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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY MOUNTAIN POWER'S APPLICATION REQUESTING A PRUDENCY DETERMINATION ON DEMAND-SIDE MANAGEMENT EXPENDITURES	)))))	**CASE NO. PAC-E-22-12** **COMMENTS OF THE COMMISSION STAFF**

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

BACKGROUND

On August 17, 2022, Rocky Mountain Power, a division of PacifiCorp ("Company") asked the Commission to find it prudently spent $10,039,507 on Demand-Side Management ("DSM") in 2020 and 2021. The Company requests its Application be processed by modified procedure.

On September 14, 2022, the Commission issued a Notice of the Company's Application and Notice of Intervention Deadline. Order No. 35530. No one petitioned to intervene.

On November 4, 2022, the Commission issued a Notice of Modified Procedure establishing deadlines for public comments and the Company's reply. Order No. 35584.

On January 9, 2023, the Commission issued a Notice of Amended Comment Deadlines vacating the deadlines set in Order No. 35584 and establishing new deadlines for public comments and the Company's reply. Order No. 35659.

The Company requests a prudency determination on 2020 DSM expenditures of $5,454,714 and 2021 DSM expenditures of $4,584,793.

The Company reports its DSM programs saved 25,789 megawatt-hours ("MWh") in 2020 and 18,692 MWh in 2021.

The Company's DSM program accrual basis accumulated balance was $1,066,780 overfunded on January 1, 2020. On December 31, 2021 the Company's DSM program accrual basis accumulated balance was $465,984 overfunded.

STAFF ANALYSIS

Staff reviewed the Company's Application, DSM Annual Reports, and additional information provided by the Company. Based on its review, Staff recommends the Commission approve the Company's request declaring its 2020 and 2021 DSM expenditures of $10,039,507 as prudently incurred.

Staff addressed the Company's Energy Efficiency ("EE") portfolio, residential programs, non-residential programs, demand response programs, avoided cost basis for program evaluations, and annual reports. The absence of any discussion on other issues should not be construed as Staff support for the Company's position on those issues.

Rider Balance and Expenses

Staff audited the Company's EE Tariff Rider expenses, which included sampling and reviewing 142 transactions across all the Company's EE incentives, marketing campaign, program administration, and labor expenses. Staff verified that expenses were well documented, and that internal controls appeared to be in place to prevent improper payment of incentives and to properly record EE Program expenses. See Table No. 1[1] below for a summary of the Company's EE Tariff Rider revenues and expenses.

[1] The Company's prudency request for $10,039,507 in DSM expenses actually paid in 2020 and 2021. Table No. 1 expenses were calculated based on when a measure was installed. Expenses paid in January 2022 for measures installed in December 2021 are included as 2021 expenses in the table, but the prudency determination for those expenses will be determined in a future case.

Table No. 1: Customer Efficiency Services Tariff Rider Balance

Beginning Balance, as of January 1, 2020 – (Overfunded)	$	(1,605,796)
Tariff Rider Revenue 2020	$	(4,594,645)
Tariff Rider Expenses 2020	$	5,750,656
Carrying Charge 2020	$	(27,712)
Ending Balance, as of December 31, 2020 – (Overfunded)	$	(477,497)
Tariff Rider Revenue 2021	$	(4,713,416)
Tariff Rider Expenses 2021	$	4,671,716
Carrying Charge 2021	$	(5,429)
Ending Balance, as of December 31, 2021 – (Overfunded)	$	(524,625)

Table No. 1 shows that as of December 31, 2021, the Tariff Rider was overfunded. On October 1, 2022, in Order No. 35546, Case No. PAC-E-22-10, the Commission approved an increase to the Company's Electric Service Schedule 191 – Customer Efficiency Services Rate ("Schedule 191") from 2.25% to 2.5%. Although the EE Tariff Rider balance was overfunded in that case, the 2.25% Schedule 191 rate was designed to reduce the Tariff Rider balance to $0.00. Without an adjustment, future DSM expenses would exceed revenue collections over time and increasing the rate from 2.25% to 2.5% was expected to return the overfunded Tariff Rider balance to customers by December 31, 2024, while continuing to fund the anticipated increased DSM expenses. Application at 3.

One of the biggest drivers for the Company's request to increase Schedule 191 rates was a DSM pilot program— Wattsmart Battery Demand Response Program—authorized by the Commission in Order No. 35370. The Company estimated the Wattsmart Battery Demand Response Program costs would total $1,951,000 by the end of 2024.

Energy Savings Portfolio

The Company's EE portfolio achieved 36,380 MWh savings at generation over 2020 and 2021. While collectively the portfolio surpassed the Integrated Resource Plan ("IRP") target of 34,780 MWh, the individual year savings are not equally distributed. The 2020 program year exceeded the IRP target with annual savings of 21,993 MWh, while 2021 savings of 14,387 MWh did not. This decrease in savings is largely due to changes in the Wattsmart Homes

program. However, for both years, the Company's portfolio was cost-effective with Utility Cost Test ("UCT")[2] ratios of 1.25 and 1.68 for 2020 and 2021, respectively.

Residential Programs

The Company states its residential programs captured 7,394,004 kWh of energy savings and was not cost-effective with a UCT of 0.85 in 2020. In 2021, the UCT ratio increased to 1.99 despite a significant decrease in savings, capturing only 5,621,465 kWh. Additional details on the decrease in savings are discussed in the individual program sections below.

Wattsmart Homes

The Wattsmart Homes program, previously Home Energy Savings ("HES"), is available for new or existing homes, multi-family housing, and manufactured homes. Residential customers can participate in measures and incentives offered across multiple categories including HVAC and lighting. The Company states the Wattsmart Homes program was not cost-effective with UCT ratios of 0.88 and 0.99 for 2020 and 2021, respectively. In 2020, the Company reports that the Wattsmart Homes program captured 3,047,841 kWh of savings with over half of those savings from the lighting measure category. In 2021, the Wattsmart Homes savings decreased to only 960,073 kWh. Consistent with other utility's EE programs, this decrease can largely be attributed to the removal of high-efficiency lighting measures. In 2021, the success of market transformation efforts and changes to federal standards for lighting led the Company to remove LED incentives from the program's lighting measures. Staff looks forward to reviewing the Company's efforts to capture savings in other categories now that high-efficiency lighting measures have sunset.

Electronics Category

In addition to the reduction in savings from the lighting measures, a significant portion of the residential savings decrease can be connected to the electronics category[3]. The 2020 electronics measure category captured as much energy savings as the remainder of the program's

[2] The UCT considers cost-effectiveness from the perspective of the utility. The UCT presents as a ratio of the benefits of avoided supply costs to costs incurred by the program administrator. Any ratio above 1 is cost-effective.
[3] The electronics measure category targets energy savings for small electronic devices such as computers, printers, TVs, and chargers through the use of advanced power strips, smart switches, and smart plugs.

offerings with energy savings of 652,260 kWh. In 2021, the Company reports the electronics category only received two rebates producing 68 kWh of savings. Staff is concerned with the declining performance of the Wattsmart Homes electronics measure category. Since introducing the Electronics category in 2018, it has not achieved cost-effectiveness. For the current filing, the company reports a 0.39 UCT in 2020 and 0.08 UCT in 2021 for the measure category.

Table No. 2: Performance Metrics of the Electronics Measure Category Since its Introduction in 2018

Electronics Measure Category Historical Performance			
Year	**Participation**	**Savings (kWh)**	**UCT Ratio**
2018	3,132	676,512	0.50
2019	725	156,600	0.61
2020	9,318	652,260	0.39
2021	2	68	0.08

In the Company's previous prudency filing, Staff commented that the Company should address the cost-effectiveness of the program and demonstrate a path to become cost-effective if it plans to continue the offering. While the annual reports did not provide details on its efforts, the Company was able to provide a narrative in its Response to Production Request No. 21. The Company states that it removed advanced power strips measures due to a lack of cost-effectiveness in mid-2021 and introduced several home energy management systems. Staff is encouraged by the Company's efforts to manage its measure category but remains concerned with program performance. Staff expects that if the Company cannot capture cost-effective savings for its programs and measures, it will sunset the cost-ineffective measures. Staff will continue to work with the Company to select and implement cost-effective measures during dedicated DSM meetings.

Realization Rates

Staff is concerned the Company continues to overstate claimed savings for the Wattsmart Homes program. Since 2014, evaluations of the Wattsmart Homes program have shown savings significantly less than those claimed by the Company in its annual reports. While there is a delay between prudence filings and Evaluation Measurement & Verification ("EM&V") reports, Staff expects the claimed and evaluated savings to align as the Company refines its program.

Table No. 3: Comparison of Reported and Evaluated Savings Since 2013

Year	Report Savings kWh	Evaluated Savings	Realization Rate
2013	2,512,467	2,689,263	107%
2014	4,864,286	4,031,004	83%
2015	3,801,426	2,873,324	76%
2016	1,694,153	1,140,037	67%
2017	2,137,201	1,668,788	78%
2018	3,771,635	3,166,917	84%
2019	2,808,414	1,973,582	70%
2020	2,794,621	1,619,960	58%
2021	886,621	-	-

It is important to ensure that claimed savings generally agree with evaluated savings over time. Significant and continued disagreements between claimed savings and evaluated savings reduce Staffs ability to support prudence based on reported values, especially for programs or measures that are marginally cost-effective. Consistent with suggestions for additional annual report details, Staff recommends that the Company provide detailed descriptions of evaluation recommendations and other efforts the Company has implemented to address realization rates for each program in its next prudence filing.

Home Energy Reports ("HER")

The HER is a behavioral program that encourages residential customers to decrease energy usage by providing them with energy saving tips and comparative data. The program has shown continued improvement over previous years with the addition of 41,000 participants in July 2020. The programs savings remained relatively constant with 3,947,830 kWh in 2020 and 4,238,790 kWh in 2021. The Company reports the HER program as cost-effective with UCT values of 2.72 and 10.40 for 2020 and 2021, respectively. Staff is concerned with this sudden increase in the UCT ratio as the program claimed similar savings and costs. Further discussion on this topic is presented in the IRP Avoided Cost Basis section.

Low-Income Weatherization ("LIW")

For low-income customers, the Company works with two Community Action Partnership ("CAP") agencies to provide weatherization services: Eastern Idaho Community Action

Partnership ("EICAP") and South-Eastern Idaho Community Action Agency ("SEICAA"). The LIW program experienced significant reductions compared to 2019. Program savings, costs, and the number of homes weatherized by the CAP agencies decreased by approximately 68% from 2019. A detailed summary of the LIW program performance metrics can be found in Table No. 4. The Company reported its LIW program as not cost-effective in 2020 with Pacificorp Total Resource Cost ("PTRC")[4] test ratio of 0.74 and as cost effective in 2021 with a PTRC ratio of 4.31. Similar to the HER program, Staff is concerned with the sudden increase in the PTRC ratio despite claiming similar costs and savings.

Table No. 4: LIW Program Performance Metrics

LIW	2020	2021
Homes Serviced	23	27
Claimed Energy Savings (kWh)	37,245	35,325
Benefits	$ 24,473	$ 38,779
Non-Energy Impacts	$ 82,913	$ 630,561
Costs	$ 145,885	$ 155,472
PTRC	0.74	4.31
UCT	0.15	0.23

Staff analysis discovered that the primary cause of the increase in cost-effectiveness is due to a change in the calculation method for the Company's non-energy benefits/impacts ("NEIs" or "NEB"). The Company's NEIs consist of quantified, payment-related NEI, consistent with Order No. 32788. Traditionally, NEI for low-income programs are extremely difficult to quantify; however, the Company supports its NEI values with regular impact evaluations that include reductions to arrearages and assistance payments. For 2020 and previous years, these NEIs were added directly to the PTRC benefits. Staff analysis of the 2021 workpapers discovered that the listed NEI benefits of $41,364 were discounted over the life of the LIW measure life resulting in benefits exceeding $500,000. This is inconsistent with the Company's previous method for including NEIs. Staff is concerned that the Company may have

[4] The PTRC considers cost-effectiveness from the perspective of the service territory. PTRC presents as a ratio of energy savings benefits to the expenses incurred for both the utility and customers. The PTRC differs from a traditional TRC by including a 10% conservation adder to account for unquantifiable non-energy benefits. Any ratio above 1 is cost-effective.

overvalued the benefits associated with NEI's by discounting them over the measure life of weatherization upgrades.

During its analysis for the NEI calculation method, Staff also discovered two NEI values—$111,430 and $41,364—that were provided and used in the Company's 2021 cost-effectiveness workpapers. In its Response to Production Request Nos. 16 and 18 the Company provided the supporting documentation for the $41,364 value and stated that the $111,430 value was an error and was not used in the benefit calculation for the LIW program. However, Staff analysis confirmed that the Company used the $111,430 value in the 2021 calculations, therefore double counting NEIs. Despite the error, the impact is minimal in the context of the discounted $41,364. Staff requested the Company account for the identified NEI error when providing its updated workpapers. Staff analysis confirmed that the erroneous NEI value was not removed and was still included in the cost-effectiveness calculations.

Removal of both the discounted NEI value and the erroneous NEI value from the cost-effectiveness calculation reduces the PTRC to 0.72 using 2021 avoided costs or 0.42 with 2019 avoided costs. While LIW programs historically struggle to be cost-effective, a PTRC ratio of 0.4 to 0.7 suggests the Company's program is performing well relative to other utilities' similar programs.

Based on the errors described above, Staff believes that the Company did not provide adequate review of the cost-effectiveness analysis provided by its third-party contractor. Staff recommends that the Company provide thorough review of all future third-party deliverables. The Company's reviews should include but not be limited to verification of the accuracy of all input values provided to the third-party contractor, the appropriateness of calculations used, the transparency of workpaper calculations, and evaluation of all reporting values provided by third-party contractors. The Company should compare all of these items to actual program performance whenever possible and either correct or explain differences in sufficient detail to address any possible concerns.

Low-Income Education

Consistent with Commission Order No. 32788, the Company also provides funding for conservation education services through the CAP agencies in its service territory. The Company's education materials come in the form of Energy Savings Kits ("Kits") which are sent

to homes that receive Low Income Home Energy Assistance Program ("LIHEAP") funding to promote energy conservation behavior. While the contents vary year-to-year, each kit contains easy to install energy saving tools like LED lightbulbs, insulating materials, and thermometers. While these do produce some energy savings, the Company does not include them when calculating program performance.

Staff is concerned with several reporting errors for the SEICAA Kit inventory, SEICAA expenditures, and the EICAP Kit inventory. Staff analysis of the 2019, 2020, and 2021 annual reports discovered $6,750 of unaccounted SEICAA expenses between 2019 and 2020, an unaccounted lack of SEICAA mail expenses, and discrepancies in both the EICAP and SEICAA Kit inventories. The Company was able to reconcile the differences in SEICAA expenses and EICAP Kit inventory in its Response to Production Request Nos. 13 and 14. However, the Company also stated that SEICAA management changes have caused data tracking issues and was unable to provide a complete reconciliation for the SEICAA Kit inventory; it was only able to confirm beginning inventory, and Kits delivered. Staff believes that quality data tracking processes should function regardless of management changes. These reporting errors in expenses and Kit inventories suggest the lack of proper data tracking and reporting quality control within the CAP agencies and a lack of oversight by the Company. The Company ultimately bears the responsibility of funds delivered to these agencies and maintaining accurate inventories.

Staff recommends that the Company audit both agencies' Energy Saving Kit inventories and expenses from 2020, 2021, and 2022 program years. The results of these audits should be included in the Company's next annual report and any adjustments identified by the audit should be included in the Company's next prudency filing. The Company's audits should account for the total amount of LIW education disbursements for the listed years and include invoices for purchased Kits, invoices for Kits delivered, any additional expenses incurred delivering Kits, yearly beginning and ending counts of Kits on hand, any Kits accidently damaged, a count of any unaccounted Kits, the value of unaccounted Kits, any other trackable expenses, and a total of any unaccountable expenses. Additionally, Staff recommends that the Company use the opportunity to establish data tracking, reporting, and quality control processes with both CAP agencies and provide a detailed summary of the changes made in the Company's next prudence filing.

Non-residential

The Company's Wattsmart Business program offers energy savings opportunities to commercial and industrial customers in the Company's service territory through a combination of incentives and direct install measures. In 2020, the Company reports total program savings increased 12% compared to 2019, resulting in a total of 16,992 MWh of savings and a UCT of 1.51. In 2021, the program experienced a 43% decrease in energy savings when compared to 2020, capturing just 11,863 MWh of savings. Despite the decrease in savings from 2020 to 2021, the Company reports the program remains cost-effective with a UCT of 1.85.

Demand Response Programs

Irrigation load control

The Company offers an Irrigation Load Control ("ILC") program designed to balance customers' energy usage during peak summer hours. Participating customers receive an incentive for curtailment of their electricity usage during dispatchable events. EnerNOC administers and manages this demand response program, which runs from early June through mid-August. Overall, the program provides a valuable reduction of energy on the system, allowing the Company to defer higher cost investments that might otherwise be needed to serve during peak summer hours.

The ILC program administered nine control events in 2020 and 11 events in 2021 with events ranging from one-hour to five hours. The Company estimates average load reductions at generation of 68 MW in 2020 and 119 MW in 2021. The Company notes that the ILC is treated as a system resource and is not included on the Schedule 191 DSM tariff rider. Regardless, the Company submitted confidential cost-effectiveness calculations in Response to Production Request No. 19. The Company considers detailed cost-effectiveness input metrics as confidential information and reports the cost-effectiveness of the ILC program on a pass-fail basis. The Company reports that the ILC passed its cost-effectiveness test for both 2020 and 2021.

In Commission Order No. 34970, the Company was directed to track all measurable costs for the ILC program and outline program metrics in its annual DSM Reports. Although the Company provides certain aspects of program performance and costs, the Company indicates it has been delayed in providing detailed data due to employee turnover and follow-on training.

Staff recommends the Company continue its efforts to provide the necessary detailed data for full evaluation of the program's performance and system benefits.

Battery Demand Response

On April 14, 2022, Commission Order No. 35370 approved the Company's application to implement a battery demand response pilot program. Under this five-year pilot program, the Company will provide incentives to customers for installing grid enabled batteries to be used in grid management functions. The program is expected to provide benefits for both the utility and the customer through load shaping and grid management functions. Staff looks forward to reviewing the Company's progress on the battery demand response pilot program in its next prudency filing.

Commercial and Industrial Demand Response Program

On August 25, 2022, the Company applied requesting authority to implement a commercial and industrial demand response program. *See* Case No. PAC-E-22-13. If the Commission approves the Company's request as proposed, the program will provide incentives to customers who subscribe load to be curtailed either through advanced notice or real time dispatch.

IRP Avoided Cost Basis

Staff is concerned with the sudden and dramatic increase in cost-effective programs for several of the Company's programs between 2020 and 2021. During its review, Staff noted several programs where the Company reported similar or improved UCT values despite decreases in energy savings and otherwise relatively unchanged costs. Staff's analysis discovered that the 2021 benefit calculations were based on the avoided cost data from the 2021 IRP filed in September 2021.[5] Because avoided costs are a fundamental input for cost-effectiveness calculations, this discovery has the potential to implicate all of the Company's 2021 EE programs.

[5] Avoided costs are provided as an output from the Company's IRP process and represent the value of investments the Company has deferred or delayed through the operation of a DSM program.

By using the most recently filed IRP to calculate historical cost-effectiveness, Staff believes that the Company is inconsistent with its own practices. The Company provides a clarification:

> Prior to 2020, the Company would run cost effectiveness for a given year's annual report using the most current data in lieu of using the data that was originally used when planning that program year. The Company stopped this practice in favor of using the same assumptions and avoided costs for both planning a year and reporting on that year. The purpose of the annual reports is to reflect how the Company fared against its planning and targets, thus using the same assumptions and avoided costs for planning and reporting is appropriate. The purpose of evaluations is to reflect on how programs fare against current/forward looking data and what actions are necessary to maintain cost effectiveness.

Response to Production Request No. 20

Staff ultimately agrees with the Company's statement that annual reports are intended to measure program performance against the targets set using assumptions and avoided costs in place at the time of program planning. However, it directly contradicts the Company's historic practices and the methods used to calculate cost-effectiveness for the 2021 Annual Report. Table No. 5 demonstrates that for the past two prudency filings, the Company has consistently used IRP avoided cost data in place at the time of program planning to inform program performance calculations. Additionally, Staff believes the Company's definition of evaluation presented above diverges from the Company's historical use of evaluations like impact evaluations and more closely matches the definition of a forecast.

Table No. 5: Timeline Demonstrating Overlap of IRP Filings with DSM Avoided Cost Base

Year	2015		2017	2018	2019	2020	2021
IRP Filing Date	Mar.		Apr.		Oct.		Sep.
Prudency Filing Avoided Costs Basis		2015	2015	2017	2017	2019	2021

Staff's analysis verified that the 2021 annual report's cost-effectiveness values are based on 2021 IRP avoided cost data as shown by the agreement of cost-effectiveness values provided to Staff. By using avoided costs from the most recent IRP, the Company has used an inappropriate baseline to measure its program year 2021 cost-effectiveness analysis against. It is vitally important that cost-effectiveness is measured from a consistent and appropriate baseline in order

to verify program performance. Based on the large cost-effectiveness increase in the HER program and other programs that saw increases to benefits despite decreases in energy savings, Staff is concerned that by using 2021 IRP avoided costs, the Company has overstated the benefits of its programs.

2021 EE Cost-effectiveness Analysis using 2019 IRP Avoided Cost

In its Response to Production Request No. 18, the Company provided 2021 cost-effectiveness workpapers using 2019 IRP avoided costs to remain consistent with Company practice. Staff's analysis of these workpapers discovered that when using 2019 avoided costs, the cost-effectiveness of all of the Company's programs decrease and, with the exception of the LIW program, is more consistent with the 2020 annual report's cost-effectiveness results. A summary of the portfolio, sector, and program level cost-effectiveness results for 2020, and 2021 using both the 2021 IRP avoided costs and 2019 IRP avoided costs is presented in Table No. 6.

Table No. 6: Comparison of Cost-Effectiveness Results

	2020 cost-effectiveness results (UCT)	2021 cost-effectiveness results with 2021 Avoided Costs (UCT)	2021 cost-effectiveness results with 2019 Avoided Costs (UCT)
Portfolio	1.25	1.68	1.21
Commercial	1.47	1.85	1.46
Residential	0.85	1.99	0.81
Wattsmart Homes	0.88	0.99	0.66
LIW (PTRC/UCT)	0.74/0.15	4.31/0.28	4.21/0.20
HER	2.72	10.40	2.69
Wattsmart Business	1.51	1.85	1.46

Using the 2019 avoided costs, the Company's portfolio level benefits decreased by over $2,000,000. While remaining cost-effective, specific programs saw significant changes. Most notably, the residential sector became not cost-effective with a UCT of 0.81. This value is significantly less than the reported 1.99 using 2021 avoided costs and is relatively consistent with the 2020 cost-effectiveness ratio which is based on the same 2019 avoided costs. This

decrease in cost-effectiveness can be attributed to similar decreases in the Wattsmart Homes and HER programs.

The Wattsmart Homes program reports a cost-effectiveness ratio of 0.66 using 2019 avoided costs and is a decrease compared to the 2020 cost-effectiveness ratio of 0.88. Using the 2021 avoided costs, the Company reported the programs cost-effectiveness ratio as 0.99; this represents a $324,550 or 51% difference in claimed benefits. The larger decrease in benefits is caused by the HER program, whose cost-effectiveness ratio decreased from 10.40 using 2021 avoided costs to 2.69 using 2019 avoided costs. This reduction corresponds to a $680,525 or 73% difference in claimed benefits. The LIW program did not see a large reduction because much of its benefit value provided by NEI values.[6]

Based on comparisons with the 2019 IRP avoided cost cost-effectiveness results and the inconsistencies with both previous and stated practices, Staff believes that the Company has overstated the benefits of its EE portfolio by over $2,000,000, resulting in the residential sectors reporting as cost-effective. However, these programs would not be cost-effective using 2019 IRP avoided costs. Staff recommends that, when calculating the cost-effectiveness of its programs for annual reports, the Company use the IRP avoided costs in place at the time of program planning consistent with historical practice and practices stated in Response to Production Request No. 20. Staff notes that this recommendation relates specifically to the cost-effectiveness analysis of historical program performance and does not extend to program planning. Consistent with its current practice, Staff believes that the Company should continue to plan programs using forecasts based on best available data (i.e., most recently filed IRP). When doing so, the Company should make note of large increases or decreases in avoided costs that may affect the cost-effectiveness of future programs.

Annual Report

During its review of the 2020 and 2021 Annual Reports, Staff would appreciate additional context and detail surrounding the Company's programs in certain areas. Staff recognizes that the Company has recently made changes to its annual report format and

[6] This is discussed in greater detail in the LIW section of this document.

appreciates its effort to produce a concise report. However, the annual reports must continue to provide the context and detail necessary to support the prudence of the Company's programs. In addition to specific recommendations throughout Staff's Comments, Staff has outlined several suggestions that will provide an informative and transparent report while minimizing the burden on both the Company and Staff in Attachment A. Staff will work with the Company improve the Company's annual reports.

STAFF RECOMMENDATION

Based on its analysis Staff recommends the Commission issue an order:

1. Approving the Company's DSM expenses of $5,454,714 in 2020 and $4,584,793 in 2021 as prudently incurred;
2. Directing the Company to provide detailed descriptions of evaluation recommendations and other efforts the Company has implemented to address realization rates for each program in its next prudency filing;
3. Directing the Company to provide thorough review of all future third-party deliverables;
4. Directing the Company to conduct audits of both LIW agencies' Energy Saving Kit inventories and expenses from 2020, 2021, and 2022 program years, and provide the results of the audit in the Company's next prudency filing;
5. Directing the Company to establish data tracking, reporting, and quality control processes with both CAP agencies and provide a detailed summary of the changes made in the Company's next prudency filing;
6. Directing the Company continue its efforts to provide the necessary detailed data for full evaluation of the ILC program's performance and system benefit; and
7. Directing the Company to use avoided costs in place at the time of program planning for the purpose of calculating the cost-effectiveness of historical programs.

Respectfully submitted this 23rd day of February 2023.

Dayn Hardie
Deputy Attorney General

Technical Staff: Jason Talford
Laura Conilogue
Rick Keller

i:umisc/comments/pace22.12dhjjtlcrk comments

Introduction

During its review of the 2020 and 2021 Annual Reports, Staff would apprecate additional context and detail surrounding the Company's programs in certain areas. Staff recognizes that the Company has recently made changes to its annual report format and appreciates the effort to produce a concise report. However, the annual reports must continue to provide context and detail necessary to support the prudency determination of the Company's expenditures. In addition to more specific details presented as part of larger recommendations, Staff has outlined several suggestions that will provide an informative and transparent reporting while minimizing the burden on both the Company and Staff.

Portfolio Level Performance Section

- Provide a high-level narrative describing the results of the Company's efforts to address previously identified concerns, any new challenges identified during the program year, and the Company's plans for addressing future concerns.
- Provide a graph of portfolio level historical savings data
    - Provide commentary identifying long term trends, when necessary.
- Provide a table comparing program performance metrics such as expenditures, energy savings, and cost effectiveness of program year to the previous year.
- Provide Rider balancing account for the program year

Program Description

- Provide additional detail on measure categories offered by each program. Describing:
    - how they provide benefits to customers; and
    - how incentives are provided.

Program Activity Section for Each Program

- Provide a narrative describing the results of previous Company efforts or changes, any new challenges identified by evaluator recommendation or others, and the Company's plans for addressing future concerns specific to the given program.
- Provide sub-sections on items with significant impact or history, when necessary. (i.e., removal of lighting measures, follow up on program specific Commission orders, items from DSM meetings, etc.)

Changes Made Through Flexible Tariff

- Provide a table detailing incentive changes made through the flexible tariff.
    - Should include measure, old incentive, new incentive, and effective date.
- Provide sub-sections detailing important Staff feedback or key supporting documentation for specific changes, when necessary.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 23rd DAY OF FEBRUARY 2023, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF,** IN CASE NO. PAC-E-22-12, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

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