production No. 8, the Company states that, "Idaho Power uses the DSM avoided costs, discount rate, and escalation rate from the most recently acknowledged IRP at the time the assumptions were frozen to calculate the cost-effective ratios" On what authority does the company rely for the use of the most recent acknowledged IRP for calculating cost-effective ratios [sic]. Please provide copies and citations?

RESPONSE TO REQUEST FOR PRODUCTION NO. 12:

The current practice of relying on the DSM alternate costs from the most recently acknowledged IRP has been utilized by Idaho Power since 2014 and has been discussed with and supported by members of the Company's Energy Efficiency Advisory Group ("EEAG"). Idaho Power believes that its practice of using the best available informant at the time of budgeting and program planning, which occurs in September-October timeframe prior to the program year, comports with utility standards, is consistent with third-party evaluator recommendations, and has been disclosed in multiple reports and filings submitted to both the Idaho and Oregon Commissions.

The response to this Request is sponsored by Paul Goralski, Regulatory Analyst, Idaho Power Company.

The Company was asked to simply cite (and provide copies) of the "authority" upon which it relies to use its most recently acknowledged IRP for calculating its DSM alternate costs. *It failed*

to do so. Instead it offered several unconvincing pretenses, stating only that the practice is (1) “supported by [some?] members of the Company’s Energy Efficiency Advisory Group” and, (2) it “believes that its practice . . . comports with [unidentified] utility standards” and (3) “is consistent with [unidentified] third party evaluator recommendations [not provided], and finally, (4) has been “disclosed in multiple reports and filings.” Idaho Power simply has no authority upon which it relies to support its intentional use of stale data inputs to the calculation of its DSM/EE alternate costs.

Although Idaho Power uses data to measure cost effectiveness that is, on average, over three years old, it professes just the opposite. In its 2019 Demand Side Management Annual Report the Company incongruously asserts that:

Prior to the actual implementation of energy efficiency or demand response programs, Idaho Power performs a preliminary cost-effectiveness analysis to assess whether a potential program design or measure may be cost-effective. Incorporated in these models are inputs from various sources that use the most current and reliable information available.⁵

Although the Company does apparently acknowledge that “the most current and reliable information” is important to the process of determining cost-effectiveness, it inexplicably ignores the fact that its data inputs are stale and anything but “current and reliable.” As a result, its cost-effectiveness test is likewise neither current nor reliable.

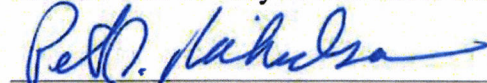
The magnitude of the Company’s requested energy efficiency rider – over three percent of the customer’s billed revenue -- is not inconsequential to the Company’s ratepayers. Thus, it is incumbent upon this Commission to hold Idaho Power, and the energy efficiency stakeholder community, to a realistic standard for determining cost effectiveness. That standard must at a

⁵ Idaho Power Demand-Side Management 2019 Annual Report, Supplement 1 at page 1, emphasis provided.

minimum require that data inputs for determining cost effectiveness be as current as possible. The Company already has the capability to make the appropriate alternate cost calculations. Indeed, it already does so for the avoided cost calculations that are used for setting rates for PURPA contracts, which are updated annually for SAR rates and whenever a contract is requested for IRP based avoided costs. Such disparate treatment between resources the company acquires with ratepayer funds (EE and DSM) versus resources acquired via PURPA is neither fair, just or reasonable.

WHEREFORE, the Industrial Customers of Idaho Power respectfully requests that this Commission reject Idaho Power's "near-term action" plan by not approving the energy efficiency rider increase that is proposed in excess of 12 percent. In addition, the Commission is respectfully asked to require Idaho Power to actually use the "most current and reliable information available" for conducting cost effectiveness, alternate cost, tests as more fully described herein.

DATED this 18th day of November 2020.



Peter J. Richardson
RICHARDSON ADAMS, PLLC

CERTIFICATE OF SERVICE

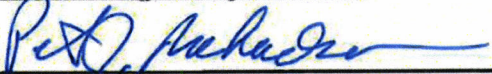
I HEREBY CERTIFY that on the 18th of November 2020, a true and correct copy of the within and foregoing PETITION TO INTERVENE OF THE INDUSTRIAL CUSTOMERS OF IDAHO POWER TO IDAHO POWER in Docket No. IPC-E-20-33 was served, pursuant to Commission Order No. 34602, exclusively via electronic mail to:

Idaho Public Utilities Commission
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By:  _____

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