

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR A)
DETERMINATION OF 2020 DEMAND-) CASE NO. IPC-E-21-04
SIDE MANAGEMENT EXPENSES AS)
PRUDENTLY INCURRED.)
_____)

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

PAWEL P. GORALSKI

1 Q. Please state your name and business address.

2 A. My name is Pawel P. Goralski. My business
3 address is 1221 West Idaho Street, Boise, Idaho 83702.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by Idaho Power Company ("Idaho
6 Power" or "Company") as a Regulatory Consultant in the
7 Regulatory Affairs Department.

8 Q. Please describe your educational background.

9 A. In May of 2007, I received a Bachelor of
10 Business Administration degree in Finance from Boise State
11 University in Boise, Idaho. I have also attended "The
12 Basics: Practical Regulatory Training for the Electric
13 Industry," an electric utility ratemaking course offered
14 through the New Mexico State University's Center for Public
15 Utilities, "Electric Utility Fundamentals and Insights," an
16 electric utility course offered by Western Energy
17 Institute, and "Electric Rates Advanced Course," an
18 electric utility ratemaking course offered through Edison
19 Electric Institute.

20 Q. Please describe your work experience with
21 Idaho Power.

22 A. In 2017, I was hired as a Regulatory Analyst
23 in the Company's Regulatory Affairs Department, and in 2020
24 I was promoted to my current position of Regulatory
25 Consultant. My primary responsibilities include supporting

1 the Company's class cost-of-service activities, supporting
2 activities associated with demand-side management ("DSM"),
3 and I have been the Company's witness supporting its annual
4 Fixed Cost Adjustment calculation and corresponding rates.

5 Q. What is the purpose of your testimony in this
6 case?

7 A. The purpose of my testimony is to present the
8 Company's request for a determination that \$47,010,777 of
9 DSM expenses incurred for the acquisition of demand-side
10 resources in 2020 was prudently incurred. This amount
11 includes \$40,477,043 funded in 2020 by the Idaho Energy
12 Efficiency Rider ("Rider") and \$6,533,734 of demand
13 response program incentive payments funded through base
14 rates and tracked annually through the Power Cost
15 Adjustment ("PCA").

16 My testimony will (1) provide a review of 2020 DSM
17 program performance, including impacts from the COVID-19
18 pandemic, (2) discuss 2020 DSM expenses and adjustments,
19 (3) provide an overview of the economic test results for
20 2020 as the Company has transitioned to the Utility Cost
21 Test ("UCT") as the primary energy efficiency cost-
22 effectiveness test, (4) review evaluation efforts, and (5)
23 describe the input stakeholders provided during the year.

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I. 2020 DSM PROGRAM PERFORMANCE

Q. What is Idaho Power's focus when evaluating program performance?

A. Idaho Power takes its responsibility of prudently managing customer funds seriously, and the Company believes it is important to get the maximum value for its customers. The Company's actions in 2020, and the content of the *Demand-Side Management 2020 Annual Report* ("DSM 2020 Annual Report"), Attachment 1 to the Application filed in this proceeding, provide evidence supporting the conscientious work Idaho Power employees and leaders made toward using customers' funds wisely to support DSM activities.

Q. Please provide an overview of Idaho Power's DSM efforts in 2020.

A. The 2020 energy savings achievement remained strong and represents Idaho Power's second highest annual incremental energy savings achievement since the establishment of the Rider in 2002. This was a slight 3 percent decrease from the all-time highest annual incremental energy savings achieved in 2019.

On a system-wide basis, Idaho Power offered a broad portfolio of energy efficiency programs and demand response programs available to all customer segments and also participated in market transformation efforts through the

1 Northwest Energy Efficiency Alliance ("NEEA"). In
2 addition, the Company offered several educational and
3 behavioral initiatives including the Residential Energy
4 Efficiency Education Initiative, seasonal contests, the
5 School Cohort, the Home Energy Report Program, and Water
6 and Wastewater Cohort continuation.

7 As described further in my testimony, in response to
8 the COVID-19 pandemic, the Company modified DSM activity to
9 prioritize the safety of customers, contractors, and Idaho
10 Power staff, while balancing opportunities to maintain
11 program performance. Idaho Power also solicited input from
12 its Energy Efficiency Advisory Group ("EEAG") on ways to
13 adjust programs impacted by COVID-19 and identify
14 opportunities to increase program effectiveness, delivery,
15 and marketing. A summary of Idaho Power's 2020 DSM
16 programs is provided in Table 1 below.

1 **Table 1. 2020 DSM Programs by Sector, Operational Type,**
 2 **and Location**

Program by Sector	Operational Type	State
Residential		
A/C Cool Credit.....	Demand Response	ID/OR
Easy Savings: Low-Income Energy Efficiency Education	Energy Efficiency	ID
Educational Distributions.....	Energy Efficiency	ID/OR
Home Energy Report Program.....	Energy Efficiency	ID
Energy Efficient Lighting	Energy Efficiency	ID/OR
Energy House Calls	Energy Efficiency	ID/OR
Heating & Cooling Efficiency Program	Energy Efficiency	ID/OR
Home Energy Audit Program	Energy Efficiency	ID
Multifamily Energy Savings Program	Energy Efficiency	ID/OR
Oregon Residential Weatherization.....	Energy Efficiency	OR
Rebate Advantage	Energy Efficiency	ID/OR
Residential New Construction Pilot Program	Energy Efficiency	ID/OR
Shade Tree Project	Energy Efficiency	ID
Simple Steps, Smart Savings™	Energy Efficiency	ID/OR
Weatherization Assistance for Qualified Customers	Energy Efficiency	ID/OR
Weatherization Solutions for Eligible Customers.....	Energy Efficiency	ID
Commercial/Industrial		
Commercial and Industrial Efficiency Program		
Custom Projects.....	Energy Efficiency	ID/OR
Green Motors—Industrial	Energy Efficiency	ID/OR
New Construction	Energy Efficiency	ID/OR
Retrofits.....	Energy Efficiency	ID/OR
Commercial Energy-Saving Kit	Energy Efficiency	ID/OR
Flex Peak Program	Demand Response	ID/OR
Oregon Commercial Audits	Energy Efficiency	OR
Small Business Direct Install.....	Energy Efficiency	ID/OR
Irrigation		
Irrigation Efficiency Rewards.....	Energy Efficiency	ID/OR
Green Motors—Irrigation.....	Energy Efficiency	ID/OR
Irrigation Peak Rewards.....	Demand Response	ID/OR
All Sectors		
Northwest Energy Efficiency Alliance.....	Market Transformation	ID/OR

3
 4 Table 1 illustrates the broad availability of
 5 programs offered by Idaho Power to its customers in energy
 6 efficiency, demand response, and education. Idaho Power’s
 7 energy efficiency portfolio was cost-effective, resulting

1 in a 2.71 benefit/cost ratio when evaluated from a UCT
2 perspective, a 2.08 benefit/cost ratio when evaluated from
3 a Total Resource Cost ("TRC") test perspective, and a 2.45
4 benefit/cost ratio when evaluated from a Participant Cost
5 Test ("PCT") perspective.

6 The DSM 2020 Annual Report provides details for each
7 program, which include: a program description, 2020
8 performance results, program activities, cost-effectiveness
9 ratios, customer satisfaction, and evaluation results when
10 applicable. In addition, the DSM 2020 Annual Report
11 provides a description of Idaho Power's DSM strategies for
12 2021.

13 ***Energy Efficiency***

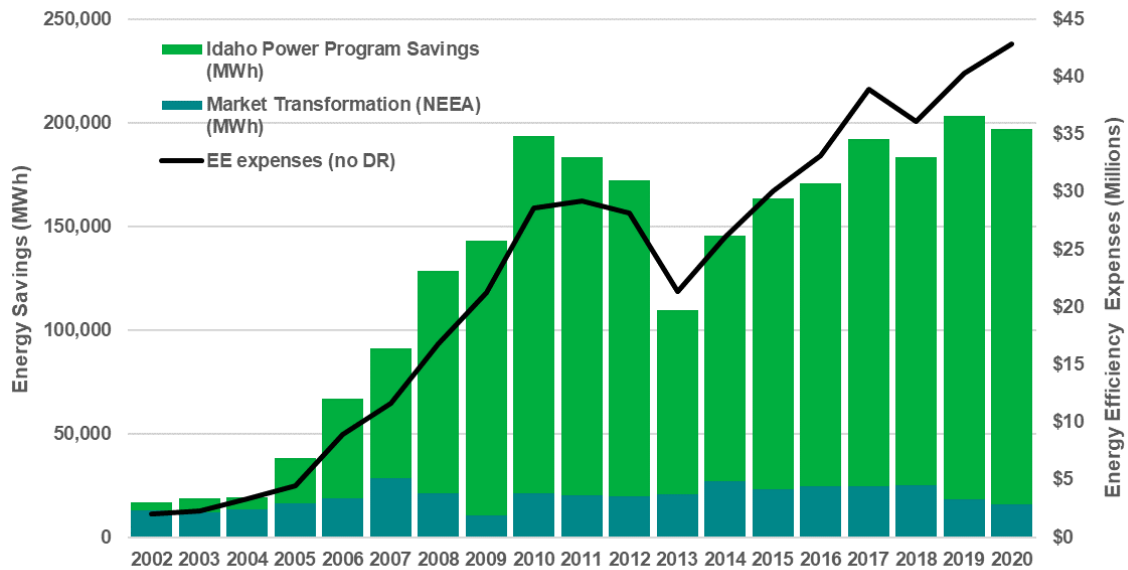
14 Q. What level of incremental annual energy
15 efficiency savings was achieved in 2020?

16 A. On a system-wide basis, Idaho Power achieved
17 196,809 megawatt-hours ("MWh") of incremental annual energy
18 efficiency savings in 2020. This value includes 180,818
19 MWh from Idaho Power's energy efficiency programs and an
20 estimated 15,991 MWh¹ of energy efficiency market
21 transformation savings through NEEA initiatives. Chart 1
22 below shows the incremental annual energy efficiency

¹ Because Idaho Power will not receive final 2020 savings from NEEA until the second quarter 2021, the NEEA-attributable savings is an estimate provided to Idaho Power by NEEA.

1 savings in MWh from 2002 to the current year. Also shown
 2 in this chart are the total energy efficiency expenses for
 3 each year in millions of dollars.

4 **Chart 1. Incremental Annual Energy Efficiency Savings**
 5 **(MWh) and Energy Efficiency Expenses (\$ millions) 2002-2020**



6
 7 Note: 2020 NEEA market-transformation savings are estimated.

8 Q. In 2020, did Idaho Power meet the energy
 9 efficiency targets included in its 2017 Integrated Resource
 10 Plan ("IRP")?

11 A. Yes. In 2020, Idaho Power achieved 22 average
 12 megawatt-hours ("aMW") of incremental energy efficiency
 13 savings, including NEEA estimated energy savings, which
 14 exceeded the economic technical achievable potential
 15 included in the 2017 IRP of 15 aMW. The energy efficiency
 16 potential identified by the potential study for program
 17 year 2020 assumed federally mandated lighting standards
 18 would be in place; however due to changes in those federal

1 standards, the Company's programs claimed savings in 2020
2 associated with lighting that were not anticipated at the
3 time the targets were established.

4 Q. Did any programs experience large increases in
5 savings from the prior year?

6 A. Yes. Three programs had significant increases
7 in savings in 2020 as compared to 2019: The Commercial &
8 Industrial ("C&I") Program Custom Projects option
9 experienced a 33 percent increase due to the completion of
10 several large long-term projects, the Home Energy Report
11 Program experienced a 23 percent increase, which was
12 attributable to the full program rollout to 127,138
13 participants in 2020 compared to the 2019 pilot program
14 which included 24,976 participants, and the Irrigation
15 Efficiency Rewards Program experienced a 28 percent
16 increase in savings due to an increase in the number of
17 projects under the Custom Incentive option.

18 Q. Did the COVID-19 pandemic impact the Company's
19 DSM activity?

20 A. Yes. Several programs experienced changes due
21 to the impacts of the COVID-19 pandemic. During the
22 initial months of the pandemic, Idaho Power suspended
23 activity that included person-to-person interactions such
24 as installers in customer homes, in-person trade shows, in-
25 person vendor trainings, and contractors working at

1 business sites. These modifications were necessary and
2 prudent in the interest of safety for customers and those
3 employees and contractors involved in administering the
4 programs. The DSM 2020 Annual Report provides tables
5 summarizing the impacts of COVID-19 on Residential and C&I
6 programs on pages 3-4.

7 Through consultation with EEAG and other
8 stakeholders, the Company adapted and was still able to
9 achieve near-record savings for the 2020 program year. For
10 example, trainings and workshops were moved to a virtual
11 format, and Idaho Power tailored its marketing to provide
12 energy efficiency savings tips for residential customers
13 who may be working or schooling from home.

14 While in-person activity for the Small Business
15 Direct Install ("SBDI") program was suspended during part
16 of the year, the Company was able to resume customer
17 installations in October 2020 when safety protocols for
18 contractors and customers were applied and in place.
19 Despite the challenges, the program achieved first year
20 savings of 780 MWh.

21 Q. Does the Company engage in customer education
22 and outreach activities for which it cannot quantify or
23 report savings?

24 A. Yes. The Company engages in significant
25 educational awareness activities and marketing efforts that

1 are likely to result in energy savings experienced by
2 customers but are not quantified or claimed as part of
3 Idaho Power's annual savings. These efforts are designed
4 to reach all customer segments and are more fully explained
5 throughout the DSM 2020 Annual Report. In 2020, this
6 included activity such as: holding virtual technical
7 trainings and workshops with customers, producing the
8 *Energy@Work* newsletters, participating in the Idaho
9 Irrigation Equipment Association Winter Show, hosting or
10 participating in vendor workshops promoting irrigation
11 system efficiency, participating in agricultural shows,
12 publishing residential energy efficiency guides which
13 showcased behavioral changes to save energy, attending
14 other outreach activities such as home shows, sponsoring
15 virtual webinars, and financially supporting the Integrated
16 Design Lab. Several of these activities were held in
17 person before moving to a virtual format after March 2020.

18 Q. Did the Company discontinue any programs
19 during 2020?

20 A. Yes. Idaho Power's Energy Efficient Lighting
21 and Simple Steps, Smart Savings™ programs, which are both
22 part of the regional Simple Steps, Smart Savings™ ("Simple
23 Steps") program administered by the Bonneville Power
24 Administration ("BPA"), were discontinued by BPA in
25 September 2020 at the end of BPA's fiscal year. The

1 regional program promoted the purchase of energy efficient
2 lighting and appliances through a point-of-sale buydown.
3 BPA's decision to end the Simple Steps program was made in
4 the fourth quarter of 2019 based on projections the program
5 would no longer be cost effective after 2020. The decrease
6 in cost-effectiveness was due to the ongoing lighting
7 market transformation towards high-efficiency lightbulbs, a
8 decrease in deemed savings, and administrative costs from
9 the contractor. The decision to discontinue the program
10 was later supported by the deactivation of the Regional
11 Technical Forum ("RTF") workbook on claimed savings for
12 showerheads in mid-2020. Idaho Power committed to
13 participate through the end of the regional program,
14 September 2020, and expected the program to remain cost-
15 effective.

16 The mail-by-request Energy-Saving Kits ("ESK"),
17 which are part of the Educational Distributions program,
18 were discontinued in December 2020 after it was determined
19 the kits would no longer be cost effective going forward.
20 However, the Student Energy Efficiency Kits and Welcome
21 Kits will continue to be offered as part of the Educational
22 Distributions program.

23 The decision to discontinue the Energy Efficient
24 Lighting and Simple Steps, Smart Savings™ programs, as well
25 as the ESK offering under the Educational Distributions

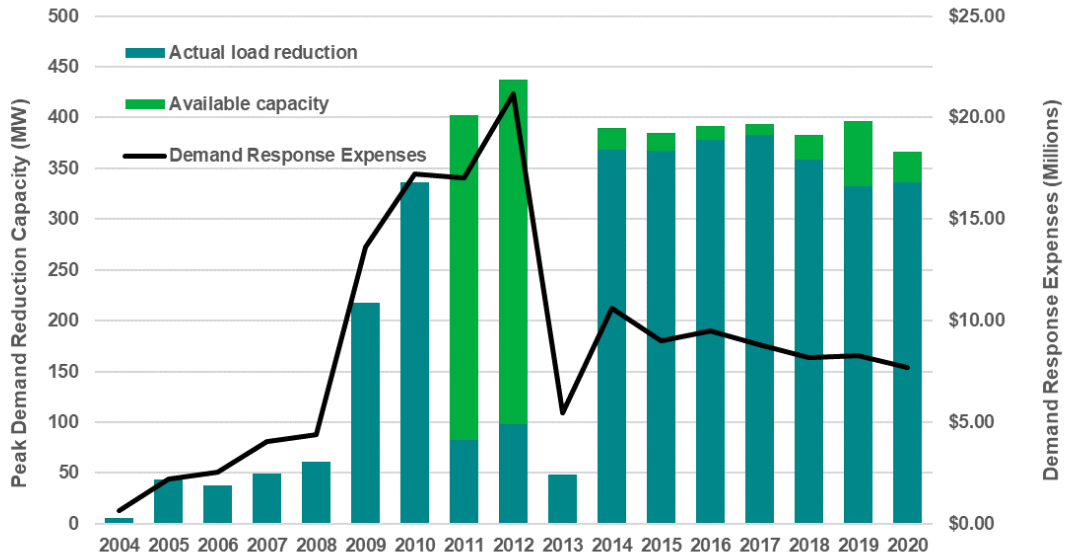
1 program, was finalized after discussions with EEAG. The
2 Company has committed to exploring the feasibility of
3 implementing cost-effective variations of these programs in
4 the future.

5 ***Demand Response***

6 Q. What level of demand reduction capacity was
7 available from Idaho Power's demand response programs in
8 2020?

9 A. The total available capacity of Idaho Power's
10 three demand response programs was approximately 366
11 megawatts ("MW"). This value represents the total demand
12 response capacity calculated using the total enrolled MW
13 from participants with an expected maximum realization rate
14 for those participants in all three demand response
15 programs. The programs provided actual demand reduction of
16 336 MW during the 2020 program season. Chart 2 below
17 reflects the annual available peak demand reduction
18 capacity and actual load reduction in MW since 2004 and the
19 associated annual expenses in millions of dollars.

1 **Chart 2. Peak Demand Reduction Capacity (MW) and Demand**
 2 **Response Expenses (\$ millions) 2004-2020**



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II. 2020 DSM EXPENSES AND ADJUSTMENTS

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Q. What amount of DSM expenses is the Company requesting the Commission find were prudently incurred?

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A. In the delivery of energy efficiency, demand response, and market transformation programs, Idaho Power expended \$40,477,043 of Rider funds and \$6,533,734 of

10

demand response program incentives, for a total of

11

\$47,010,777 spent on demand-side resource acquisition in

12

2020. Idaho Power requests that the 2020 Rider-funded DSM

13

expenses, and the 2020 demand response program incentives

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recovered through base rates and the PCA, be reviewed

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together for a prudence determination. Exhibit No. 1 to my

16

testimony, *2020 Idaho DSM Expenses and Adjustments for*

1 *Prudence Filing*, shows a breakout of these expenses by
2 program, customer sector, and funding source.

3 This year's Rider-funded DSM expenses increased 6
4 percent compared to the DSM expenses reviewed in last
5 year's prudence case, Case No. IPC-E-20-15. The increase
6 in 2020 expenses was primarily driven by slightly higher
7 costs to acquire savings in the Educational Distributions
8 Program and the C&I Program Custom Projects and Retrofits
9 options due to a reduction in lighting claimed savings.

10 Q. Please compare the dollar amounts in Exhibit
11 No. 1 to your testimony with Appendix 2, *2020 DSM expenses*
12 *by funding source (dollars)*, of the DSM 2020 Annual Report.

13 A. For clarity and ease of understanding, Exhibit
14 No. 1 ties to Appendix 2, which is found on page 152 of the
15 DSM 2020 Annual Report. The first column of Appendix 2
16 labeled "Idaho Rider" and the first column of Exhibit No. 1
17 labeled "Rider Expenses" match at the row labeled "Total
18 Expenses" in Exhibit No. 1 and "Grand Total" in Appendix 2
19 in the amount of \$40,409,911. All values in Exhibit No. 1
20 represent DSM expenses for the Idaho service area only.
21 One prior year-end and two current year-end accounting
22 adjustments were necessary to accurately arrive at the
23 total 2020 expenses for purposes of the prudence
24 determination. These three adjustments are listed in
25 Exhibit No. 1 under the Adjustments section as 2019 Idaho

1 Labor Prudence Adjustment, Green Power, and SBDI: Small
2 Business Direct Install.

3 Q. Please describe the prior year-end accounting
4 adjustment included in Exhibit No. 1.

5 A. In 2020, Idaho Power made an adjustment of
6 \$51,166 to 2019 DSM labor expense in conformance with
7 Commission Order No. 34827 in the Company's 2019 DSM
8 Prudence filing, Case No. IPC-E-20-15. The \$51,166 2019
9 DSM labor disallowance was credited back to the Rider in
10 October 2020 when Order No. 34827 was received. To
11 accurately reflect 2020 DSM spending, an adjustment is
12 necessary to add \$51,166 back to the 2020 expenses to
13 reflect the expenses incurred related to 2020 DSM efforts.

14 Q. Please describe the current year-end
15 accounting adjustments included in Exhibit No. 1.

16 A. During the year-end financial close process,
17 two accounting adjustments to the Rider for 2020 were
18 identified, and the corrections were made in January and
19 February of 2021. The first adjustment reverses a credit
20 of \$57 that was incorrectly applied to the Rider during
21 2020 instead of the Company's Green Power program, which is
22 a non-Rider funded program. The second adjustment adds
23 \$15,910 of expenses associated with activity for the SBDI
24 Program that occurred in Idaho that were incorrectly
25 charged to the Oregon Energy Efficiency Rider in 2020.

1 Q. What amount of Rider-funded employee DSM-
2 related labor expense did the Company incur in 2020?

3 A. The 2020 total Rider-funded DSM employee labor
4 expense incurred by the Company was \$3,408,382 as it
5 related to managing the DSM program portfolio and pursuing
6 energy efficiency educational and awareness campaigns.

7 Q. What amount of 2020 DSM-related labor is the
8 Company requesting be funded through the Rider?

9 A. The Company is requesting \$3,303,013 of the
10 total \$3,408,382 in 2020 DSM labor expense to be collected
11 through the Rider. The Company believes it was necessary
12 to spend \$3,408,382 for 2020 DSM labor to support the
13 pursuit of cost-effective energy efficiency in the
14 Company's Idaho service area, but as part of this prudence
15 request, the Company has only included Rider-funded labor
16 based on the annual labor cost cap detailed in Order No.
17 34874. The Company continues to include all program
18 expenses, including total labor, in its cost-effectiveness
19 determinations, and only seeks a prudence determination for
20 the amount based on the Commission's authorized
21 methodology.

22 Q. How did the Commission state the maximum
23 amount of DSM labor expense be calculated in the Company's
24 annual prudence request?

25 A. In Order No. 34874, the Commission stated:

1 "The Company shall apply the 2% cap to actual average wages
 2 per FTE going forward. The baseline for the 2% cap shall
 3 be the prior year's actual average wages per FTE."

4 Q. Did the Company apply the Commission's method
 5 to determine the amount of labor to be funded by the Rider?

6 A. Yes. Table 2 shows the calculation of the
 7 2020 labor expenses applied to the Idaho Rider. The
 8 Company applied a 2 percent cap to the 2020 DSM labor
 9 expense increase based on the prior year's actual average
 10 wages per FTE, as directed by the Commission, and found
 11 \$105,369 was in excess of the maximum allowed labor
 12 expense. This amount is not included in Rider-funded
 13 expenses for 2020 DSM prudence.

Table 2. Labor Expense Calculation

2019 Total Actual Labor Expense		\$ 3,293,785
2019 FTEs	÷	<u>25.52</u>
2019 Actual Average Wage per FTE		\$ 129,067
2% Cap	x	<u>1.02</u>
2020 Maximum Average Wage per FTE		\$ 131,648
2020 FTEs	x	<u>25.09</u>
2020 Maximum Allowed Labor Expense*		\$ 3,303,013
2020 Total Actual Labor Expense	-	<u>\$ 3,408,382</u>
Amount in Excess of Maximum Allowed Labor Expense		<u><u>\$ (105,369)</u></u>

14 *2020 maximum allowed labor expense calculated based on actual 2020 FTE
 15 equal to total hours/1,912, not displayed rounded value of 25.09.
 16

17 Q. What was the year-end 2020 balance of the
 18 Rider?

19 A. The Rider account balance on December 31,
 20 2020, had a negative, or under-collected balance of

1 \$12,230,374. Table 3 below shows the January 2020 beginning
2 balance, funding plus accrued interest, expenses, and the
3 ending balance as of December 31, 2020.

4 **Table 3. Idaho Energy Efficiency Rider (January-December**
5 **2020)**

Idaho Energy Efficiency Rider	
2020 Beginning Balance	\$ (311,045)
2020 Funding plus Accrued Interest as of 12/31/20	<u>28,490,581</u>
Total 2020 Funds	28,179,537
2020 Expenses as of 12/31/20	<u>(40,409,911)</u>
Ending Balance as of 12/31/20	\$ (12,230,374)

6

7 **III. 2020 COST-EFFECTIVENESS OVERVIEW**

8 Q. What is Idaho Power's overall goal when it
9 comes to DSM cost-effectiveness tests?

10 A. Idaho Power strives to ensure that DSM funds
11 collected from customers are utilized to support the
12 pursuit of cost-effective energy efficiency and demand
13 response programs, with the limited exception of certain
14 policy considerations. This goal is achieved by applying a
15 multi-step process. Prior to the actual implementation of
16 energy efficiency or demand response programs, Idaho Power
17 performs a preliminary cost-effectiveness analysis to
18 assess whether a potential program design or measure will
19 be cost-effective from the perspective of customers as well
20 as the Company. Idaho Power measures cost-effectiveness
21 under three tests: the UCT, the TRC test, and the PCT. A
22 review of each test allows for an economic assessment of

1 the life-cycle costs and benefits of a DSM investment from
2 the perspective of DSM program participants, Idaho Power,
3 and non-participating customers.

4 Idaho Power also reviews the cost-effectiveness
5 results for each program and measure on an annual basis to
6 determine whether a program should continue or be modified
7 so it remains cost-effective on an ongoing basis. If a
8 measure or program is identified as non-cost-effective,
9 Idaho Power seeks EEAG input before making its
10 determination on modifying, continuing, or discontinuing an
11 offering.

12 The cost-effectiveness test methodologies and
13 assumptions are described in more detail in the first pages
14 of *Supplement 1: Cost-Effectiveness* ("Supplement 1"),
15 included in Attachment 1 to the Application in this
16 proceeding.

17 Q. Does Idaho Power believe its application of
18 the standard economic tests is consistent with Commission
19 directives?

20 A. Yes. Idaho Power believes its application of
21 the three economic tests is consistent with prior
22 Commission directives, as described in Order No. 33365:²

23 We thus find it reasonable for the Company to
24 continue screening potential programs using each

² *In the Matter of the Application of Idaho Power Company for a Determination of 2014 Demand-Side Management Expenditures as Prudently Incurred*, Case No. IPC-E-15-06, Order No. 33365, p. 9-10.

1 test as a guideline, and to advise us on how the
2 Company's programs fare under each test. When the
3 Company ultimately seeks to recover its prudent
4 investment in such programs, however we believe the
5 Company may (but need not exclusively) emphasize the
6 UCT-and that test's focus on Company-controlled
7 benefits and costs-to argue whether the programs
8 were cost-effective. As always, the Company
9 ultimately must persuade us that its program
10 investments were prudent under the totality of the
11 circumstances.

12
13 Because Idaho Power must ultimately demonstrate to
14 the Commission that its program investments were prudent
15 under "the totality of the circumstances", the Company
16 continues to evaluate performance from the three
17 perspectives.

18 Q. Has the Commission subsequently issued a
19 determination on the proper economic test perspective for
20 energy efficiency resources in the IRP?

21 A. Yes. In Order No. 34469 issued in Case No.
22 IPC-E-19-11, the Commission ordered "that Idaho Power use
23 the UCT perspective for integrated resource planning."

24 **A. 2020 Cost-Effectiveness Results**

25 Q. What were the results of the 2020 cost-
26 effectiveness analyses?

27 A. Exhibit No. 2 to my testimony, *2020 Cost-*
28 *Effectiveness Summary by Program, Sector, and Portfolio*,
29 shows the results of the UCT, TRC test, and PCT for every
30 energy efficiency program aggregated by sector and for the
31 overall portfolio. As shown in Exhibit No. 2, and below in

1 Table 4, all three program sectors and the overall DSM
2 portfolio achieved benefit/cost ratios greater than 1.0
3 from the perspective of all three cost-effectiveness tests.

4 **Table 4. 2020 Benefit/Cost by Sector & Portfolio**

Sector	Utility Cost Test (UCT)	Total Resource Cost (TRC) Test	Participant Cost Test (PCT)
Residential	1.64	1.91	6.41
Commercial/Industrial	3.18	1.62	1.58
Irrigation	4.01	4.09	3.96
Portfolio	2.71	2.08	2.45

5

6 On an individual program basis, 11 of the 16 energy
7 efficiency programs offered in Idaho for which the Company
8 calculates cost-effectiveness had benefit/cost ratios
9 greater than 1.0 under the UCT.

10 The PCT ratios cannot be calculated for programs
11 that do not have a direct customer cost, and the PCT is
12 shown as "N/A" in Exhibit No. 2 for those programs. The
13 details of these calculations are found in Supplement 1 of
14 the DSM 2020 Annual Report.

15 Q. Did Idaho Power calculate cost-effectiveness
16 for each measure within each energy efficiency program it
17 offers?

18 A. Yes. In 2020, Idaho Power evaluated the
19 benefits and costs of 281 measures. The results of these
20 calculations, along with measure assumption details and

1 source documentation, can be found in Supplement 1 to the
2 DSM 2020 Annual Report.

3 Q. How did Idaho Power address any individual
4 measures that are not cost-effective based on one or more
5 tests?

6 A. The cost and benefit values used in the
7 various analyses are based on markets, technologies,
8 economic inputs, savings estimates, and cost estimates,
9 which can change over time. When a measure is identified
10 as non-cost-effective at a specific point in time, Idaho
11 Power first evaluates whether the inputs used in the
12 calculations are still applicable. Then the Company
13 determines if the measure parameters should be modified or
14 if the measure should be eliminated altogether. For
15 additional detail on measure analysis, please refer to
16 Supplement 1 to the DSM 2020 Annual Report.

17 **B. Transition to UCT for Energy Efficiency Program**
18 **Implementation and Evaluation**

19 Q. Has the Commission's directive to rely on the
20 UCT for resource planning impacted program implementation
21 and evaluation?

22 A. Yes. After reviewing Commission Order Nos.
23 33365 and 34469 and consulting with EEAG, the Company is
24 now primarily relying on UCT cost-effectiveness to screen
25 and make program continuation decisions in its Idaho

1 service area. Considering the most recent Commission
2 order, coupled with the previous Commission findings that
3 Idaho Power can emphasize the UCT for prudence
4 determinations, the Company will focus the remainder of its
5 program-specific cost-effectiveness discussion on programs
6 that did not pass the UCT for program year 2020.

7 **1. Income Qualified Weatherization**

8 Q. What were the cost-effectiveness results for
9 the Weatherization Assistance for Qualified Customers
10 ("WAQC") and Weatherization Solutions for Eligible
11 Customers ("Solutions") programs?

12 A. As shown in Exhibit No. 2, the WAQC and
13 Solutions programs, both of which are offered to limited-
14 income customers, did not achieve the 1.0 benefit/cost
15 ratio threshold in 2020 under the UCT.

16 In 2020, Idaho Power contracted with a third-party
17 consultant to conduct a billing analysis of 2016-2018
18 weatherization jobs for both the WAQC and Solutions
19 programs. The analysis estimated the electric energy
20 savings of the weatherization jobs by comparing whole-home
21 energy usage of the participants, before and after the
22 weatherization jobs, to a matched comparison group. The
23 results of the analysis showed that savings for
24 weatherization jobs have decreased relative to savings
25 reported in previous years. To address the decrease in

1 energy savings, and thus cost-effectiveness, Idaho Power is
2 working with EEAG, as well as the weatherization managers
3 that oversee the weatherization work, to discuss ways to
4 improve the cost-effectiveness of the programs.

5 Q. Why do the WAQC and Solutions programs
6 continue to not be cost-effective, and how does Idaho Power
7 attempt to improve them?

8 A. The WAQC and Solutions programs provide real
9 and substantial per home savings, but due to the costs of
10 comprehensive whole-house weatherization, it is difficult
11 for the value of the savings to outweigh the costs. The
12 weatherization services provided through the WAQC program
13 are consistent with the Idaho State Weatherization
14 Assistance Program ("WAP") guidelines, and both the WAQC
15 and Solutions programs are offered at no charge to the
16 participant. These programs are designed for limited-
17 income customers, and Idaho Power believes there are other
18 benefits to these programs that are difficult to quantify,
19 such as health and safety measures. In 2020, 115 homes in
20 Idaho were weatherized through the WAQC program.

21 For the Solutions program, the Company has continued
22 a participation requirement that was introduced in 2016
23 requiring landlords to fund at least 10 percent of the
24 project. In 2020, the Company held the average cost per
25 home constant from the 2014 level for the weatherization

1 contractors, which helped reduce the cost of the program.
2 The Company continues to support the whole-house philosophy
3 by allowing a \$6,000 annual maximum average per-home cost.
4 In 2020, 27 homes in Idaho were weatherized through the
5 Solutions program. Of the 27 homes that were weatherized,
6 15 were single-family, 11 were manufactured homes, and one
7 was a multi-family unit.

8 Q. Does Idaho Power plan to continue offering the
9 WAQC and Solutions programs in the future?

10 A. Yes. While the Company has identified that
11 the programs are not cost-effective under the UCT, unless
12 the Commission directs otherwise, Idaho Power will continue
13 to offer them to the Company's limited-income customers on
14 an ongoing basis. The Company will also continue to
15 consult the EEAG and weatherization managers who oversee
16 the weatherization work to look for ways to improve the
17 cost-effectiveness of these programs.

18 **2. Programs Impacted by COVID-19**

19 Q. Did impacts from COVID-19 result in certain
20 programs not being cost-effective?

21 A. Yes. As previously discussed in my testimony,
22 due to safety concerns, in-home activity associated with
23 programs was suspended mid-March, meaning programs that
24 rely on direct install measures or in-home work to achieve
25 savings had reduced opportunities for participation. Due

1 to this limitation, Energy House Calls and the Multifamily
2 Energy Savings Program had UCT ratios of 0.63 and 0.14,
3 respectively, in 2020.

4 Q. How has Idaho Power maintained program demand
5 for Energy House Calls and the Multifamily Energy Savings
6 Program once in-home activity is safe to resume?

7 A. While the in-home activity was suspended, the
8 Company's program specialists have maintained a waitlist of
9 customers or buildings who are eligible for and desire to
10 participate in the programs. Marketing efforts related to
11 the programs have also continued. The overall level of
12 participation was not at a scale for the programs to
13 achieve cost-effectiveness in 2020. However, the Company is
14 confident that both Energy House Calls and the Multifamily
15 Energy Savings Program can be cost effective with a typical
16 year's participation. At the time of this filing, the
17 Company believes with social distancing and proper safety
18 protocols the programs may be able to resume in-home
19 activity in 2021. The Company will continue to adhere to
20 local, state, and federal guidelines as the pandemic
21 evolves.

22 **3. Discontinued Programs**

23 Q. Did the Company discontinue any programs which
24 were no longer cost-effective?

25 A. Yes. As noted earlier, The Simple Steps,

1 Smart Savings™ Program had a planned sunset date of
2 September 2020, but the final year UCT cost-effectiveness
3 of 0.78 was lower than expected. Key final year
4 differences from prior-year expectations were large swings
5 in showerhead sales product mix skewing towards showerheads
6 that had large reductions in RTF savings assumptions and
7 incremental lighting savings reaching market saturation.

8 **C. 2020 Demand Response Cost-Effectiveness**

9 Q. Does Idaho Power evaluate cost-effectiveness
10 for its three demand response programs?

11 A. Yes, however, benefit/cost ratios are not
12 calculated for the three demand response programs.
13 Instead, the methodology used to determine the cost-
14 effectiveness of the demand response programs compares the
15 annual cost of operating Idaho Power's demand response
16 portfolio to the levelized annual cost of a single 170 MW
17 deferred resource over a 20-year life.³ In 2020, the
18 system-wide cost of operating the three demand response
19 programs was approximately \$7.7 million (\$6.9 million of
20 incentives and \$0.8 million of other costs). The amounts
21 attributable to the Idaho-only jurisdiction were \$7.3
22 million (\$6.5 million of incentives and \$0.8 million of
23 other costs). Idaho Power estimated that if the three

³ Demand response valuation methodology was reached by settlement agreement and approved in Commission Order No. 32923 as part of Case No. IPC-E-13-14.

1 programs were dispatched for the full 60 hours allowed, the
2 total costs would have been approximately \$10.9 million on
3 a system-wide basis.

4 Using the 2017 IRP, acknowledged by the Commission
5 in Order No. 33983, Case No. IPC-E-17-11, the maximum
6 annual cost of running all three demand response programs
7 for the maximum allowable hours of 60 hours should be no
8 more than \$19.6 million, leading Idaho Power to conclude
9 that its three demand response programs were cost-effective
10 in 2020.

11 **IV. EVALUATION ACTIVITY OVERVIEW**

12 Q. What is the Company's approach to DSM program
13 evaluation?

14 A. To ensure the ongoing cost-effectiveness of
15 programs through validation of energy savings and demand
16 reduction, and to guide the efficient management of its
17 programs, the Company relies on evaluations by third-party
18 contractors chosen through a competitive bidding process.
19 Idaho Power uses industry-standard protocols, internal
20 analyses, and regional and national studies to inform its
21 internal and external evaluation efforts. The Company has
22 generally conducted impact evaluations every three years,
23 and process evaluations for relatively new programs, or
24 when a program has significant changes. *Supplement 2:*
25 *Evaluations* ("Supplement 2") to the DSM 2020 Annual Report

1 provides additional information regarding how Idaho Power
2 evaluates its programs.

3 Q. How does Idaho Power utilize the evaluations
4 described above?

5 A. Idaho Power uses the results of its
6 evaluations to inform decisions related to program
7 improvement, to compare processes to industry best
8 practices, and to benchmark and validate reported program
9 savings.

10 Q. What evaluation activities took place in 2020?

11 A. In addition to the annual cost-effectiveness
12 analyses that the Company conducts for each program, Idaho
13 Power contracted with several vendors to conduct impact,
14 process, and other evaluations in 2020. Evaluations
15 conducted by these vendors were on the following programs:

- 16 • Impact and process evaluations on Educational
17 Distributions and Irrigation Efficiency Rewards.
- 18 • Impact evaluation on Rebate Advantage.
- 19 • Process evaluation on Home Energy Reports.
- 20 • Joint billing analysis for the WAQC and
21 Solutions.
- 22 • Program summary reports and savings analyses for
23 Home Energy Reports, Residential Energy-Saving
24 Kits, Student Energy Efficiency Kits and
25 Commercial Energy-Saving Kits.

1 • Additionally, Idaho Power completed internal
2 analyses of the Irrigation Peak Rewards, Flex
3 Peak, and A/C Cool Credit demand response
4 programs.

5 Three of the impact evaluations that were conducted
6 in 2020 analyzed reported savings from the 2019 program
7 year. Realization rates were as follows:

- 8 • Educational Distributions - 97.2% for overall
9 savings; 100% for number of kits.
- 10 • Rebate Advantage - 100%.
- 11 • Irrigation Efficiency Rewards - 97.4% overall kWh
12 (100% Menu and 95.42% Custom).

13 The final reports for these evaluations, and the
14 market effects evaluations conducted by NEEA, are included
15 in Supplement 2 to the DSM 2020 Annual Report.

16 Q. Does Idaho Power have a DSM program evaluation
17 plan for 2021-2022?

18 A. Yes. The evaluation plan is included as
19 Exhibit No. 3 to my testimony and is also included in
20 Supplement 2 to the DSM 2020 Annual Report. In 2021, Idaho
21 Power's evaluation plan includes the following third-party
22 evaluations:

- 23 • Impact and process evaluations for Heating &
24 Cooling Efficiency and C&I Custom Projects
25 option.

1 The agenda during EEAG meetings is varied, but
2 typically includes: new energy efficiency program ideas,
3 new measure proposals, marketing methods, specific measure
4 details including cost-effectiveness, the status of energy
5 efficiency expenses, Idaho and Oregon Rider funding,
6 program and project updates, and general information on DSM
7 issues. When appropriate, the Company invites experts to
8 speak on evaluations, research, and other topics of
9 interest to enhance EEAG's understanding.

10 Q. How did Idaho Power solicit guidance from the
11 EEAG during the 2020 program year?

12 A. The Company held six EEAG meetings throughout
13 2020, one in-person and five webinars. During these
14 meetings, Idaho Power discussed and requested
15 recommendations on a broad range of DSM issues. As
16 explained in greater detail in the DSM 2020 Annual Report,
17 the list below includes some of the topics Idaho Power
18 worked with the EEAG on for development, design, promotion,
19 or input:

- 20 • COVID-19 Impacts: The Company provided status
21 updates on affected programs throughout the year.
22 The Company shared how it was making activity
23 modifications and EEAG members provided feedback
24 on offering increased virtual program workshops,
25 trainings, and ways to leverage digital and print

1 marketing channels to provide energy efficiency
2 tips for customers who may be spending more time
3 at home.

4 • WAQC and Solutions: Idaho Power reviewed with
5 EEAG the results of the third-party energy
6 savings evaluation completed for the Company's
7 WAQC and Solutions programs. The Company
8 highlighted that future program cost-
9 effectiveness would be impacted by incorporating
10 the lower energy savings assumptions from the
11 evaluation and discussed several potential ideas
12 to improve program cost-effectiveness. One EEAG
13 recommended exploring the potential of measure
14 lists. EEAG members also asked additional
15 questions on the types of measures installed and
16 other program funding sources.

17 • Educational Distributions: With the decision to
18 sunset ESKs, an EEAG member suggested a "last
19 chance" marketing tactic to help promote a final
20 push before the program's end. This resulted in
21 successfully distributing the remaining ESKs in
22 inventory to customers.

23 • Energy Efficient Lighting/Simple Steps, Smart
24 Savings™: With the BPA-administered program
25 ending September 30, 2020, Idaho Power consulted

1 with EEAG on pursuing a buydown program for
2 measures in markets that still have cost-
3 effective savings potential. EEAG was supportive
4 of the idea and appreciated Idaho Power's work
5 with Energy Trust of Oregon in exploring
6 potential lighting options for a new program
7 offering.

8 Q. Did Idaho Power work with Commission Staff
9 ("Staff") in response to concerns raised in 2019 DSM
10 Prudence Comments?

11 A. Yes. The Company met with Staff on January
12 15, 2021 to better understand Staff's concerns and
13 recommendations for potential adjustments to the Company's
14 demand response programs. During the meeting, several
15 aspects of the Company's demand response programs were
16 discussed, including the Value of Demand ("VOD")
17 calculation and the ability to meet coincident peak when
18 capacity deficient. As part of the discussion, the Company
19 and Staff found an opportunity to update the Effective Load
20 Carrying Capacity (ELCC) portion of the VOD calculation
21 annually to more accurately reflect the availability of
22 demand response programs to meet peak load.

1 **VI. CONCLUSION**

2 Q. Do you believe that the information contained
3 in this testimony and attached exhibits supports a prudence
4 determination for 2020 DSM expenses?

5 A. Yes. The DSM 2020 Annual Report details Idaho
6 Power's DSM offerings in program specific sections. Based
7 on the DSM 2020 Annual Report, the testimony set forth
8 above, and the attached exhibits, Idaho Power respectfully
9 requests the Commission determine that \$47,010,777 of DSM
10 expenses incurred for the acquisition of demand-side
11 resources was prudently incurred.

12 Q. Does this conclude your testimony?

13 A. Yes, it does.

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-21-04**

IDAHO POWER COMPANY

GORALSKI, DI

TESTIMONY

EXHIBIT 1

Idaho Power Company
2020 Idaho DSM Expenses and Adjustments for Prudence Filing

Expenses	Rider Expenses	Demand Response Program Incentives Recorded in PCA	Total Expenses
Energy Efficiency/Demand Response			
Residential			
A/C Cool Credit	\$ 405,402	\$ 332,420	\$ 737,822
Educational Distributions	3,912,564	-	3,912,564
Energy Efficient Lighting	1,603,129	-	1,603,129
Energy House Calls	40,492	-	40,492
Heating & Cooling Efficiency Program	578,893	-	578,893
Home Energy Audit	128,547	-	128,547
Multifamily Energy Savings Program	83,951	-	83,951
Rebate Advantage	174,670	-	174,670
Residential New Construction	471,542	-	471,542
Shade Tree Project	27,652	-	27,652
Simple Steps, Smart Savings TM	93,865	-	93,865
Weatherization Solutions for Eligible Customers	198,226	-	198,226
Commercial/Industrial			
Commercial Energy-Saving Kits	97,645	-	97,645
Custom Projects	17,533,047	-	17,533,047
FlexPeak Program	84,716	247,383	332,099
New Construction	2,278,454	-	2,278,454
Retrofits	3,481,992	-	3,481,992
SBDI: Small Business Direct Install (c)	322,463	-	322,463
Irrigation			
Irrigation Efficiency	3,165,075	-	3,165,075
Irrigation Peak Rewards	264,843	5,953,930	6,218,773
Energy Efficiency/Demand Response Total	\$ 34,947,166	\$ 6,533,734	\$ 41,480,900
Market Transformation			
NEEA	2,649,749	-	2,649,749
Market Transformation Total	\$ 2,649,749	\$ -	\$ 2,649,749
Other Programs and Activities			
Commercial/Industrial Energy Efficiency Overhead	393,112	-	393,112
Energy Efficiency Direct Program Overhead	322,964	-	322,964
Residential Energy Efficiency Education Initiative	209,644	-	209,644
Residential Energy Efficiency Overhead	985,565	-	985,565
Other Programs and Activities Total	\$ 1,911,284	\$ -	\$ 1,911,284
Indirect Program Expenses			
Energy Efficiency Accounting & Analysis	929,467	-	929,467
Energy Efficiency Advisory Group	4,448	-	4,448
Special Accounting Entries			
Special Accounting Entries	(32,203)	-	(32,203)
Indirect Program Expenses Total	\$ 901,712	\$ -	\$ 901,712
Total Expenses	\$ 40,409,911	\$ 6,533,734	\$ 46,943,645
Adjustments			
Prior year-end accounting adjustments:			
2019 Idaho Labor Prudence Adjustment ^(a)	51,166	-	51,166
Current year-end accounting adjustments:			
Green Power ^(b)	57	-	57
SBDI: Small Business Direct Install ^(c)	15,910	-	15,910
2020 Prudence Filing Total	\$ 40,477,043	\$ 6,533,734	\$ 47,010,777

(a) \$51.2K adjustment for 2019 labor expenses per Order No. 34827. Credit was applied to the Idaho Rider in 2020.

(b) Credit to the Idaho Rider that should have been applied to Green Power, a non-rider program. The correction was made in 2021.

(c) Idaho Rider expenses of \$15.9K that were initially charged to the Oregon Rider. The correction was made in 2021.

**BEFORE THE
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EXHIBIT 2

2020 Cost-Effectiveness Summary by Program, Sector, and Portfolio

Program/Sector	2020 Benefit/Cost Tests		
	Utility Cost Test (UCT)	Total Resource Cost (TRC)	Participant Cost (PCT)
Educational Distributions	1.45	2.19	N/A
Energy Efficient Lighting	4.56	4.20	7.77
Energy House Calls	0.63	0.77	N/A
Heating & Cooling Efficiency Program	1.66	0.81	1.46
Multifamily Energy Savings Program	0.14	0.28	N/A
Rebate Advantage	1.69	0.98	2.17
Residential New Construction	1.54	1.20	2.26
Shade Tree Project*	N/A	N/A	N/A
Simple Steps, Smart Savings™	0.78	3.24	13.23
Weatherization Assistance for Qualified Customers	0.20	0.33	N/A
Weatherization Solutions for Eligible Customers	0.13	0.23	N/A
Residential Energy Efficiency Sector	1.64	1.91	6.41
Commercial Energy-Savings Kits	1.24	2.38	N/A
Custom Projects	3.26	1.61	1.42
New Construction	3.40	2.63	3.14
Retrofits	3.25	1.35	1.56
Small Business Direct Install	1.04	1.61	N/A
Commercial/Industrial Energy Efficiency Sector **	3.18	1.62	1.58
Irrigation Efficiency	4.00	4.09	3.96
Irrigation Energy Efficiency Sector ***	4.01	4.09	3.96
Energy Efficiency Portfolio	2.71	2.08	2.45

* Shade Tree Project tree distributions were suspended in 2020 due to COVID-19, no newly-planted trees in 2020 to report energy savings.

** Commercial/Industrial Energy Efficiency Sector cost-effectiveness ratios include savings and participant costs from Green Motors Rewinds.

*** Irrigation Energy Efficiency Sector cost-effectiveness ratios include savings and participant costs from Green Motors Rewinds.

**BEFORE THE
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GORALSKI, DI

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EXHIBIT 3

Customer Relations and Energy Efficiency 2021-2022 Program Evaluation Plan

	2022	2021	2020	2019	2018	2017	2016	2015 ¹	2014	2013	2012	2011	2010
Residential Energy Efficiency Programs													
Educational Distributions			I/P										
Energy Efficient Lighting					I				I	P			
Energy House Calls				I/P								I	P
Heating & Cooling Efficiency Program		I/P				I/P				P	I		P
Home Energy Audit	P					I			P				
Home Energy Reports	I/O	O	P/O	O	O								
Multifamily Energy Savings Program	I/P				I/P								
Rebate Advantage			I				I/P					I	
Residential Energy Efficiency Education Initiative							O						P
Residential New Construction Pilot Program				I/P									
Shade Tree Project				O					P				
Simple Steps, Smart Savings™													
Weatherization Assistance for Qualified Customers			O						O	P	I		
Weatherization Solutions for Eligible Customers			O						O	P	I		
Commercial/Industrial Energy Efficiency Programs													
Commercial Energy-Saving Kits													
Custom Projects		I/P			I	P			I/P			I	P
New Construction	I/P			I		P	I				I		P
Retrofits	I/P			I		P	I			P	I		P
Small Business Direct-Install		P											
Irrigation Energy Efficiency Programs													
Irrigation Efficiency Rewards			I/P				I/P		P/O	P/I			P
Demand-Response Programs													
A/C Cool Credit	O	I	O	I	O	O	O	O	O	O	P	O	
Flex Peak Program	O	I	O	O	O	O	O	O		P/O		O	
Irrigation Peak Rewards	O	I	O	O	O	O	O	O	O	O		O	

¹ Energy efficiency programs evaluated in 2015 have since been eliminated or combined into another program.

Evaluation Type: I = Impact, P = Process, O = Other	
Program not yet in existence	