Office of the Secretary
Service Date
September 30, 2024

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF INTERMOUNTAIN GAS COMPANY'S APPLICATION TO REVISE RATE SCHEDULE EEC-RS – RESIDENTIAL ENERGY EFFICIENCY CHARGE AND EEC-GS COMMERCIAL ENERGY EFFICIENCY CHARGE	)	**CASE NO. INT-G-24-03** **ORDER NO. 36337**

On August 6, 2024, Intermountain Gas Company ("Company"), applied for authority to revise its rate schedules for the Residential Energy Efficiency Charge ("EEC-RS") and the Commercial Energy Efficiency Charge ("EEC-GS"). The Company proposes decreasing both charges to reduce the accumulation of unspent funds collected through the respective charges. The Company requests that this matter be processed via Modified Procedure, with an effective date of October 1, 2024, for the revised rates.

On August 27, 2024, the Commission issued a Notice of Application and Notice of Modified Procedure, setting public comment and Company reply deadlines. Order No. 36300. Staff filed comments to which the Company replied. No other comments were filed.

Having reviewed the record, the Commission now issues this Order approving the Company's Application.

THE APPLICATION

The Company represented that, as of June 30, 2024, it had over-collected $1,919,667.40 through the EEC-RS and over-collected $1,029,904 through the EEC-GS. The Company proposes decreasing the EEC-RS from $0.01564 per therm to $0.01149 per therm and decreasing the EEC-GS from $0.00320 per therm to $0.00 per therm to reduce the over-collected balances described above. The Company represents that the proposed decreases will eliminate the over-collected balance for the EEC-RS entirely and halve the over-collected balance for the EEC-GS by the end of 2026. If approved as filed, the proposed reductions would decrease a typical Residential customer's monthly bill by $0.27 or (0.53%) and a typical Commercial customer's monthly bill by $1.09 or (0.47%).

STAFF COMMENTS

After reviewing the Application, the Company's workpapers, discovery responses, forecasts, and the deferral balance for both the EEC-RS and the EEC-GS, Staff recommended approval of the proposed reductions of the EEC-RS and EEC-GS, noting that the reductions are necessary to reflect actual energy efficiency program participation and expenditures.

Staff noted that both programs have struggled to prevent accumulation of over-collected funds in recent years. In 2022, the Commission authorized the Company to refund $4.85 million to customers in over-collected EEC-RS funds and reduce the EEC-RS to $0.01564 per therm. Order No. 35539. Despite the Company's claim that these changes would result in under-collections beginning in 2025, the EEC-RS had an over-collected balance of about $1.9 million as of June 30, 2024. The EEC-GS, which the Company uses to fund its Commercial Energy Efficiency Program ("CEEP") has fared little better. As of June 30, 2024, the EEC-GS had an over-collected balance of about $1 million.

Staff indicated that the proposed EEC-RS charge is intended to satisfy estimated average annual energy efficiency program costs of approximately $4,129,712 for 2024 through 2026. The forecasted expenses cover labor, promotional and program delivery, and rebates paid directly to residential customers. The promotional and program delivery, and labor expenses are forecasted to average $862,108 per year, including an increase of 2% every year. The reasonableness of the labor increases and expenses will be reviewed in the Company's next general rate case and in regular prudency filings. The remaining $3.3 million of forecast expenses are designated for customer rebates provided for participation in the energy efficiency programs. Although the Company predicts a significant increase in rebate expenses between 2025 and 2026, Staff noted that this prediction significantly exceeds historical disbursements. Considering the Company's history of overestimating expenses since 2019 and low program participation, Staff expressed concern that the proposed rate of $0.01149 per therm could still be excessive. Staff also observed that the results of the recently conducted evaluation, measurement, and verification could affect program participation and expenses, but expects the Company to monitor and adjust the EEC-RS to avoid significant over- or under-collected balances.

As noted, the EEC-GS rider had an over-collected balance of $1,029,904. Although the Company asserted that the proposed reduction to the EEC-GS will halve the deferral balance by the end of 2026, Staff estimated it would take approximately ten years for the balance of the EE-GS rider to reach zero based on the historical expenses of the CEEP.

Like the EEC-RS, Staff observed that the Company predicted a significant increase in expenses for CEEP relative to historical spending. According to Staff, the Company forecasts a 167% increase in expenses across three years relative to the CEEP's historical expenses. The Application indicated that the forecasted increase included implementation of additional commercial measures as well as implementing custom commercial energy efficiency projects, potentially impacting future rebates substantially. However, without knowing more specific details about the offerings, Staff expressed concern that the Company's proposed changes to light commercial sector offerings and a custom commercial offering may not increase rebate expenses to the degree the Company expects.

The slow growth of the CEEP relative to Company forecasts also concerned Staff. During 2022, customers participated in only two out of the six commercial rebate offerings, resulting in a total of 26 rebates paid out. This level of participation makes the long-term viability of the CEEP uncertain. Staff recommended the Company file a case before the EEC-GS becomes underfunded or at the end of 2026 (whichever comes first) to evaluate whether the CEEP has sufficient participation and long-term viability to warrant continuing the CEEP. Staff also expressly disclaimed any intent to either validate or question the prudency or cost-effectiveness of any of the Company's Demand-Side Management programs at this time as the Company did not request such.

Staff believed the Company's press release and customer notices submitted with the Application satisfied Rule 125 of the Commission's Rules of Procedure. IDAPA 31.01.01.125. The Company mailed the notice to customers with their bills between August 14, 2024 and September 11, 2024. As the public comment deadline elapsed on September 12, 2024, Staff observed that some customers may have been unable to submit comments before the comment deadline. Accordingly, Staff recommended that the Commission consider late filed comments from customers.

COMPANY REPLY

The Company agreed with Staff's recommendation to approve the proposed changes to the EEC-RS and EEC-GS. Additionally, despite acknowledging the slow growth in the EEC-GS, the Company asserted that directing it to establish the long-term viability and participation levels of the CEEP is unnecessary. According to the Company, its annual prudence filings and input from the Energy Efficiency Stakeholder Committee fulfill the underlying intent of Staff's recommendation.

COMMISSION FINDINGS AND DECISION

The Company is a gas corporation and public utility, and the Commission has jurisdiction over it and the issues in this case under Title 61 of the *Idaho Code*, and more specifically, *Idaho Code* §§ 61-117, 61-129, 61-307, 61-501, and 61-502. The Commission must establish just, reasonable, and sufficient rates for utilities subject to its jurisdiction. *Idaho Code* § 61-502.

Based on our review of the record, we find that the Company's request to revise its EEC-RS rate to $0.01149 per therm and the EEC-GS rate to $0.000 per therm is fair, just and reasonable. We find that these adjustments are necessary to reflect actual energy efficiency program participation and expenditures for both residential and commercial customers. However, reducing the EEC-GS rate to $0.000 per therm effectively suspends EEC-GS collections. Even with the low participation the CEEP currently has, this effective suspension will eventually result in the program becoming underfunded at some point. Considering this underfunding risk combined with the current slow growth and low participation in CEEP, we find it reasonable to direct the Company to file a case before the earlier of any program supported by the EEC-GS, like the CEEP, becoming underfunded or the end of 2026, whichever comes first, to evaluate the long-term viability of such programs.

ORDER

IT IS HEREBY ORDERED that the Company's Application to decrease the its EEC-RS rate to $0.01149 per therm and the EEC-GS rate to $0.000 per therm is approved.

IT IS FURTHER ORDERED that the Company shall file a case before the earlier of any program supported by the EEC-GS becoming underfunded or the end of 2026, whichever comes first, to evaluate the long-term viability of that program.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order regarding any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *Idaho Code* § 61-626.

DONE by Order of the Public Utilities Commission at Boise, Idaho this 30th day of September 2024.

ERIC ANDERSON, PRESIDENT

JOHN R. HAMMOND JR., COMMISSIONER

EDWARD LODGE, COMMISSIONER

ATTEST:

Monica Barrios-Sanchez
Commission Secretary

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