BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER COMPANY'S APPLICATION FOR A DETERMINATION OF 2025 DEMAND-SIDE MANAGEMENT EXPENSES AS PRUDENTLY INCURRED	)	**CASE NO. IPC-E-26-05** **ORDER NO. 37138**

On March 13, 2026, Idaho Power Company ("Company") applied to the Idaho Public Utilities Commission ("Commission") requesting an order designating expenditures of $28,936,689 in Idaho Energy Efficiency Rider ("EE Rider") funds, and $8,939,724 of demand response ("DR") program incentives, for a total of $37,876,413, as prudently incurred demand-side management ("DSM") expenses ("Application"). Application at 1–2.

On April 21, 2026, the Commission issued a Notice of Application and a Notice of Modified Procedure, establishing written comment and reply deadlines. Order No. 37013. Commission Staff ("Staff") filed the only comments.

Based on our review of the record, we issue this Final Order approving the Application.

THE APPLICATION

The Company reported it spent $28,936,689 in EE Rider funds and $8,939,724 in DR program incentives funded through base rates and tracked annually through the Power Cost Adjustment mechanism in 2025. Application at 1. The Company represented that during 2025 it saved 153,099 megawatt hours ("MWh") through its annual energy efficiency programs and savings from Northwest Energy Efficiency Alliance ("NEEA") Initiatives. *Id.* at 6. The Company represented that overall, its savings from its energy efficiency portfolio experienced a year-over-year increase of 7,689 MWh. *Id.* at 7. Additionally, the Company represented that its energy efficiency portfolio remained cost-effective with a Utility Cost Test ("UCT") ratio of 1.70, a Total Recourse Cost ratio of 1.37, and a Participant Cost Test ratio of 1.78. *Id.*

The Company reported that it achieved a total non-coincident demand reduction of 161 megawatts ("MW") from its DR programs in 2025, out of an available capacity of 328 MW. *Id.* The Company represented that its DR portfolio had a capacity exceeding 8.6% of the Company's all-time system peak load available to respond to a "system peak load event" during summer months. *Id.* The Company reported energy savings of 28,371 MWh from the residential sector, 91,620 MWh from the commercial/industrial sector, and 5,400 MWh from the irrigation sector. *Id*. at 6. The Company's 2025 DSM Annual Report described the Company's DSM strategies for 2026 and included supplements that: (1) showed the cost-effectiveness tests for each program; and (2) provided program evaluations, reports, and surveys. 2025 DSM Annual Report; *See also* 2025 DSM Annual Report Supplements 1 and 2.

STAFF COMMENTS

Staff recommended the Commission approve the $28,936,689 in EE Rider funds and $8,939,724 in DR program incentives as prudently incurred for the period January 1 to December 31, 2025. Staff Comments at 2. Staff believed the Company well documented its expenses, put appropriate controls in place to ensure proper payment of costs, and had an effective internal review process to identify and correct mistakes before a DSM report was filed. *Id.*

I. DSM Portfolio, EE Rider Balance & DR

Staff reviewed the Company's DSM portfolio and the DSM portfolio's energy savings. *Id.* Based on its review, Staff believed the Company's DSM programs had been well managed and were cost-effective. *Id.* Staff calculated that the EE Rider's over-funded balance rose approximately $5.8 million throughout 2025. *Id.* at 4. Staff believed this increase was consistent with historical patterns, which showed an increase of "approximately $4.3 million in 2023, $3.3 million in 2022, and $5.3 million in 2021." *Id.* Staff represented that it would monitor the EE Rider balance. *Id.*

Staff noted that the Company spent approximately $3 million more in EE Rider expenditures than it spent in 2024. *Id.* Staff believed the increase was due to increased expenses for Commercial and Industrial program retrofits, which the Company attributed to increased program activity. *Id.* at 4–5. Staff also reviewed the Company's DR programs and believed the DR programs were managed well by the Company, were cost-effective, and were prudent. *Id.* at 11.

II. EE Program Management

Staff believed the Company's EE programs were managed cost-effectively and that the Company was taking appropriate steps to improve the performance of EE programs. *Id.* at 5. Staff believed that the 2025 third-party evaluation conducted to validate program savings and to recommend ways to improve performance for the Heating and Cooling Efficiency ("H&CE") program were necessary, even if the cost of the evaluation made the H&CE program not cost effective. *Id.* at 5–6. Staff reviewed the Company's changes to incentives for certain parts of the H&CE program and developed the following table to detail the impact those changes had on the cost-effectiveness forecasts for particular measures in the H&CE program:

Table No. 2 – H&CE Measure Cost-Effectiveness Forecasts

Measure	UCT (before incentive change)	UCT (after incentive change)
Ductless Heat Pump	0.60	0.63
Central A/C (15 SEER)	1.37	1.07
Central A/C (17 SEER)	1.14	0.97

Id. at 6. Staff believed the changes in participation for the central A/C measures would positively impact the cost-effectiveness of the H&CE program. *Id.*

Staff agreed "with the third-party evaluator's recommendation that the Company continue" utilizing the randomized control trial ("RCT") billing analysis to confirm Home Energy Reports ("HERs") program savings. *Id.* at 7–8. Staff believed that because several different factors could affect household energy consumption, changes in savings might not be reflected in an estimate on savings unless "a full RCT regression billing analysis" was completed. *Id.* at 8. Staff represented it would continue working with the Company to increase the number of customers getting HERs while also working to make sure there was no compromise to the HERs programs cost-effectiveness or reported savings accuracy. *Id.*

Staff noted that the Residential New Construction program savings decreased from 3,309 kilowatt-hour ("kWh") per home in 2024, to 2,719 kwh per home in 2025. *Id.* at 10. Staff was concerned that if the decrease in savings continued, the program would be at risk for no longer being cost-effective. *Id.* Thus, Staff indicated it would continue to monitor the program's performance. *Id.*

Staff reviewed and summarized the work the Company did on its residential rebate advantage program, the weatherization assistance for qualified customers program, the weatherization solutions for eligible customers program, the small business lighting program, and the Company's plan to join the NEEA online marketplace pilot. *Id.* at 9–10.

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over the Application and the issues in this case under Title 61 of the Idaho Code including, *Idaho Code* §§ 61-501, -502, and -503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of all public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provisions of law, and to fix the same by order. *Idaho Code* §§ 61-501, -502, and -503.

The Commission has reviewed the record in this case. Based on our review, we find it fair, just, and reasonable to approve the Application. We find that the Company's expenditures of $28,936,689 in EE Rider funds and $8,939,724 in DR program incentives, for a total of $37,876,413, for the period January 1 to December 31, 2025, were prudently incurred.

ORDER

IT IS HEREBY ORDERED that the Application is approved, and the Company's 2025 DSM expenditures of $28,936,689 in EE Rider funds and $8,939,724 in DR program incentives, for a total of $37,876,413, for the period January 1 to December 31, 2025, were prudently incurred.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within 21 days of the service date of this Order regarding any matter decided in this Order. Within seven days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *Idaho Code* § 61-626.

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DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 17th day of August 2026.

EDWARD LODGE, PRESIDENT

JOHN R. HAMMOND JR., COMMISSIONER

DAYN HARDIE, COMMISSIONER

ATTEST:

Monica Barrios-Sanchez
Commission Secretary
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