

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF INTERMOUNTAIN)	CASE NO. INT-G-24-05
GAS COMPANY’S APPLICATION FOR)	
DETERMINATION OF 2023 ENERGY)	NOTICE OF APPLICATION
EFFICIENCY EXPENSES AS PRUDENTLY)	
INCURRED)	NOTICE OF INTERVENTION
)	DEADLINE
)	
)	ORDER NO. 36455
)	

On December 20, 2024, Intermountain Gas Company (“Company”) applied for an order designating \$3,846,358 of 2023 energy efficiency expenditures as prudently incurred. The Company’s Application included its 2023 Energy Efficiency Annual Report, an Evaluation, Measurement, and Verification (“EM&V”) Study with a billing analysis, and proposed revised Rate Schedule EE-RS. The Company requested its Application be processed by Modified Procedure.

With this Order, the Commission provides notice of the Company’s Application and sets a deadline for interested parties to intervene.

BACKGROUND

In 2017, in Case No. INT-G-16-02, the Commission authorized the Company to establish the Energy Efficiency Program (“EE Program”) for its residential customers. Order No. 33757 at 35-37. The purpose of the EE Program “is to encourage upgrades to, or use of, high efficiency natural gas equipment.” Rate Schedule EE. Later in 2017, in Case No. INT-G-17-03, the Company requested authority to implement a funding mechanism for the EE Program. The Commission approved the Company’s requested funding mechanism of an Energy Efficiency Charge (“EEC”), and ultimately approved Rate Schedule EE, Rate Schedule EEC, and Rate Schedule EEC-RS. Order No. 33888.

In Case No. INT-G-19-04, the Commission required the Company to conduct a third-party EM&V study. This was meant to “review and update the avoided cost calculation with the Energy Efficiency Stakeholder Committee” (“EESC”). It was also meant to regularly monitor and update the EE Program incentives. *See* Order No. 34536.

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In Case No. INT-G-20-04, the Commission granted permission for the Company to implement a Commercial EE Program. Order No. 34941. This established a way to fund energy efficiency upgrades under Rate Schedule EEC-GS (“EEC-GS”). Additionally, the Company was instructed to submit an Annual Commercial EE Program Report. This report must include representatives from the GS-1 rate class in its EESC.

In Case No. INT-G-23-06, the Commission approved the prudence of the Company’s 2022 EE Program expenses and directed the Company to include an EM&V with a billing analysis covering four Residential EE Program measures—Whole Home Tiers I and II, Furnace, and Smart Thermostat. The Commission also directed the Company to look for ways to reduce labor expenses. Order No. 36245.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company represented that the EE Program expenditures are funded through collections from customers via the EEC. The Company stated that the EEC-RS of \$0.01564 per therm funds the Residential EE Program; the total Residential EE Program revenues for year 2023 were \$4,702,205. The Company represented that the EEC-GS remained at \$0.00320 per therm and funds the Commercial EE Program; the Commercial EE Program revenues for 2023 were \$474,181. The Company noted that both the Commercial and Residential EE Programs were overfunded and the Commission authorized a reduced collection rate for both on October 1, 2024. *See* Order No. 36337.

YOU ARE FURTHER NOTIFIED that the Company represented that the combined expenditures for the Residential and Commercial EE Programs for January 1, 2023, through December 31, 2023, were \$3,846,358. \$2,767,789—73% of expenditures—accounts for EE Program rebates paid out to residential and commercial customers. Expenditures for EE Program administration including labor, program delivery, market transformation, and direct expenses accounted for \$821,804 of total expenditures. This represents a 7% increase over 2022 expenses, respectively. The Company also spent \$230,260 on a conservation potential assessment in 2023.

YOU ARE FURTHER NOTIFIED that the Company stated that it has assigned EE costs to each respective EE Program where possible and offered explanations where costs could not be assigned in compliance. The Company further stated that employees working on both Commercial and Residential EE Programs remained the most cost-effective option until the programs each

grow. The Company allocated expenses that could not easily be attributed to either program based on the ratio of service starts. Using this ratio, 95% of expenses were allocated to the Residential EE Program and 5% were allocated to the Commercial EE Program. The total funds that could not be separately allocated directly to either EE Program were \$45,518.

YOU ARE FURTHER NOTIFIED that the Company stated it continues to seek ways to reduce labor costs. In 2023 the Company implemented the Enterprise Rebate Application (a software application to process rebates that eliminates the need for repetitive data entry and eliminates the opportunity for error). In 2024 the Company replaced its third-party online application with an internal product where customers can access rebate application forms from their customer accounts online. The Company also renewed its membership in the North American Natural Gas Heat Pump Collaborative which focuses on the adoption of new heat pump technologies with over 100% efficiencies

YOU ARE FURTHER NOTIFIED that the Company represented that the Residential EE Program began the year with an over-funded deferral balance of \$450,521 and experienced growth of the over-funded balance to \$1,378,687 by the end of 2023. To address this over-funded deferral balance the Company's request to reduce the EEC-RS to \$0.01149 was approved by the Commission in the fall of 2024. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represented that the Commercial EE Program began 2023 with an over-funded deferral balance of \$463,938 and experienced growth of the over-funded deferral balance to \$865,801 by the end of 2023. To address this over-funded deferral balance the Company's request to reduce the EEC-GS to \$0.00 was approved by the Commission in the fall of 2024. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represented that in 2023 the Residential and Commercial EE Programs' cumulative claimed savings was 672,417 therms—660,919 therms for the Residential EE Program and 11,498 therms for the Commercial EE Program. The Company, in compliance with Order No. 36245, which directed it to conduct an EM&V impact study of the Whole Home Tiers I and II, Furnace, and Smart Thermostat measures,

included the results of the EM&V study which resulted in 422,683 therms saved by the Residential EE Program.¹

YOU ARE FURTHER NOTIFIED that the Company represented that it used the 2023 IRP's Avoided Costs as calculated in Case No. INT-G-23-07. *See* Case No. INT-G-23-07, IRP Exhibit No. 5.

YOU ARE FURTHER NOTIFIED that the Company measures cost-effectiveness using the Utility Cost Test ("UCT") and the Total Resource Cost. From a UCT perspective the Residential EE Program had a 0.8 UCT ratio and the Commercial EE Program had a 0.9 UCT ratio.²

YOU ARE FURTHER NOTIFIED that the Company stated that it has hosted two meetings to address and discuss the parameters of the EESC with its stakeholders.

YOU ARE FURTHER NOTIFIED that the Company discussed proposed changes to the Residential EE Program and plans for the Commercial EE Program.

YOU ARE FURTHER NOTIFIED that the Application and Annual Report have been filed with the Commission and are available for public inspection during regular business hours at the Commission's office. These documents are also available on the Commission's website at www.puc.idaho.gov. Click on the "NATURAL GAS" icon, select "Open Cases," and then click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF INTERVENTION DEADLINE

YOU ARE FURTHER NOTIFIED that persons desiring to intervene in this matter to obtain parties' rights of participation must file a Petition to Intervene with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073.

¹ The Company included a discussion about the alternative categories to measure savings from its EE efforts. The Company discussed the benefits of using certain analyses compared to the EM&V. The Company also described the evaluator's concerns with relying on the EM&V opposed to a deemed-savings analysis.

² The UCT for the Residential EE Program was based on the results of the EM&V.

Persons who wish to intervene as a party must file a Petition to Intervene no later than 21 days after the date of service of this Order. Such persons shall also provide the Commission Secretary with their email address to facilitate further communications. After the intervention deadline runs, the Commission Secretary shall issue a Notice of Parties that identifies the parties and assigns exhibit numbers to each party. Once the Notice of Parties has issued, Commission Staff shall informally confer with the Company and any intervening parties about how to further process this case and shall then report back to the Commission on a proposed case schedule.

YOU ARE FURTHER NOTIFIED that persons who would like to present their views without parties' rights of participation and cross-examination do not have to intervene but may present their views by submitting written comments to the Commission.

YOU ARE FURTHER NOTIFIED that the following people are designated as the Company's representatives in this matter:

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ORDER

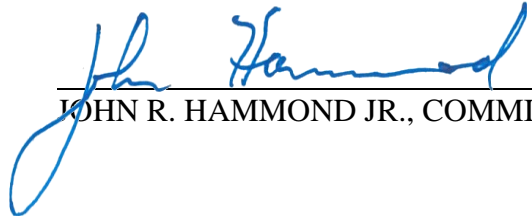
IT IS HEREBY ORDERED that persons desiring to intervene in this matter must file a Petition to Intervene no later than 21 days from the service date of this Order. Once the deadline has passed, the Commission Secretary shall prepare and issue a Notice of Parties.

IT IS FURTHER ORDERED that, after the Notice of Parties has issued, Commission Staff shall confer with the parties regarding a procedural schedule for this matter including, if necessary, a hearing in this matter.

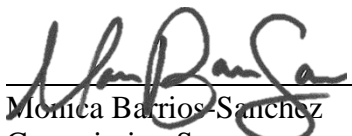
IT IS FURTHER ORDERED that parties comply with Order No. 35375, issued April 21, 2022. Generally, all pleadings should be filed with the Commission electronically and will be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should continue to be accomplished electronically when possible. However, voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 3rd day of February 2025.


EDWARD LODGE, COMMISSIONER


JOHN R. HAMMOND JR., COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary

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