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IDAHO PUBLIC  
UTILITIES COMMISSION

MEGAN GOICOECHEA ALLEN  
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November 30, 2023

Commission Secretary  
Idaho Public Utilities Commission  
11331 W. Chinden Boulevard  
Building 8, Suite 201-A  
Boise, Idaho 83714

Re: Case No. IPC-E-23-10  
In the Matter of the Application of Idaho Power Company for a Determination  
of 2022 Demand-Side Management Expenses as Prudently Incurred

Dear Commission Secretary:

Attached for electronic filing in the above-entitled matter is Idaho Power Company's Reply Comments in the above matter.

If you have any questions about the attached documents, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Megan Goicoechea Allen". The signature is written in a cursive, flowing style.

Megan Goicoechea Allen

MGA:cd  
Enclosures

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Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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

Idaho Power Company ("Idaho Power" or "Company") respectfully submits the following Reply Comments in response to Comments filed by the Idaho Public Utilities Commission ("Commission") Staff ("Staff") on November 16, 2023.

**I. REPLY COMMENTS**

In its Comments, Staff concludes the Company's programs are generally well managed and recommends the Commission approve \$39,886,970 in DSM-related expenditures including \$31,575,643 in Idaho Energy Efficiency Tariff Rider ("Rider") expenses (which includes an adjustment of \$9,467 to reflect the exclusion of advertising expenses) and \$8,311,328 in Demand Response ("DR") program incentives. In these

Reply Comments, the Company briefly responds to issues and recommendations raised by Staff.

**A. Advertising Expense Disallowance**

Idaho Power notes Staff's recommendation to remove \$9,467 from the prudence request associated with brand-enhancement focused advertisements at the Boise Airport, and the Company does not oppose the recommendation. While the Energy Efficiency Rider did not directly pay for the "Clean Energy" ad (it was a bonus ad provided by the advertiser for purchasing the "Powering Business" ad), the "Powering Business" ad was paid for by the Rider because of the mention of energy efficiency incentives. However, the Company acknowledges the ad did not include an energy efficiency specific "call to action" (e.g., an EE-specific website URL) and accordingly, is not opposed to Staff's recommendation to remove the \$9,467 from the prudence request. Going forward, the Company will work to ensure all future Rider-funded ads are energy efficiency focused.

**B. DSM Program Management**

The Company appreciates Staff's positive comments related to the Welcome Kits, Commercial & Industrial Custom Projects, and DR programs. The Company is committed to providing valuable educational opportunities, documenting projects to ensure prudent spending, and offering cost-effective incentives to customers that provide load reduction during high-risk time periods.

Specifically, the Company agrees with Staff's recommendation to allocate future Welcome Kit expenses to the Residential Energy Efficiency Education Initiative ("REEEI") and is committed to continuing to evaluate ways to reduce the overall cost of the kits. While the expenses will be allocated to the REEEI, the Company highlights that it does not currently track savings for other educational-type efforts undertaken as part of the

REEEI, and therefore will not allocate savings to that initiative. Rather, the Company intends to continue to allocate the savings associated with the Welcome Kits to the Educational Distributions program, which will ensure total portfolio savings are reflective of all quantifiable savings.

In its comments, Staff also recommended the Company continue to monitor the Heating & Cooling Efficiency program cost-effectiveness and to make changes as necessary to maintain a cost-effective program. The Company agrees with the recommendation and also notes that it has recently made changes to the program that, along with relying on the new avoided costs from the 2023 Integrated Resource Plan, are expected to result in the program being cost-effective in 2023 and going forward.

In all aspects of DSM program management, the Company particularly appreciates the involvement and input from Staff, as well as the broader Energy Efficiency Advisory Group (“EEAG”) and will continue to bring items related to program management and opportunities for improvement to the EEAG for their perspective.

### **C. Home Energy Reports**

For the Home Energy Reports program, “Staff believes the Company should not use a life-cycle perspective to evaluate the cost-effectiveness of the program and should use the measure life instead.”<sup>1</sup> The Company agrees with Staff’s comments and will continue to report cost-effectiveness of the program from the measure life perspective as it is currently. It is the goal of Idaho Power for all programs to be cost-effective each year based on the measure life and program life.

For historical context, the program was cost-effective from a one-year measure life perspective in 2018 and 2019, though in 2020, the offering was not cost-effective largely

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<sup>1</sup> Staff Comments at 7.

due to the additional costs associated with the program's expansion from a pilot to a full program. At that time, it was expected to be cost-effective from an annual basis going forward; however, updated avoided cost assumptions and the removal of capacity benefits in 2021 impacted the program's cost-effectiveness in 2021 and 2022. As a result of the Company's near-term capacity deficiency, the program is anticipated to once again be cost-effective from a one-year measure life perspective, and the Company is currently reviewing the potential to continue the offering beyond 2023. All future program options are anticipated to be cost-effective from a one-year measure life perspective.

**D. Northwest Energy Efficiency Alliance (“NEEA”)**

The Company appreciates Staff's recommendation for the Commission to provide input on the matter of Idaho Power's NEEA participation. In their comments, Staff raised concerns stating:

- “Staff is concerned that NEEA is no longer focused on the needs of its participants east of the Cascades and in states without Renewable Portfolio Standards (“RPS”).”<sup>2</sup>
- “Staff believes NEEA activities need to provide benefit to Idaho; if NEEA activities do not benefit Idaho, participation should be reevaluated.”<sup>3</sup>
- “NEEA claims 100% of code savings and standards savings are based on a template that NEEA created for evaluating their influence. Staff is uncertain about the amount of influence that NEEA provides for these changes.”<sup>4</sup>

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<sup>2</sup> Staff Comments at 15

<sup>3</sup> Staff Comments at 16

<sup>4</sup> Staff Comments at 17

Idaho Power shares Staff's concerns, and after the Evaluation Measurement & Verification ("EM&V") was finalized, met with NEEA on several occasions to assess how NEEA intends to respond to findings from the report. To date, NEEA has committed to addressing all the recommendations from the EM&V including providing service area level reporting for Idaho Power. Of particular interest to the Company is the issue of state code savings and how those will be attributed to NEEA in the future. The need to estimate NEEA's qualitative and quantitative influence, developed with a third-party, for estimating future state code savings was included as Recommendation #9 from the EM&V, and in discussions between Idaho Power and NEEA, NEEA has committed to address this recommendation.<sup>5</sup> NEEA has maintained that its Cost Effectiveness Advisory Committee ("CEAC") ultimately informs how code savings are quantified and allocated among jurisdictions. As noted by Staff, on November 30, 2023, NEEA's CEAC met to discuss a process and timeline to determine a framework for future state code evaluations. The Company intends to engage directly with NEEA on a process to address Recommendation #9 for Idaho, separate from the CEAC process.

While the Company believes that NEEA understands the concerns related to the quantification and allocation of code savings, the Company is uncertain whether NEEA will be able to appropriately address Recommendation #9 in a timely and satisfactory manner before the Idaho Power contract with NEEA for the 2025-2029 funding cycle needs to be finalized. To provide adequate time for the Commission to review, and ultimately decide on Idaho Power's involvement in the next funding cycle, Idaho Power believes having resolution on this matter in advance of August 2024 is necessary. If Idaho Power ultimately signs a contract with NEEA for the 2025-2029 business cycle, Idaho

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<sup>5</sup> Direct Testimony of Theresa Drake, Exhibit 4, Page 20

Power will seek Commission approval of that decision and anticipates filing that request by September 1, 2024, to allow for a Commission order by the end of 2024 – prior to Idaho Power investing customer funds in the next business cycle. In the meantime, with the Commission’s support, Idaho Power is committed to its continued collaboration with NEEA and anticipates beginning contract negotiations as early as January 2024. The Company will undertake negotiations in good faith subject to the assumption that the code issue will be able to be satisfactorily resolved to appropriately account for energy savings associated with NEEA code activities in Idaho. To date, NEEA has been responsive to Idaho Power’s inquiries and requests for discussion on these matters and the Company is appreciative of NEEA’s desire to resolve all outstanding issues in a manner that is satisfactory to Idaho Power and the Commission.

While the Company believes timely resolution is possible, it is not yet clear whether the ultimate outcome will appropriately ensure Idaho customers are benefiting from the activities and savings associated with the claimed savings from codes. Considering the magnitude of the overall business cycle cost to be paid for by Idaho Power’s customers – approximately \$20 million<sup>6</sup> – satisfactory resolution of this matter is imperative. Guided by the findings and recommendations of the EM&V and NEEA’s potential implementation of the same, as well as any Commission guidance received through orders issued in this matter, the Company will evaluate whether it believes entering into a contract for the 2025-2029 business cycle will provide sufficient direct benefits to Idaho residents moving forward such that the cost of participation will be a wise use of customer funds.

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<sup>6</sup> Direct Testimony of Theresa Drake, Table 1, page 18.

## **II. CONCLUSION**

Idaho Power is committed to pursuing cost-effective energy efficiency measures on behalf of its customers and supports market transformation activities as part of those efforts. Idaho Power appreciates the ongoing collaboration with Staff and the EEAG to continually improve its energy efficiency offerings. Additionally, the Company intends to continue discussions with NEEA in order to evaluate whether continued participation provides sufficient value to Idaho Power's customers to justify investing funds in the upcoming NEEA business cycle. To this end, the Company would welcome input from the Commission, as recommended by Staff, on the matter of Idaho Power's ongoing NEEA participation.

The Company respectfully requests that the Commission issue an Order: (1) designating Idaho Power's expenditures of \$31,575,643 in Rider funds and \$8,311,328 of DR program incentives, for a total of \$39,886,970, as prudently incurred DSM expenses; (2) finding the Company complied with the directives outlined in Order No. 35270 related to conducting an EM&V of NEEA savings and cost-effectiveness; and (3) acknowledging that continued participation in NEEA through the current funding cycle is likely to result in cost-effective energy savings for Idaho Power's customers.

DATED at Boise, Idaho, this 30<sup>th</sup> day of November 2023.



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MEGAN GOICOECHEA ALLEN  
Attorney for Idaho Power Company



## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 30<sup>th</sup> day of November 2023, I served a true and correct copy of Idaho Power Company's Reply Comments upon the following named parties by the method indicated below, and addressed to the following:

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|---|--|
| <p>Commission Staff<br/> Michael Duval<br/> Deputy Attorney General<br/> Idaho Public Utilities Commission<br/> 11331 W. Chinden Blvd., Bldg No. 8<br/> Suite 201-A (83714)<br/> PO Box 83720<br/> Boise, ID 83720-0074</p> | <p><input type="checkbox"/> Hand Delivered<br/> <input type="checkbox"/> U.S. Mail<br/> <input type="checkbox"/> Overnight Mail<br/> <input type="checkbox"/> FAX<br/> <input type="checkbox"/> FTP Site<br/> <input checked="" type="checkbox"/> Email <a href="mailto:michael.duval@puc.idaho.gov">michael.duval@puc.idaho.gov</a></p>   |
| <p>Ed Jewell<br/> Deputy City Attorney<br/> Boise City Attorney's Office<br/> 150 N. Capitol Blvd.<br/> P.O. Box 500<br/> Boise, ID 83701-500</p>   | <p><input type="checkbox"/> Hand Delivered<br/> <input type="checkbox"/> U.S. Mail<br/> <input type="checkbox"/> Overnight Mail<br/> <input type="checkbox"/> FAX<br/> <input type="checkbox"/> FTP Site<br/> <input checked="" type="checkbox"/> Email <a href="mailto:ejewell@cityofboise.org">ejewell@cityofboise.org</a><br/> <a href="mailto:dearly@cityofboise.org">dearly@cityofboise.org</a><br/> <a href="mailto:boisecityattorney@cityofboise.org">boisecityattorney@cityofboise.org</a></p> |
| <p>Wil Gehl<br/> Energy Program Manager<br/> Boise City Dept. of Public Works<br/> 150 N. Capitol Blvd.<br/> P.O. Box 500<br/> Boise, ID 83701-500</p>  | <p><input type="checkbox"/> Hand Delivered<br/> <input type="checkbox"/> U.S. Mail<br/> <input type="checkbox"/> Overnight Mail<br/> <input type="checkbox"/> FAX<br/> <input type="checkbox"/> FTP Site<br/> <input checked="" type="checkbox"/> Email <a href="mailto:wgehl@cityofboise.org">wgehl@cityofboise.org</a></p>   |




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Christy Davenport  
Legal Administrative Assistant