

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR A)
DETERMINATION OF 2022 DEMAND-) CASE NO. IPC-E-23-10
SIDE MANAGEMENT EXPENSES AS)
PRUDENTLY INCURRED.)
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_____)

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

THERESA DRAKE

1 Q. Please state your name and business address.

2 A. My name is Theresa Drake. My business address
3 is 1221 West Idaho Street, Boise, Idaho.

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 Senior Manager of Customer
7 Relations and Energy Efficiency.

8 Q. Please describe your educational background.

9 A. In May of 1990, I received a Bachelor of
10 Science Degree in Marketing with emphasis in Finance from
11 Jacksonville State University in Jacksonville, Alabama. I
12 have attended numerous seminars and conferences on pricing
13 issues, regulatory issues, marketing research, and energy
14 efficiency.

15 Q. Please describe your business experience with
16 Idaho Power.

17 A. I joined Idaho Power in January 1997 as a
18 Pricing Analyst. In July 2001, my position evolved into a
19 Senior Pricing Analyst and included preparing cost-of-
20 service studies, development of the Company's tariffs, and
21 performance of duties as a regulatory liaison for customer-
22 related issues. In February 2004, I became Manager of
23 Customer Relations and Research (now referenced as Customer
24 Relations and Energy Efficiency) and in March 2005 I became
25 Senior Manager. In that capacity, I manage staff members

1 and activities associated with customer relations, energy
2 efficiency, demand response, renewable energy programs, and
3 customer generation.

4 Q. What is the purpose of the Company's
5 Supplemental filing in this case?

6 A. In its initial filing, the Company requested
7 the Idaho Public Utilities Commission's ("Commission")
8 issue an order designating Idaho Power's 2022 Demand-side
9 Management ("DSM") expenses of \$39,896,437 as prudently
10 incurred. As part of its application, the Company also
11 indicated it expected to file a supplemental application no
12 later than the end of June 2023, whereby it would file the
13 independent evaluation, measurement, and verification
14 ("EM&V") study for Northwest Energy Efficiency Alliance
15 ("NEEA") claimed energy savings, as required by Order No.
16 35270. The Company also committed to identifying its near-
17 term plan associated with any findings issued in the
18 report.

19 Accordingly, the Company submits this supplemental
20 application and requests the Commission acknowledge (1) the
21 Company complied with the directives outlined in Order No.
22 35270, and (2) continued participation in NEEA through the
23 current funding cycle is likely to result in cost-effective
24 energy savings for Idaho Power's customers.

1 Q. What is the scope of your testimony in support
2 of these additional requests?

3 A. The scope of my testimony includes a
4 description of Idaho Power's involvement with NEEA,
5 describes how the Company has complied with Order No.
6 35270, details some of the key findings in the EM&V study
7 report, and presents the Company's next steps in addressing
8 findings and recommendations with NEEA.

9 Q. Are you sponsoring any exhibits?

10 A. Yes. I am sponsoring the following exhibits:

- 11 • Exhibit No. 4 - NEEA EM&V Report
- 12 • Exhibit No. 5 - Idaho Power's Net Market Effect
13 NEEA Savings 1997 - 2022
- 14 • Exhibit No. 6 - NEEA EM&V Report Addendum

15 **I. IDAHO POWER'S INVOLVEMENT WITH NEEA**

16 Q. What is NEEA?

17 A. NEEA is a non-profit organization whose stated
18 purpose is: "The Northwest Energy Efficiency Alliance is an
19 alliance of utilities and energy efficiency organizations
20 that pools resources and shares risks to transform the
21 market for energy efficiency to the benefit of consumers in
22 the Northwest."¹ NEEA's definition of market transformation
23 is identifying and removing market barriers to energy

¹ Northwest Energy Efficiency Alliance (NEEA) | About - <https://neea.org/about-neea>

1 efficiency to drive permanent change throughout the supply
2 chain. NEEA is currently funded by 14 Northwest utilities
3 and/or energy efficiency organizations including, Idaho
4 Power, Avista Corporation ("Avista"), the Energy Trust of
5 Oregon, Northwestern Energy, and the Bonneville Power
6 Administration, among others. This strategic alliance is
7 built around recognition that greater market transformation
8 can be achieved across the Northwest by working in concert
9 rather than by working as individual states or
10 organizations. Established in 1997, Idaho Power has funded
11 NEEA since the organization's inception.

12 Q. Other than providing funding, how has the
13 Company supported NEEA's regional efforts?

14 A. Idaho Power participates in all of NEEA's
15 committees and workgroups, including representation on the
16 Board of Directors. Over the years, Idaho Power
17 representatives have spent a great deal of time on numerous
18 NEEA committees and workgroups giving input and support on
19 NEEA activities and initiatives.

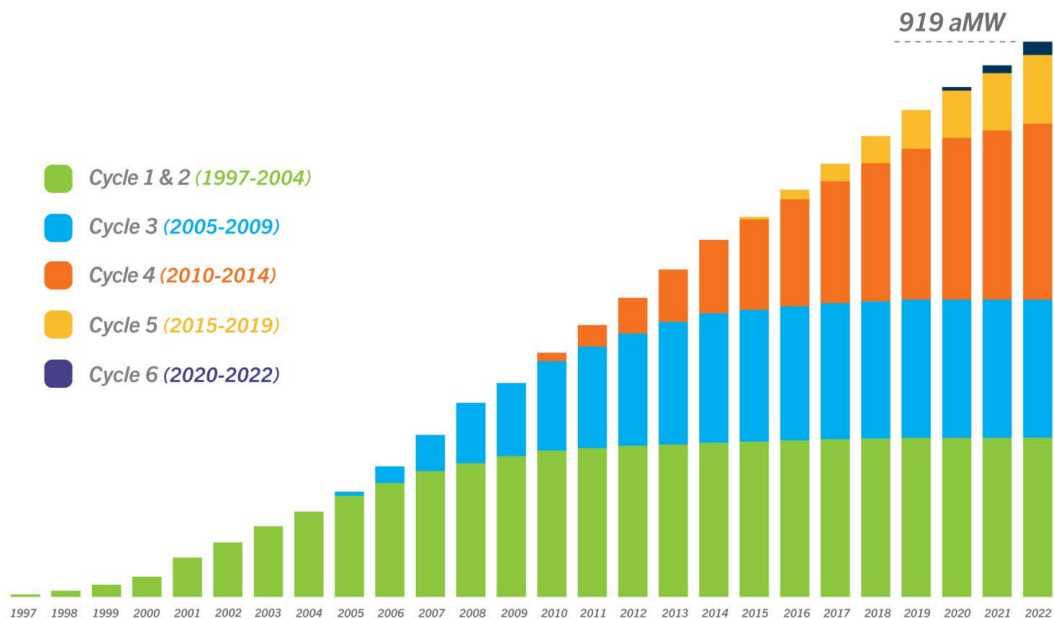
20 I also currently serve on the NEEA Board of
21 Directors, and the Company has been a member of the NEEA
22 Board of Directors since NEEA's inception in 1997.

23 Q. What do Idaho Power's customers receive from
24 the Company's participation in NEEA?

1 A. Historically, NEEA has provided pooled
2 resources, market research, and program design in the
3 participating states, providing a greater likelihood that
4 market change within Idaho Power's service area will be
5 rooted in a regional market, at a scale to which
6 manufacturers are more likely to respond and sustain
7 efforts.

8 From 1997-2022, NEEA and the Northwest utilities
9 have delivered 919 average-megawatts ("aMW") of co-created
10 electric energy savings² to the region as shown in Chart 1
11 below.³

12 **Chart 1. Additive* Co-Created Savings (aMW): 1997-2022**



13
14 *Additive Energy Savings are defined as the sum of new first year
15 savings occurring each year across multiple years.

² Co-Created - or shared - energy savings include all savings above the baseline that occur in the market due to the combined efforts of NEEA and its partners.

³ Chart reproduced from NEEA 2022 Annual Report. Available at: <https://neea.org/annual-report/2022>.

1 NEEA estimates that the alliance and local utilities
2 delivered almost 40 average megawatts of co-created energy
3 savings in 2022. Most of those savings are the result of
4 investments made during previous business cycles.

5 Since Idaho Power first began participating in NEEA,
6 Idaho Power's allocated portion of cumulative NEEA energy
7 savings from 1997 through 2022 has been 449,236 megawatt-
8 hours or 51.28 aMW. See Exhibit 5 to my testimony for the
9 savings allocation by year.

10 **II. INDEPENDENT EM&V**

11 Q. Please summarize the Commission's directive
12 issued in Order No. 35270.

13 A. In Case No. IPC-E-21-04, Staff stated in its
14 comments that it was "concerned that NEEA claims savings it
15 is not directly responsible for producing." Therefore
16 "Staff believes that to support the continued funding of
17 NEEA, an independent Evaluation, Measurement, and
18 Verification should be conducted to (1) clarify the savings
19 NEEA claims; (2) the allocation of those savings to its
20 member utilities; and (3) the cost-effectiveness of those
21 savings to the member utilities based on the utilities' DSM
22 avoided cost."⁴

23 In Order No. 35270, the Commission noted Staff's

⁴ *In the Matter of Idaho Power Company's Application for a Determination of 2020 Demand-Side Management Expenses as Prudently Incurred*, Case No. IPC-E-21-04, Staff Comments, p. 10 (Aug. 2, 2021).

1 concerns and directed the Company to conduct an independent
2 EM&V to clarify the NEEA claimed savings and address the
3 items raised by Staff noting that "if NEEA is no longer
4 cost-effective after and independent EM&V is conducted, the
5 Company should reexamine its continued participation."⁵

6 Q. Please describe how Idaho Power complied with
7 the Commission order.

8 A. The Commission also stated in Order No. 35270
9 "to the extent possible, the Company may work with other
10 Idaho regulated electric utilities that are conducting a
11 similar EM&V to examine NEEA claimed energy savings." A few
12 months prior, Idaho Power was aware of Order No. 35129 the
13 Commission issued in Avista's prudence case (AVU-E-20-13)
14 directing them to conduct an EM&V for NEEA as well.⁶
15 Therefore, Idaho Power and Avista ultimately decided to
16 collaborate and hire a single evaluator to complete a
17 single EM&V for efficiency purposes. The companies' hired
18 ADM Associates Inc. ("Evaluator") to complete the
19 independent EM&V on behalf of both utilities. The report is
20 provided as Exhibit 4 to my testimony.

21 Q. Did the Evaluator's report determine if NEEA
22 participation is cost effective?

⁵ *In the Matter of Idaho Power Company's Application for a Determination of 2020 Demand-Side Management Expenses as Prudently Incurred*, Case No. IPC-E-21-04, Order No. 35270, p. 9 (Dec. 27, 2021).

⁶ *In the Matter of Avista's Application for a Prudency Determination for its 2018-2019 Electric and Gas Energy Efficiency Expenditures*, Case Nos. AVU-E-20-13 & AVU-G-20-08, Order No. 35129, p. 9 (Aug. 13, 2021).

1 A. Yes. The Evaluator's report determined that
2 Idaho Power's participation in NEEA is cost effective. The
3 evaluation reported that during the 2017 - 2021 program
4 years, the Company's Idaho customers received a cumulative
5 total of \$73.2 million in energy saving benefits from NEEA
6 activity. These benefits came at a utility cost of \$12.9
7 million, for an overall Utility Cost Test ("UCT") ratio of
8 5.68. The Evaluator also determined NEEA cost effectiveness
9 in Idaho is heavily reliant on savings due to code efforts
10 and that it is likely that code savings are currently being
11 significantly over estimated.

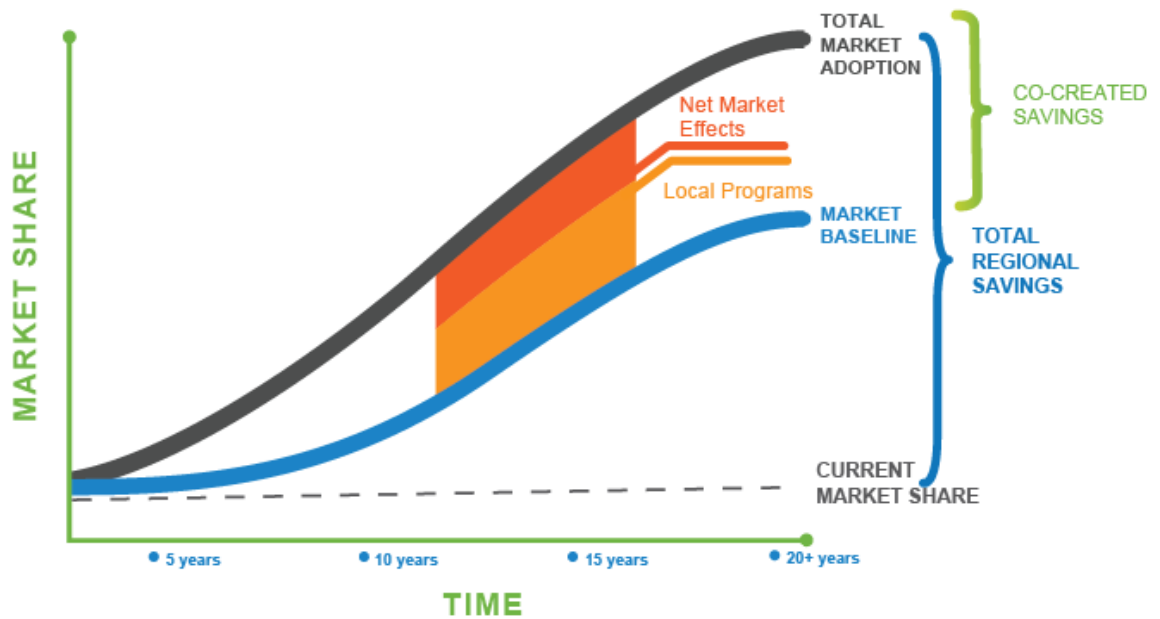
12 Q. How does NEEA typically report the energy
13 savings of its activities?

14 A. NEEA's approach to reporting energy savings
15 differs for each of its main reporting categories
16 (voluntary measure activities, federal or state energy-
17 saving product standards, and building codes). For
18 voluntary measure activities, such as the upstream Heat
19 Pump Water Heater initiative, NEEA tracks the total
20 regional sales of the measure to calculate overall energy
21 savings. It then subtracts the baseline estimate of sales
22 that would have occurred in absence of the initiative,
23 resulting in co-created savings. Any applicable energy
24 savings generated by local utility-run programs are removed
25 to avoid double counting savings resulting in the regional

1 net market effects as shown in Chart 2 below.⁷ Finally, NEEA
2 allocates the regional net market effect energy savings to
3 Idaho Power based on the funder share allocation
4 methodology.

5 **Chart 2. NEEA Energy Savings**

Figure 1: Alliance Energy Savings (aMW)



6
7 When a federal or state energy-saving product
8 standard goes into effect, NEEA typically engages a third
9 party evaluator to calculate energy savings. The evaluators
10 assess the overall impact of the standard as well as NEEA's
11 role in its enactment. Similar to voluntary measures, NEEA
12 then allocates the net market effects energy savings to
13 Idaho Power using the funder share methodology.

⁷ Chart reproduced from NEEA 2020-2024 Strategic Business Plan pg 133. Available at: <https://neea.org/img/documents/NEEA-2020-2024-Strategic-and-Business-Plans.pdf>

1 Each time a building code is implemented within the
2 region, NEEA conducts a third-party review to quantify the
3 energy impacts compared to the previous code. For example,
4 an evaluation of Idaho's 2021 residential code update found
5 the new code to be 11.6 percent more efficient than the
6 prior code. NEEA claims these energy savings on all new
7 construction for a 10-year period after the code goes into
8 effect. NEEA also assumes a 100 percent influence on the
9 code change and, unlike its practice for product standards,
10 does not conduct a formal influence evaluation. The funder
11 share methodology was used in the past to report energy
12 savings from building codes and was reviewed as part of the
13 evaluation. However, as of program year 2022, NEEA no
14 longer applies the funder share allocation to energy
15 savings related to code changes. Instead, it assigns saving
16 based on an estimate of the code impact within each
17 funder's respective region, a methodology known as service
18 territory allocation.

19 Q. Did the Evaluator's report raise any concerns
20 over how NEEA accounts for energy savings generated by
21 certain activities such as interjurisdictional codes and
22 standards?

23 A. Yes. While the evaluation found NEEA savings
24 to be overall cost effective, it identified several
25 concerns regarding NEEA's reported energy savings. The

1 Evaluator found that the funder share methodology used for
2 voluntary measures, codes, and standards calculations led
3 to misrepresentation of the impacts that NEEA activities
4 had on Idaho Power's Idaho customers. This practice both
5 overrepresented the effects of out-of-state energy savings
6 and underrepresented savings within the service area. While
7 NEEA has since updated the reporting of building code
8 savings to be based on the service territory methodology,
9 energy savings from voluntary measure and standards are
10 still being reported by the funder share methodology.

11 The evaluation found that NEEA distributes its costs
12 for all its expenses using the same ratio as energy savings
13 across the Northwest region and does not estimate
14 administrative, incentive, and other expenses by service
15 territory. This practice makes it difficult to
16 transparently assess the cost effectiveness of NEEA's
17 individual efforts.

18 The Evaluator found several inconsistencies with the
19 way NEEA calculates energy savings for changes in state and
20 federal standards. The evaluation found multiple instances
21 where the influence studies intended to quantify NEEA's
22 impact on the standard did not contain sufficient detail to
23 quantify NEEA's influence. Therefore, the energy savings
24 attributable to NEEA's effort is not always conclusive.

1 savings allocation methodology, completing influence
2 evaluations to verify savings associated with federal
3 standards, completing evaluations for code updates to
4 quantify NEEA's influence, updating how annual savings and
5 costs are reported, and other updates to how savings are
6 accounted for and reported. All of the Evaluator's
7 recommendations play into updating how NEEA's cost-
8 effectiveness is ultimately calculated.

9 Q. How is the Company planning on addressing the
10 recommendations provided in the Evaluator's report?

11 A. Idaho Power agrees with the recommendations in
12 the evaluation and has initiated plans to address each
13 item. For example, the Company has asked NEEA to begin
14 reporting energy savings going forward using the service
15 territory methodology rather than the funder share
16 allocation method and for NEEA to start reporting costs
17 with the increased level of detail specified in the
18 evaluation recommendations. The Company has also asked NEEA
19 for additional data to support its claim that individual
20 measure offerings, which by themselves tend to be not cost-
21 effective, help pave the way for future codes and standards
22 changes.

23 Q. How is the Company planning to address the
24 other recommendations?

1 A. The Evaluator reviewed the additional
2 information and wrote an addendum to the report with the
3 revised findings and recommendations in June 2023. The
4 addendum is included as Exhibit 6 to my testimony.

5 Q. Has NEEA responded to the Company's requested
6 changes based on the Evaluator's recommendations?

7 A. Yes. NEEA has responded to the Company's
8 requests and expressed a general willingness to make the
9 recommended changes. NEEA confirmed that a switch to
10 service-territory allocated energy savings will be
11 implementable starting in the 2023 reporting year of the
12 current funding cycle. NEEA also responded that providing
13 more detailed estimates of expenditures, as recommended in
14 the evaluation, will be developed in 2024 with
15 implementation in 2025.

16 NEEA stated that it is willing to look at the
17 concerns relating to code savings. However, it stressed
18 that any change must also be agreed to by the Cost-
19 Effectiveness Advisory Committee, and potentially brought
20 before the NEEA board. Idaho Power understands that the
21 Cost-Effectiveness Advisory Committee made the initial
22 decision to use a stipulated assumption in lieu of
23 influence evaluations.

24 Q. Based on the EM&V report findings and NEEA's
25 response to those findings, do you believe Idaho Power's

1 participation in NEEA through the remaining funding cycle
2 will yield cost-effective energy savings for Idaho Power's
3 customers?

4 A. Yes. Based on the Evaluator's calculated UCT
5 cost-effectiveness ratio of 5.68, Idaho Power's
6 participation in the current NEEA funding cycle is cost-
7 effective. However, if NEEA changes its method of
8 estimating code savings, only reports standard savings with
9 conclusive quantifiable NEEA influence, and reports Idaho
10 Power Service area savings, the cost-effectiveness ratio
11 will likely decrease.

12 Q. How will the concerns revealed by the
13 evaluation impact Idaho Power's decision to participate in
14 the 2025-2029 NEEA funding cycle?

15 A. In any decision, the Company is committed to
16 the pursuit of tangible, transparent, and cost-effective
17 energy savings for its customers. Based on NEEA's initial
18 response to the EM&V findings, Idaho Power will continue
19 discussions to address each concern before the next funding
20 cycle. At this time, Idaho Power is undecided on
21 participating in the next funding cycle. Using the findings
22 and recommendations of the EM&V, NEEA's potential
23 implementation of any of the EM&V recommendations, and any
24 Commission guidance received, the Company will evaluate
25 whether it believes NEEA is a wise use of customer funds

1 and provides sufficient direct benefits to Idaho residents
2 moving forward in order to determine whether it will
3 participate in the 2025-2029 funding cycle.

4 Q. Are there regional issues that impact NEEA's
5 work?

6 A. Yes. While the Northwest states share many
7 common attributes that make the region well suited for
8 coordinated market transformation, the Company recognizes
9 the continually widening differences in jurisdictional
10 regulatory goals, market trends, and customer needs across
11 each state. For instance, in the state of Washington,
12 utilities are mandated by law to participate in market
13 transformation activities, effectively requiring
14 cooperation with NEEA given that they are the most
15 prominent regional actor. Many jurisdictions in the region
16 have adopted vastly different policy directions surrounding
17 issues such as decarbonization and electrification. As a
18 longstanding supporter of NEEA since its inception in 1997,
19 Idaho Power is concerned that these conflicting pressures
20 could push the alliance to lose sight of its initial vision
21 of regional energy efficiency market transformation, which
22 does not align with the direction the Company has been
23 given by the Commission on spending Idaho Energy Efficiency
24 Rider dollars to pursue cost-effective energy efficiency.

1 Currently NEEA offers select opportunities for
2 funders to opt into special-funding initiatives, which
3 enable utilities to seize opportunities that benefit them
4 at a more localized level. However, these opportunities
5 make up less than 10 percent of overall NEEA funding, with
6 the remainder falling under the core funding contributions
7 made by each member utility.

8 Q. What are the estimated costs for the 2025-2029
9 NEEA funding cycle?

10 A. See Table 1 below detailing NEEA funding cycle
11 costs over the past two funding cycles as well as the
12 current proposed costs for the upcoming 2025 - 2029
13 business cycle. The 2025 - 2029 budget and Idaho Power's
14 funding share are both estimates at this point in time, but
15 the potential rising costs of NEEA participation concerns
16 Idaho Power. At this expense level it is imperative to be
17 confident that Idaho Power customers are realizing a
18 relative benefit.

19 **Table 1 - NEEA Funding Cycle Comparison**

Funding Cycle	2015-2019	2020-2024	2025-2029*
NEEA Electric Budget	\$168,241,447	\$159,350,000	\$211,800,000
Idaho Power Electric Funding Share	8.0%	9.23%	9.58% **
Idaho Power Funding (Contract)	\$13,450,835	\$14,710,808	\$20,290,440

*Proposed by NEEA

** Assuming same participating funders as in current cycle

1 **III. STAKEHOLDER ENGAGEMENT**

2 Q. Did Idaho Power consult the Energy Efficiency
3 Advisory Group ("EEAG") regarding the Evaluator's EM&V
4 report?

5 A. Yes, on May 10, 2023, the Company presented
6 the findings from the Evaluator's EM&V to EEAG. Several
7 EEAG members asked clarifying questions regarding
8 differences in methodology between NEEA and the Evaluator's
9 cost-effectiveness calculations, how NEEA allocates energy
10 savings to Idaho Power, and how influence on codes and
11 standards is quantified. There were also comments made by
12 EEAG members supporting NEEA's intent for market
13 transformation to move from the larger population centers
14 to smaller ones over time.

15 Q. Did Idaho Power consult with Staff during the
16 EM&V process?

17 A. Yes, the Company has had several meetings with
18 Staff, the Evaluator, and Avista to create the evaluation
19 plan and to report progress and findings. These check-in
20 meetings have benefitted the process by ensuring that the
21 evaluation met the expectations of the Commission set forth
22 in Order No. 35270. After an initial kick off meeting with
23 Avista and the Evaluator in September 2022, the Evaluator
24 developed a workplan outlining the evaluation objectives,
25 activities, and overall approach. The Company and Avista

1 met with Staff in October 2022 to share the workplan and
2 answered questions regarding the Evaluator's proposed
3 evaluation approach as well as cost-effectiveness
4 calculation methodology. Once Staff's questions were
5 addressed, the Company and Avista finalized the workplan
6 and the Evaluator commenced the EM&V.

7 The Company and Avista received an initial copy of
8 the report in January 2023. In February 2023, the Evaluator
9 presented the initial findings and recommendations to the
10 Company, Avista, and Staff. As a result of the meeting, the
11 Evaluator updated the report to provide additional context
12 and clarity around specific findings and recommendations.
13 Due to the timing of the Annual Report and prudence filing
14 and the need for additional research and follow up, Idaho
15 Power met with Staff in March and June to discuss timing of
16 this supplemental filing.

17 **IV. CONCLUSION**

18 Q. Please summarize Idaho Power's next steps in
19 evaluating the 2025-2029 funding cycle.

20 A. While Idaho Power and NEEA share the same
21 fundamental objective of improving energy efficiency, as
22 the EM&V demonstrates, their preferred approaches and
23 priorities to pursuing this shared goal may not always
24 align. Guided by the findings and recommendations of the
25 EM&V, NEEA's potential implementation of any of the EM&V

1 recommendations, and any Commission guidance received
2 through orders issued in this matter or other relevant
3 proceedings, the Company will evaluate whether it believes
4 NEEA is a wise use of customer funds and provides
5 sufficient direct benefits to Idaho residents moving
6 forward in order to determine whether it will participate
7 in the next funding cycle.

8 Q. Please summarize the Company's request in this
9 case.

10 A. The Company respectfully requests the
11 Commission issue an order: (1) designating Idaho Power's
12 2022 DSM expenses of \$39,896,437 as prudently incurred, (2)
13 finding the Company complied with the directives outlined
14 in Order No. 35270, and (3) acknowledging continued
15 participation in NEEA through the current funding cycle is
16 likely to result in cost-effective energy savings for Idaho
17 Power's customers.

18 Q. Does this conclude your testimony?

19 A. Yes, it does.

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ATTESTATION OF TESTIMONY

STATE OF IDAHO)
) ss.
County of Ada)

I, Theresa Drake, having been duly sworn to testify truthfully, and based upon my personal knowledge, state the following:

I am employed by Idaho Power Company as Customer Relations & Energy Efficiency Senior Manager and am competent to be a witness in this proceeding.

I declare under penalty of perjury of the laws of the state of Idaho that the foregoing pre-filed testimony and exhibits are true and correct to the best of my information and belief.

DATED this 30th day of June 2023.

Theresa Drake

_____ Theresa Drake

SUBSCRIBED AND SWORN to before me this 30th day of June 2023.

Notary Public for Idaho
Residing at Boise, Idaho
My commission expires:09/10/2026