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March 15, 2024

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

Re: Case No. IPC-E-24-11
In the Matter of the Application of Idaho Power Company for a Determination
of 2023 Demand-Side Management Expenses as Prudently Incurred

Dear Commission Secretary:

Attached for electronic filing is Idaho Power Company's Application and the Direct Testimony of Robert Z. Thompson in support of the Application in the above-entitled matter. Due to the voluminous nature of the attachments to the Application, the Company is posting the PDF files to the secure FTP site. The login information will be provided separately.

A Word version of the testimony will also be sent in a separate email for the convenience of the Reporter.

In addition, seven (7) copies of the Application, Direct Testimony, and the DSM 2023 Annual Report will be hand delivered to the Commission.

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".

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-24-11
DETERMINATION OF 2023 DEMAND-SIDE)
MANAGEMENT EXPENSES AS) APPLICATION
PRUDENTLY INCURRED.)
_____)

Idaho Power Company (“Idaho Power” or “Company”), in accordance with Commission Rule of Procedure¹ 52, *et. seq.*, and Order No. 29419,² submits its *Demand-Side Management 2023 Annual Report* (“DSM 2023 Annual Report”) and makes Application to the Idaho Public Utilities Commission (“Commission”) for an order designating Idaho Power’s expenditures of \$30,323,272 in Idaho Energy Efficiency Rider (“Rider”) funds and \$8,455,107 of demand response program incentives funded through base rates and tracked annually through the Power Cost Adjustment (“PCA”) mechanism,

¹ Hereinafter cited as RP.

² *In the Matter of the Petition Filed by Idaho Power Company for Modification to Two Prior Orders to Permit Consolidation of the Company’s Conservation and Demand Side Management (DSM) Reporting Requirement into a Single Consolidated Report*, Case No. IPC-E-03-19, Order No. 29419, p. 2 (Jan. 14, 2004).

for a total of \$38,778,378, as prudently incurred demand-side management (“DSM”) expenses.

In support of this Application, Idaho Power represents as follows:

I. INTRODUCTION

1. It is well-established that the Commission considers the promotion of cost-effective energy efficiency and demand-side management an integral part of least-cost electric service:³ “The Commission has consistently stated that cost-effective DSM programs are in the public interest and has admonished electric utilities operating in the state of Idaho to develop and implement DSM programs in order to promote energy efficiency.”⁴

2. Like the Commission, Idaho Power considers energy efficiency and demand response to be an important and necessary part of a balanced approach to meeting system energy needs and endeavors to provide customers with programs and knowledge through its DSM programs to help them use electricity wisely. The Company’s energy efficiency portfolio includes a broad array of programs available to its customers in energy efficiency, demand response, and education.

3. Energy efficiency programs are available to all customer segments in Idaho Power’s service area and focus on reducing energy use by identifying homes, buildings, equipment, or components for which an energy-efficient design, replacement, or repair can achieve energy savings. Some energy efficiency programs include behavioral

³ *In the Matter of the Investigation of Financial Disincentives to Investment in Energy Efficiency by Idaho Power Company*, Case No. IPC-E-04-15, Order No. 30267, p. 13 (Mar. 12, 2007).

⁴ *In the Matter of the Idaho Power Company’s Application for an Order Designating the Energy Efficiency Rider Funds Spent by the Company During 2008-2009 as Prudently Incurred Expenses*, Case No. IPC-E-10-09, Order No. 32113, p. 8 (Nov. 16, 2010).

components. Savings from energy efficiency programs are measured on a kilowatt-hour (“kWh”) or megawatt-hour (“MWh”) basis.

4. The goal of Idaho Power’s demand response programs is to minimize or delay the need to build new supply-side peaking resources, and the demand response portfolio currently has a capacity of more than 8 percent of its all-time system peak load available to respond to a system peak load event during the summer. In 2023, the Company utilized all or portions of its three demand response programs: A/C Cool Credit, Flex Peak Program, and Irrigation Peak Rewards. Demand response is measured both by the actual demand reduction in megawatts (“MW”) achieved during events, as well as the potential demand reduction if all programs were used at full capacity.

5. The Company strives to ensure it offers DSM programs that offer value to its customers and increase the DSM savings available to it. In 2023, Idaho Power achieved 15.9 average megawatts (“aMW”) of incremental energy efficiency savings, including estimated energy efficiency market transformation savings through Northwest Energy Efficiency Alliance (“NEEA”) initiatives, which represents enough energy to power approximately 12,200 average homes in Idaho Power’s service area for one year. Direct Testimony of Robert Z. Thompson (“Thompson Testimony”) at 7-9. From its three demand response programs, Idaho Power achieved a total non-coincident demand reduction of 240 MW from an available capacity of 316 MW during the 2023 program season. Thompson Testimony at 11-12.

6. In addition to the education customers get through participation in specific incentive programs for energy efficiency, Idaho Power educates customers on energy efficiency in many other ways including presentations, trainings, workshops, trade shows,

and through its distribution of an annual *Energy Efficiency Guide* that includes information on energy efficiency equipment and ways to use energy wisely. DSM 2023 Annual Report at 14-15. The Company sponsors significant customer educational outreach and awareness activities, promotes codes and standards, and focuses marketing efforts on saving energy—none of which are quantified or claimed as part of Idaho Power’s annual DSM savings, but are likely to result in energy savings that accrue to Idaho Power’s electrical system over time. Thompson Testimony at 10-11.

7. As the Commission previously noted, “DSM benefits depend on constantly evaluating opportunities and identifying ways to improve available programs.”⁵ To this end, Idaho Power devotes significant resources to maintain and improve its energy efficiency and demand response programs and actively works to both improve the cost effectiveness of existing DSM programs and explore the addition of new DSM offerings for customers.

8. Idaho Power strives to ensure that DSM funds collected from customers are utilized to support the pursuit of cost-effective energy efficiency and demand response programs, with the limited exception of certain policy considerations. This goal is achieved by applying a multi-step process. Prior to the actual implementation of energy efficiency or demand response programs, Idaho Power performs a preliminary cost-effectiveness analysis to assess whether a potential program design or measure will be cost-effective from the perspective of customers as well as the Company. Idaho Power measures cost-effectiveness under three tests: the Utility Cost Test (“UCT”), the Total Resource Cost (“TRC”) test, and the Participant Cost Test (“PCT”). A review of each test allows for an

⁵ *In the Matter of the Application of Idaho Power Company for a Determination of 2020 Demand-Side Management Expenses as Prudently Incurred*, Case No. IPC-E-21-04, Order No. 35270, p. 8 (Dec. 27, 2021).

economic assessment of the life-cycle costs and benefits of a DSM investment from the perspective of DSM program participants, Idaho Power, and non-participating customers. Thompson Testimony at 17-19.

II. CONTENTS OF THE DSM 2023 ANNUAL REPORT

9. Idaho Power's DSM 2023 Annual Report, which is included as Attachment 1 to this Application, is submitted in compliance with the reporting requirement set forth in Commission Order No. 29419 in Case No. IPC-E-03-19. The Company's actions, as detailed in the DSM 2023 Annual Report, demonstrate the conscientious work Idaho Power undertook to expend funds wisely to further DSM activities over the course of the last year.

10. The DSM 2023 Annual Report consists of the main document (with appendices) and two supplements. The main report provides details for each of the Company's DSM programs including program descriptions, 2023 performance results, program activities, expenditures and cost-effectiveness ratios, marketing efforts, customer satisfaction, and evaluation results if applicable. *Supplement 1: Cost-Effectiveness* ("Supplement 1") to the DSM 2023 Annual Report provides detailed cost-effectiveness data for each program and includes a table that reports expenses by funding source and cost category. *Supplement 2: Evaluation* ("Supplement 2") to the DSM 2023 Annual Report contains copies of Idaho Power's program evaluations, customer surveys, reports, and research conducted in 2023. Each of these evaluations reflects Idaho Power's continued commitment to review and evaluate program value and cost effectiveness on an ongoing basis.

III. 2023 DSM PROGRAM PERFORMANCE

11. In 2023, Idaho Power offered its customers a wide range of energy efficiency and demand response programs, participated in market transformation efforts through NEEA, and offered several educational initiatives and other activities. Table 1 on page 6 of the DSM 2023 Annual Report contains a list of Idaho Power's DSM programs by sector, operational type, and location. The table illustrates the broad suite of programs that Idaho Power offers to its customers in energy efficiency and demand response.

12. As explained in more detail in the Thompson Testimony filed contemporaneously with this Application, Idaho Power's annual energy savings combined with NEEA estimated annual energy savings resulted in an incremental energy efficiency savings of 15.9 average megawatt-hours ("aMW"), exceeding the economic technical achievable potential included in Idaho Power's 2023 Integrated Resource Plan ("IRP") of 12.2 aMW. Thompson Testimony at 8-9.

13. On a system-wide basis, Idaho Power achieved 139,683 megawatt-hours of incremental annual energy efficiency savings in 2023, which includes 115,769 MWh from Idaho Power's energy efficiency programs and an estimated 23,914 MWh⁶ of energy efficiency market transformation savings through NEEA initiatives. Thompson Testimony at 7-8. The 2023 savings results consisted of 24,394 MWh from the residential sector, 86,813 MWh from the commercial/industrial sector, and 4,563 MWh from the irrigation sector. DSM 2023 Annual Report at 11, Table 2.

14. In the 2023 program year, several of the Company's DSM programs

⁶ Because Idaho Power will not receive final 2023 savings from NEEA until the second quarter 2024, the NEEA-attributable savings is an estimate provided to Idaho Power by NEEA.

outperformed their savings and participation as compared to the 2022 program year. These programs include Educational Distributions, Commercial & Industrial (“C&I”) Energy Efficiency Program Custom Projects, C&I Flex Peak Program, and Irrigation Peak Rewards. Thompson Testimony at 9-10. The Company was also able to launch a new Multifamily Energy Savings Program that offers incentives to help reduce the costs of installing energy efficiency features in existing and new construction multifamily buildings with five or more units per building. Additionally, the Company engages in significant educational awareness activities and marketing efforts that are likely to result in energy savings experienced by customers but are not quantified or claimed as part of Idaho Power’s annual savings.

15. Overall energy efficiency portfolio savings in 2023 decreased from 2022 by 29,883 MWh year-over-year. The primary drivers of the decrease in annual incremental savings were the C&I Energy Efficiency Program New Construction and Retrofits options, which drove about 83 percent of the decrease in annual incremental savings compared to 2022. The projects within C&I Energy Efficiency Program vary greatly in size, scale, and duration, and this can cause changes in overall portfolio savings performance annually. The Home Energy Reports (“HER”) program also experienced a decrease in savings due to the anticipated program attrition associated with the conclusion of the first 3-year treatment period. Thompson Testimony at 9-10. Appendix 3 on Page 185 of the DSM 2023 Annual Report contains a complete list of program and sector-level savings.

16. Regardless of the decrease in savings, Idaho Power’s energy efficiency portfolio remained cost-effective as more fully explained below, resulting in a 2.06 benefit/cost ratio when evaluated from a UCT perspective, a 1.51 benefit/cost ratio when evaluated from a TRC test perspective, and 1.89 benefit/cost ratio when evaluated from

a PCT perspective. Thompson Testimony at 6-7.

17. In addition, Idaho Power successfully operated all three of its demand response programs in 2023, and the demand response portfolio currently has a capacity of more than 8 percent of its all-time system peak load available to respond to a system peak load event during the summer. Idaho Power achieved a total non-coincident demand reduction of 240 MW from a total available capacity of 316 MW during the 2023 program season. Thompson Testimony at 11-12. The amount of capacity available for demand response varies based on weather, time of year, and how programs are used or managed. The maximum capacity (316 MW) is calculated using the total enrolled MW from participants with an expected maximum realization rate for those participants. DSM 2023 Annual Report at 10-11.

IV. 2023 DSM EXPENSES AND ADJUSTMENTS

18. Funding for the Idaho DSM programs in 2023 came from several sources. The Idaho Rider funds are collected directly from customers on their monthly bills at 3.1 percent of their base rate revenues in 2023. Additionally, the Idaho demand response program incentives are included in base rates and tracked annually through the PCA. Energy efficiency and demand response-related expenses not funded through the Rider are included in Idaho Power's ongoing operations and maintenance ("O&M") costs.

19. In 2023, the Company's total system-wide expenditures on DSM-related activities totaled \$41,979,473. DSM 2023 Annual Report at 12-13, Tables 3 and 4. This figure includes expenditures for Oregon and other O&M expenses that are not before the Commission as part of this prudence request. In this filing, Idaho Power seeks a determination that a total of \$38,778,378 were prudently incurred in 2023 (\$30,323,272 in Rider expenses and \$8,455,107 in demand response program incentives). Thompson

Testimony at 13. A summary of the 2023 program expenditures by program, customer sector, and funding source for which the Company is seeking a prudence determination is provided as Exhibit No. 1 to the Thompson Testimony.

20. The Company strives to ensure DSM expenses are well-documented and that controls are in place and adjusted as needed to regulate proper payment of incentives and other costs. As more fully explained in the Thompson Testimony and summarized below, prior to this filing, the Company's internal review process identified three prior-year and two current-year accounting adjustments that were necessary to accurately account for the total 2023 DSM expenses for purposes of the prudence determination in this case. Thompson Testimony at 13-17. Idaho Power has included each of these adjustments in Exhibit No. 1 to the Thompson Testimony.

21. Prior Year Adjustments. The first prior-year adjustment of \$6,998 was associated with the Commercial & Industrial Energy Efficiency program where an expense should have been charged to O&M instead of the Idaho Rider in 2022; this amount must be added back to avoid understating the 2023 prudence request. The second prior-year adjustment of \$1,289 is associated with Idaho activity for the Residential Energy Efficiency Education Initiative that was incorrectly charged to O&M instead of the Idaho Energy Efficiency Rider in 2022. The correction adding the expense to the Idaho Rider was made in 2023 and that amount therefore needs to be subtracted from the 2023 prudence request because it was already deemed prudent by the Commission in the 2022 request. The final adjustment of \$89,680 was associated with a program administration fee the Company paid in 2022 that was refunded in 2023 due to services not being rendered. The correction to reduce the Idaho Rider expenses was

made in 2023, and therefore, that amount needs to be added back to avoid understating the 2023 prudence request. Thompson Testimony at 14-15.

22. Current Year Adjustments. Two current year-end accounting adjustments to the Rider for 2023 were identified through Idaho Power's year-end review of expenses and the corrections were made after the 2023 year-end financial books were closed. The first current-year adjustment results in a reduction of \$1,771, which was related to expenses associated with the Irrigation Peak Rewards Program that should have been charged to O&M, rather than the Idaho Rider. The second adjustment results in an addition of \$194 associated with the Residential New Construction program where the expense was initially charged to the Oregon Rider instead of the Idaho Rider. Thompson Testimony at 15.

23. DSM Labor Expense. In addition to these accounting adjustments, the Company adjusted the amount of DSM labor expenses included in its request in compliance with Commission Order No. 34874.⁷ When issuing its determination on the appropriate level of DSM-labor funded through the Rider in the 2019 DSM prudence case, the Commission stated that Idaho Power "shall apply the 2 percent cap to actual average wages per [full-time employee] going forward. The baseline for the 2 percent cap shall be the prior year's actual average wages per [full-time employee]."⁸ Idaho Power's Rider-funded DSM employee labor expense in 2023 totaled \$3,625,290. Thompson Testimony at 16. The Company is requesting \$3,449,976 in 2023 DSM labor expense be collected through the Rider. This amount is appropriately recovered through the Rider as it is the

⁷ *In the Matter of Idaho Power Company's Application for a Determination of 2019 Demand-Side Management Expenses as Prudently Incurred*, Case No. IPC-E-20-15, Order No. 34874, p. 5 (Dec. 18, 2020).

⁸ *Id.*

Commission's authorized labor cost cap; the actual 2023 DSM labor expense was \$175,313 over the cap as detailed in Table 2 of the Thompson Testimony.

V. DSM PROGRAM COST-EFFECTIVENESS

24. The DSM 2023 Annual Report and accompanying Thompson Testimony demonstrate the Company's diligent efforts to ensure that DSM funds collected from customers are utilized to support the pursuit of cost-effective energy efficiency and demand response programs and substantiate that Idaho Power's DSM expenses were prudently incurred. As reflected therein, Idaho Power reviews the cost-effectiveness results for each program and measure on an annual basis to determine whether a program should continue or be modified so it remains cost-effective on an ongoing basis.

Energy Efficiency Programs

25. To calculate cost-effectiveness, the DSM 2023 Annual Report uses benefit/cost methodologies used in previous DSM annual reports, including the UCT, the TRC test, and the PCT. A review of each test allows for an economic assessment of the lifecycle costs and benefits of a DSM investment from the perspective of Idaho Power, DSM program participants, and non-participating customers. Idaho Power calculates cost-effectiveness from the TRC test, UCT, and PCT perspectives at the program level except for those programs with no customer costs, in which case the PCT is not applicable. When an existing program or measure is not cost-effective, Idaho Power works with its Energy Efficiency Advisory Group ("EEAG") to obtain input before making its determination on continuing, discontinuing, or modifying an offering. Thompson Testimony at 17-18. Cost-effective test methodologies are described in more detail in Supplement 1 to the DSM 2023 Annual Report.

26. While the Commission continues to assess the prudence of DSM investments under “the totality of the circumstances,” the Commission also believes that public utilities may “emphasize the UCT—and that test’s focus on Company-controlled benefits and costs—to argue whether programs were cost-effective.”⁹ Thompson Testimony at 18-19. Thus, the Company continues to conduct all three benefit/cost methodologies while using the UCT perspective as its primary test for evaluating program cost-effectiveness.

27. Supplement 1 to the DSM 2023 Annual Report includes detailed results of the cost-effectiveness tests by program and by measure, showing that the overall DSM portfolio achieved benefit/cost ratios greater than 1.0 from the perspective of all three cost-effectiveness tests in 2023. On a portfolio basis, Idaho Power’s energy efficiency programs were found to be cost-effective, passing the UCT, TRC test, and PCT with ratios of 2.06, 1.51, and 1.89, respectively. Thompson Testimony at 20, Table 4 and Exhibit 2.

28. On an individual program basis, 9 of the 15 energy efficiency programs offered in Idaho for which the Company calculates cost-effectiveness had benefit/cost ratios greater than 1.0 under the UCT. Thompson Testimony at 22. The results of these calculations, along with measure assumption details and source determination, can be found in Supplement 1 to the DSM 2023 Annual Report. Idaho Power’s cost-effectiveness test results for 2023 energy efficiency programs determined that the following programs were not cost-effective under the UCT in 2023:

⁹ *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 (Aug. 28, 2015).

Income Qualified Weatherization

29. Two programs that scored less than 1.0 under the UCT were the Company's Weatherization Assistance for Qualified Customers ("WAQC") and Weatherization Solutions for Eligible Customers ("Solutions"). While these programs are not cost-effective under the UCT, Idaho Power will continue to offer these programs to its limited-income customers unless the Commission directs otherwise. Thompson Testimony at 23-24. Idaho Power will also continue to work with EEAG and weatherization managers to identify opportunities that might improve the cost-effectiveness of these programs.

Rebate Advantage

30. The Rebate Advantage program achieved a UCT ratio of 0.98 and a TRC of 0.93. The program was just slightly under 1.0 from the UCT perspective, which was primarily driven by the updated avoided cost from the 2021 IRP used to evaluate the cost effectiveness for the 2023 program year. Thompson Testimony at 24-25. The Rebate Advantage program was found to be cost effective in 2022, with a UCT ratio of 1.18, based on the avoided costs from the then-most recently acknowledged IRP, which was the 2019 Second Amended IRP at the time 2022 DSM program planning occurred.

31. Notably, the savings assumptions between the 2022 and 2023 program years remained the same for the Rebate Advantage program. However, because the life cycle of program measures range between 43 and 45 years, the decrease in the avoided costs in later years in the 2021 IRP, as compared to the 2019 Second Amended IRP, contributed to the decline of the program's cost-effectiveness from 2022 to 2023.

32. The Company anticipates that in 2024 the Rebate Advantage program will be cost-effective because the 2023 IRP avoided costs were used for 2024 program

planning and will therefore be used to evaluate 2024 program cost-effectiveness. The 2023 IRP avoided costs are greater than the 2021 IRP avoided costs through 2034 along with an increased capacity benefit, which is why the Company is optimistic the Rebate Advantage program will be cost-effective going forward. Notwithstanding, this program is also due for impact and process evaluations in 2024. Exhibit 3 to the Thomson Testimony.

Shade Tree Project

33. The Shade Tree Project achieved a UCT ratio of 0.31 and a TRC ratio of 0.42 for the 2023 program year as compared to UCT and TRC ratio of 1.02 and 1.21 for 2022, respectively. Thompson Testimony at 26-28. This was driven by the results of the impact evaluation conducted in 2023 that significantly reduced the savings from how the Company had previously calculated them. The Company received the preliminary Shade Tree Project evaluation report on January 12, 2024, which identified two main drivers contributing to a decrease in overall savings:

- (1) An increased tree mortality rate -- the mortality rate of trees in certain parts of the state turned out to be higher than previously expected, where trees did not survive after being planted at a customer's residence or were not planted at all; and
- (2) The introduction of a heating penalty – the evaluator recommended applying a heating penalty for electrically heated homes to account for the additional heating that would be needed in the cooler months due to the shade provided by the tree. Savings were reduced by subtracting the additional energy needed to heat the home in the cooler months from the energy benefits of the tree's shade in the warmer months. Adding this penalty greatly reduced total savings on electrically heated homes.

34. The Company briefly discussed the preliminary evaluation results with its EEAG at the February 8, 2024, EEAG meeting, and has engaged in discussions with the third-party evaluator that conducted the 2023 impact evaluation to assess possible cost-effectiveness improvement recommendations. Prior to receiving the evaluation results and based on the information available to the Company at the time, Idaho Power contractually committed to the 2024 Shade Tree Project events. The vendor requires a commitment at least a year in advance in order to plant and grow the trees to the preferred size for the events. However, the recently obtained information will better inform decisions about the future of the program. The Company plans to share this information at the May EEAG meeting and consult with EEAG on potential next steps.

Heating & Cooling Efficiency Program (“H&CE”)

35. In 2023, the H&CE program achieved a UCT of 0.94 and a TRC of 0.40 as compared to UCT and TRC ratio of 0.98 and 0.30 for 2022, respectively. The main driver of the difference was the decrease in overall savings, which was largely due to updates in savings assumptions by the Regional Technical Forum (“RTF”). The RTF is the source of most measure savings assumptions within the program and many of those assumptions changed between 2022 and 2023. Thompson Testimony at 28-29.

36. The savings decrease was primarily driven by two measures within the program: smart thermostats and air-source heat pumps. Smart thermostats made up 45 percent of the total H&CE program participation and 14 percent of the total savings. With the new RTF assumptions, the per unit savings declined by between 24 percent and 65 percent compared to the savings in 2022. Air-source heat pumps made up 17 percent of the total program participation and 44 percent of the total savings. On average, the per

unit savings for air-source heat pump measures declined by nearly 12 percent as compared to 2022.

37. Additionally, ductless heat pumps made up 16 percent of the program participation and 19 percent of the total savings. While the savings assumptions did not change year over year, the average savings per unit declined by nearly 16 percent due to the heating zone locations of the participants in 2023 versus 2022. Savings vary by heating zones and the participants in 2023 were in heating zones with lower savings.

38. In November 2023, Idaho Power modified the H&CE program based on the updated RTF savings and the new DSM avoided costs from the most recently filed 2023 IRP. With these changes, the program is expected to be cost-effective in 2024 and beyond.

Small Business Direct Install ("SBDI")

39. The Company discontinued its SBDI program on March 31, 2023. This was anticipated given that the program was always intended to be offered for a limited time. Because all program savings came from lighting measures, the Company had previously decided not to continue the program past the contract end-date with the vendor as it had determined that it would not be cost-effective in the longer term. However, after consultation with its EEAG during 2022 and into 2023, the Company decided to conduct an impact evaluation on the program in 2023 to potentially inform a new small business targeted energy efficiency program in the future. The short three-month operation of the program in 2023 before it was discontinued, along with the costs associated with evaluation, were the primary reasons the SBDI program was not cost-effective in the 2023 program year. The Company is exploring the potential to launch an updated and cost-

effective small business lighting energy efficiency program in the near future based on the 2023 SBDI evaluation findings and further discussions and feedback from the EEAG in 2024. Thompson Testimony at 30-31.

Demand Response

40. For 2023, Idaho Power determined the cost-effectiveness of its demand response programs based on the methodology approved in Order No. 35336 and more fully described in the Thompson Testimony at 31-33. In 2023, the system-wide cost of operating the three demand response programs was approximately \$11.3 million (\$8.9 million of incentives and \$2.4 million of other costs). The amounts attributable to the Idaho-only jurisdiction were \$10.7 million (\$8.4 million of incentives and \$2.3 million of other costs). All three of the Company's demand response programs, as well as the demand response portfolio, had a cost per kW less than the 2023 threshold of \$84.57 and were therefore cost-effective. Thompson Testimony at 33.

VI. DSM PROGRAM EVALUATIONS

41. In addition to the annual cost-effectiveness analysis the Company conducts for each program, the results of which are included in Supplement 1 to the DSM 2023 Annual Report and summarized above, Idaho Power solicits and contracts with independent third-party consultants to provide program evaluations. The Company generally conducts impact evaluations every three years, and process evaluations for relatively new programs, or when a program has significant changes. Supplement 2 to the DSM 2023 Annual Report provides additional information regarding how Idaho Power evaluates its programs and the final reports for the evaluations conducted in 2023.

42. Idaho Power uses the results of these evaluations to improve its DSM programs, compare Company processes to industry best practices, and benchmark

reported program savings. In 2023, Idaho Power contracted with several third-party evaluators to conduct impact and process evaluations as follows:

- Impact and process evaluations on the Home Energy Audit Program
- Impact evaluations on Residential New Construction Program, Shade Tree Project, Small Business Direct Install, and the Irrigation Efficiency Rewards Program.

43. In addition to these third-party evaluations, Idaho Power completed internal analyses of the Irrigation Peak Rewards, C&I Flex Peak, and A/C Cool Credit demand response programs. Thompson Testimony at 35-36

VII. STAKEHOLDER INPUT

44. Idaho Power relies on input from EEAG to provide a customer and public interest review of energy efficiency and demand response programs and expenses. EEAG provides input on enhancing existing DSM programs and on implementing new DSM programs. Currently, EEAG consists of members representing a cross-section of customers from the residential, industrial, commercial, and irrigation sectors, as well as representatives for low-income individuals, environmental organizations, state agencies, public utility commissions, and Idaho Power. Thompson Testimony at 37-38.

45. The EEAG generally meets quarterly in-person at Idaho Power's corporate offices and through webinars as needed. In 2023, three of the EEAG meetings were held in person with a virtual option and one meeting was held virtually. The Company believes that member participation and input remained strong during the 2023 EEAG meetings. Specifically, Idaho Power worked with EEAG on developing, designing, and promoting several projects and solicited guidance on a broad range of issues including the new

Multifamily Energy Efficiency program, the C&I Flex Peak incentive structure, and the avoided costs used in DSM program planning and cost-effectiveness. Thompson Testimony at 38-40.

VIII. MODIFIED PROCEDURE

46. Idaho Power believes that a technical hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure, i.e., by written submissions rather than by hearing. RP 201, *et. seq.* Idaho Power has, however, contemporaneously filed the Thompson Testimony in support of this Application. The Company stands ready to present testimony supporting this Application in a technical hearing if the Commission determines such a hearing is required.

IX. COMMUNICATIONS AND SERVICE OF PLEADINGS

47. Communications and service of pleadings with reference to this Application should be sent to the following:

Megan Goicoechea Allen
Lisa D. Nordstrom
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X. CONCLUSION

48. As described in greater detail above, in 2023, the Company believes that it successfully achieved prudent cost-effective energy efficiency savings and provided useful and cost-effective demand response programs as determined by the IRP planning process. As such, Idaho Power respectfully requests that the Commission issue an order: (1) authorizing that this matter be processed by Modified Procedure and (2) designating Idaho Power's 2023 DSM expenses of \$38,778,378 as prudently incurred.

Respectfully submitted this 15th day of March 2024.

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

MEGAN GOICOECHEA ALLEN
Attorney for Idaho Power Company