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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY'S APPLICATION FOR) **CASE NO. IPC-E-22-15**
AUTHORITY TO MODIFY SCHEDULE 79—)
WEATHERIZATION ASSISTANCE FOR)
QUALIFIED CUSTOMERS) **COMMENTS OF THE**
) **COMMISSION STAFF**
)

STAFF OF the Idaho Public Utilities Commission (“Staff”), by and through its Attorney of record, Dayn Hardie, Deputy Attorney General, submits the following comments.

BACKGROUND

On May 4, 2022, Idaho Power Company (“Company” or “Idaho Power”) applied for Commission authorization to modify Schedule 79—Weatherization Assistance for Qualified Customers (“Schedule 79” or “WAQC”), to include re-weatherization projects for qualifying customers. The Company requested its Application be processed by Modified Procedure.

The Company has experienced an increase in carryover funds during the past two years due to COVID-19, supply chain issues, and labor and staffing shortages. In 2021, the Company made \$1,861,402 available to Idaho Community Action Partnerships (“CAP”) agencies, with \$648,868 of those funds carrying over from 2020. Of the funds available in 2021, \$990,416

were paid to Idaho CAP agencies, while \$870,985 carried over to 2022. The 2022 WAQC budget exceeds \$2 million due to the addition of carryover funds.

The Company's Application is designed to address the increasing amount of carryover funds that have accumulated, and to give CAP agencies flexibility in using those funds to help low-income customers without impacting the current WAQC program structure.

STAFF ANALYSIS

Staff reviewed the Company's Application, proposed tariff changes, eligibility requirements, and responses to Production Requests. Additionally, Staff reviewed prior cases and associated Commission Orders related to the WAQC program. Staff believes the Company's request to utilize carryover funds to pay up to 100 percent of Heating, Ventilation, and Air Conditioning ("HVAC") upgrades on homes that were previously weatherized under Tariff Schedule 79, but that did not receive HVAC upgrades, is reasonable and should be approved by the Commission.

Staff's recommendation of approval of the modifications to Schedule 79 should not be construed as a determination of prudence for any particular WAQC program expenditure. Staff will review the prudence of Demand-Side Management ("DSM") expenditures, including WAQC and other low-income programs in the Company's annual prudence cases.

Weatherization Assistance for Qualified Customers Program Overview

The WAQC program provides funds through base rates to CAP agencies for the weatherization of electrically heated, low-income households. The program is vetted with stakeholders through the Energy Efficiency Advisory Group ("EEAG") and through DSM annual reports. While the program does claim savings, the primary goal of the program is to increase the energy efficiency, comfort, and safety of low-income households, while providing educational materials on further reducing energy usage and costs. The WAQC program has an annual base funding of \$1,212,534. The current WAQC tariff structure states that at least 15 percent of the total costs of weatherizing homes must be funded by Department of Energy ("DOE"), and homes previously weatherized using DOE funding are ineligible for additional weatherization projects for 14 years following the initial weatherization.

Re-Weatherization Projects Proposal

The Company proposes to modify Schedule 79 with the purpose of funding 100 percent of re-weatherization projects using carryover funds. With the carryover balance's large growth in 2020, the EEAG met and discussed options to use these funds. Based on stakeholder feedback, the re-weatherization projects were selected because, prior to 2015, heat pump replacements were not common practice in the WAQC program, and many of the homes weatherized before 2015 would receive heat pumps if they were weatherized today. EEAG presentations claim health, safety, comfort, and reduced energy costs as benefits that otherwise may be unaffordable. Staff supports the EEAG conclusion that high efficiency heat pump systems would be a benefit to low-income households.

Customers are only eligible for re-weatherization if they have previously received assistance through the WAQC Schedule 79 weatherization program but did not receive an HVAC replacement. If approved, the Company would report the re-weatherization project results in its annual DSM report. Staff analyzed the Company's proposal and found the re-weatherization projects are a generally well-planned and presented option to help reduce the large carryover balance.

Customer Eligibility

The Company estimates that there are approximately 1,000 homes eligible for re-weatherization based on their previous receipt of weatherization assistance between 2008 and 2014 without ever receiving HVAC upgrades and state and federal income guidelines under the parent WAQC program. Response to Production Request No. 2. Staff believes this is an appropriate method of establishing customer eligibility for the re-weatherization program.

In response to Production Request No. 10, the Company stated that the CAP agencies will be responsible for contacting customers who previously qualified for weatherization assistance but did not receive HVAC upgrades. The re-weatherization project proposal is only available until 2025 or when the carryover funds run out. Staff recommends that providing clear language to the CAP agencies who will notify customers about project eligibility and the limited nature of the project will encourage participation.

Program Funding

“In [O]rder No. 30350 issued in 2007, the Commission directed that ‘Idaho Power shall continue its annual funding of this program (WAQC) at \$1.2 million per year,’ which remains the current level of funding for the program.” Application at 3. However, in recent years, COVID-19 in-home activity restrictions, supply chain limitations, and labor shortages have limited the number of homes CAP agencies have been able to weatherize, creating a surplus of carryover funds. The Company proposes to use the \$870,985 surplus to fund this re-weatherization project. This re-weatherization project is set to end in 2025, or when the surplus funds run out. Conversely, if surplus funds continue to accrue in 2023 and 2024, they will be added to the program funds. These surplus funds can also be used for the standard WAQC program.

Program Funding Distribution

The WAQC program is currently over-collected by \$870,985 and the Company will use the overage to fund the proposed re-weatherization projects. The Company asserts the average cost per home will be capped at \$9,000. Therefore, this program has enough money for approximately 100 homes with the current balance, which is approximately ten percent of eligible homes. The Company explained that the CAP agencies will manage and report the average job costs to the Company periodically throughout the year. The Company will communicate any issues with these reports to the CAP agencies. Because the costs of the weatherized homes are averaged together, the CAP agency has flexibility to service homes with varying degrees of needs. This is the same process the Company uses in their WAQC program.

Carryover Funds and Reporting

Staff has concerns about the carryover funds allocated to this program. The WAQC program could potentially continue to have an overage of funds for the next few years, and the Company’s Application for the re-weatherization projects has the proposal expiring in 2025. If carryover funds continue to increase, Staff expects the Company to continue making adjustments to eliminate the carryover funds by the contract end date. Staff will continue to monitor the carryover balance and work with the Company to reduce the carryover balance by 2025. Additionally, Staff recommends the Company notify the Commission when surplus funds run

out or provide the balance of unspent funds within six months of CAP agency contract expirations in 2025.

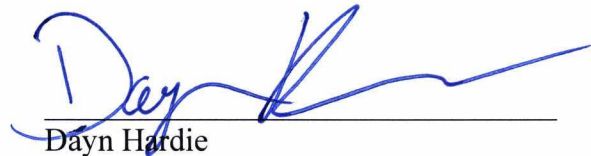
For reporting on the re-weatherization projects, the Company stated that the “number of re-weatherized homes, re-weatherization costs, and the balance of carryover funds will be reported as separate line items under the WAQC program section of the Company’s Demand-Side Management (“DSM”) Annual Report.” Response to Production Request No. 4. This information will help keep Staff informed of the projects’ performance and the amount of available carryover funds. Staff appreciates the Company’s commitment to detailed reporting on the re-weatherization projects.

STAFF RECOMMENDATIONS

Staff recommends the Commission:

1. Approve the Company’s Application;
2. Approve the proposed Tariff Schedule 79, as filed;
3. Notify the Commission when surplus funds run out or provide the balance of unspent funds within six months of CAP agency contract expirations in 2025.

Respectfully submitted this 18th day of August 2022.


Dayn Hardie
Deputy Attorney General

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Curtis Thaden
Jason Talford

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 18TH DAY OF AUGUST 2022, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-22-15, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

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