

INT-G-19-04, comments submitted 12/16/2019

Intermountain Gas Company's (IGC or Company) Exhibit No. 1 attached to the Application is the Company's "Energy Efficiency 2018 Annual Report." On p. 6 of that Report, the Company claims that its efficiency program was cost-effective using the Utility Cost Test (UCT) but that it was not cost-effective using the Total Resource Cost Test (TRC). Missing from this Report is any statement that these cost-effectiveness tests were calculated using actual net therm savings rather than gross therm savings, but it is readily apparent from the the numbers reported for the Space Heating Program Results (also p.6) that the savings are gross, rather than actual net. Consequently, the UCT's actual benefit/cost ratio, like the TRC's, almost certainly falls well below the 1.0 cost-effectiveness threshold. Notably, this omission of calculating net savings is consistent with Company witness Allison Spector's Exhibit No. 26 in INT-G-16-02.

The Application states that it "...reports the cost effectiveness of its EE Program based on two industry standard metrics..." (p.6), but it deviates from the standard metrics by failing to adjust the gross therm savings by the therms saved by efficiency gains that would have occurred in the absence of its program. Quoting from the National Action Plan for Energy Efficiency's "Understanding Cost-Effectiveness of Energy Efficiency Programs" Section 4.7, Establishing the Net-To-Gross Ratio: 'Establishing the NTG is critical to understanding overall program success...' " For example, a 60% NTG ratio would reduce IGC's UCT cost effectiveness from its purported 1.23 benefit/cost ratio down to 0.74 B/C. IGC's TRC cost-effectiveness would also be reduced from its purported 0.64 B/C ratio, but its reduction would not be as significant as the UCT's reduction.

I urge the Commission to deny the Company's Application for a "Determination of 2017-2018 Energy Efficiency Expenses as Prudently Incurred," because it is, at best, a premature application. To wit, the Application states that "...Intermountain has not yet had its program evaluated by a third-party contractor..." but that it intends to do so in the future. (p. 7) Thus, the Company can reapply for such determination if and when it has a credible third-party evaluation completed that shows its program was either actually cost-effective based on National Action Plan for Energy Efficiency metrics or, at the very least, that the Company planned and managed its program well and had a reasonable expectation that it would be cost-effective.

Thank you for your consideration,

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