

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF INTERMOUNTAIN) CASE NO. INT-G-25-05
GAS COMPANY’S APPLICATION FOR A)
DETERMINATION OF 2024 ENERGY)
EFFICIENCY EXPENSES AS PRUDENTLY) ORDER NO. 36989
INCURRED)
)

On September 2, 2025, Intermountain Gas Company (“Company”) applied to the Idaho Public Utilities Commission (“Commission”) requesting an order designating \$4,466,551 of 2024 Energy Efficiency (“EE”) expenditures as prudently incurred.

On September 26, 2025, the Commission issued a Notice of Application and Notice of Intervention Deadline, setting a deadline for interested parties to file a petition to intervene. Order No. 36768. No petitions to intervene were filed.

On October 23, 2025, the Commission issued a Notice of Modified Procedure, establishing a deadline for public comments and a deadline for the Company to file reply comments. Order No. 36815. Staff filed the only comments. The Company did not reply.

Based on our review of the record, the Commission now issues this Final Order approving the Company’s Application with modifications as set forth in this Order.

BACKGROUND

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

The Commission later granted permission for the Company to implement a Commercial EE Program. Order No. 34941. This established a way to fund EE upgrades under Rate Schedule EEC-GS (“EEC-GS”). *Id.* Additionally, the Commission instructed the Company to submit an

Annual Commercial EE Program Report and include representatives from the GS-1 rate class in its Energy Efficiency Stakeholder Committee (“EESC”). *Id.*

In 2025, the Commission authorized the Company to retire the Storage Water Heater, Tankless Water Heater Tier II, Whole Home Tier II, and Smart Thermostat rebates while continuing to offer the current rebate amounts for the Whole Home 1; Combination Boiler; Boiler-95% AFUE; and Tankless Water Heater Tier 1 programs. Order No. 36797 at 13.

THE APPLICATION

The Company stated that the 2024 EE Annual Report (“Annual Report”) provided an overview of the Company’s EE Portfolio and outlined revenues, expenditures, cost-effectiveness, and performance by measure for each program. Application at 6.

EE Program expenditures were funded through collections from customers via the EEC. *Id.* The EEC-RS rate of \$0.01564 per therm was reduced to \$0.01149 effective October 1, 2024, and the total Residential EE Program revenue for 2024 was \$3,989,432. *Id.* The EEC-GS rate of \$0.00320 per therm funded the Commercial EE Program from January 1, 2024, through September 30, 2024, before being reduced to \$0.00 on October 1, 2024, due to a growing over-collection balance. *Id.* The Company represented that Commercial EE Program revenue for 2024 totaled \$294,202. *Id.*

The combined expenditures for the Residential EE and Commercial EE Programs from January 1, 2024, through December 31, 2024, totaled \$4,466,551. *Id.* at 7. Of that amount, the Company stated that \$3,449,724, or approximately 77%, represented EE Program rebates paid to residential and commercial customers. *Id.* The Company incurred \$1,016,828 in administrative expenses, including labor, EE Program delivery, and special studies. *Id.*

The Company reported that it replaced the third-party system previously used for its online customer application process with an internally developed product that allowed customers to access rebate applications directly through their online customer accounts. *Id.* at 8. This change reduced the need for data entry by the rebate processing team and eliminated additional customer validation steps. *Id.*

The Company reported that the Residential EE Program began 2024 with an over-funded deferral balance of \$1,352,769 and ended the year with a balance of \$1,027,286. *Id.* The Company

explained that Order No. 36337 addressed the over-funded deferral balance by reducing the EEC-RS rate. *Id.*

The Company further reported that the Commercial EE Program began 2024 with an over-funded deferral balance of \$891,719 and ended the year with an over-funded deferral balance of \$1,034,285. *Id.* To address this balance, the Commission approved the Company's request to reduce the EEC-GS rate to \$0.00 per therm in Order No. 36337. *Id.*

The Company represented that it evaluated cost-effectiveness using the Utility Cost Test ("UCT") and the Total Resource Cost ("TRC"). *Id.* at 9. The Company stated that, for the 2024 residential cost testing, it applied the same process used for the 2023 prudency evaluation cost testing, as required by Order No. 36245. *Id.*

The Company reported that it hosted four EESC meetings to address and discuss EE Program topics, including rider balances, rebate performance, promotions and outreach, and special studies. *Id.* at 10. Going forward, the Company's Energy Service Representative would focus exclusively on Residential Program promotion, while a full-time EE Analyst would be dedicated to commercial customer outreach. *Id.* Finally, the Company completed an internal audit on August 25, 2025, and believed the audit complied with Commission Order No. 36245. *Id.* at 11. The Company stated that the next audit would be conducted in 2028. *Id.*

STAFF COMMENTS

Staff reviewed the Company's Application, Annual Report, workpapers, and information provided through discovery. Staff Comments at 2. Based on its investigation, Staff recommended that the Commission approve the Company's EE Program expenses of \$4,466,551, less \$975 in adjustments, as prudently incurred, for a total of \$4,465,576. *Id.* Staff also recommended that the Commission acknowledge that the Company had not yet had an opportunity to comply with Order No. 36797 at the time of filing. *Id.*

Staff's review addressed Program financials, Evaluation, Measurement, and Verification ("EM&V") results, cost-effectiveness, and other operational issues. *Id.* Staff noted that the absence of discussion on additional issues should not be interpreted as endorsement of the Company's position without further review in future proceedings. *Id.*

As part of its investigation, Staff conducted an audit of EE expenses, including incentive payments, marketing expenses, and labor costs, and reviewed a sample of more than 50

transactions across the EE Programs. *Id.* Staff believed that the Company's expenses were generally well documented and that internal controls were in place to ensure expenses were accounted for correctly. *Id.* However, Staff identified three duplicate rebates issued under the Residential Program for the Tankless Water Heater Tier I measure, each paid to the same customer for the same equipment on separate dates. *Id.* The Company acknowledged the duplicate payouts in discovery responses and Staff recommended that the three duplicate payments of \$325 each, totaling \$975, be disallowed. *Id.*

Staff also reviewed the EEC Rider balances that fund the Programs. *Id.* at 3. At the beginning of 2024, the rider was over-funded by \$2,244,488. *Id.* By June 2024, the balances had increased further, prompting the Company to request reductions to the EEC. *Id.* Staff noted the Commission approved reductions to the residential rider from \$0.01564 to \$0.01149 per therm and to the general service rider from \$0.00320 to \$0.00 per therm, effective October 1, 2024. *Id.* at 4. Staff indicated it would continue monitoring rider balances in future quarterly updates. *Id.*

During 2024, the Residential EE Program collected \$3,989,432 in revenue, while the Commercial Program collected \$294,202 prior to the rate reduction. *Id.* Residential EE Program participation increased significantly in 2024, rising 22.5% from the previous year, with 10,413 rebates issued compared to 8,496 rebates in 2023. *Id.* Furnace and smart thermostat rebates were the most redeemed measures, and total residential rebate payments increased to \$3,394,896 in 2024. *Id.* In contrast, participation in the Commercial EE Program remained limited, with 22 rebates issued in both 2023 and 2024. Although participation remained low, the total value of Commercial EE Program rebates increased due to greater participation in the High Efficiency Condensing Boiler measure. *Id.* at 4-5.

Staff also reviewed administrative and labor costs, noting that labor expenses represented approximately 17.2% of total EE Program expenses in 2024, consistent with 2023 levels. *Id.* at 5. The Company also implemented a new internal rebate application platform, the Enterprise Rebate App ("ERA"), replacing a third-party system. *Id.* Staff noted that the ERA may improve efficiency and reduce administrative labor costs over time and encouraged the Company to continue pursuing opportunities to reduce labor expenses where possible. *Id.*

Staff reviewed the Company's cost allocation methodology and noted that the Company updated its allocation of shared expenses from a 95/5 split to a 92/8 split between Residential EE

and Commercial EE Programs based on service start data. *Id.* at 6. Staff reiterated its recommendation that costs be directly assigned whenever possible and that the Company provide explanations when direct assignment is not feasible. *Id.* Staff also reviewed the Company's internal audit report completed in August 2025 and encouraged the Company to expand future audits to cover at least one full year of Program activity and to strengthen verification processes for rebated equipment installations. *Id.* at 6-7.

Staff evaluated the cost-effectiveness of the EE portfolio and noted that, using deemed savings values, the Company reported UCT ratios of 1.2 for the Residential Program and 2.3 for the Commercial Program. *Id.* at 7-8. However, when billing analysis results from the 2024 EM&V study were applied, the Residential EE Program's UCT ratio declined to 0.8 due primarily to lower-than-expected savings from Whole Home and Furnace measures. *Id.* at 8.

Based on billing analysis results, the EE Programs produced approximately \$3.6 million in benefits compared to \$4.47 million in expenditures, suggesting that about 22% of spending was not supported as cost-effective. *Id.* Staff noted that several measures have since been adjusted or retired and stated that it would reevaluate cost-effectiveness in a future prudence filing. *Id.*

Finally, Staff reviewed the Company's efforts to improve the Commercial EE Program, including reallocating staff resources to focus on commercial outreach, developing a Commercial Technical Reference Manual using deemed savings values, and commissioning a third-party Commercial Process Evaluation. *Id.* at 9. The evaluation recommended improvements in marketing and outreach, development of a Trade Ally Program for contractors, improved data tracking through the ERA system, and expansion of rebate offerings. *Id.* at 10. Staff stated that additional proposed changes to the Commercial Program would be reviewed in a separate proceeding. *Id.*

COMMISSION FINDINGS AND DECISION

The Company is a gas corporation under *Idaho Code* § 61-117, and a public utility under *Idaho Code* § 61-129. The Commission has jurisdiction over the issues in this case under Title 61 of the Idaho Code, including *Idaho Code* §§ 61-301, 501, 502, and 503.

Based on the record, the Commission finds that the Company prudently incurred \$4,465,576 in 2024 EE Program expenses.

The Commission further acknowledges that the Company has not yet had a full opportunity to comply with Order No. 36797. The Commission expects the Company to continue its efforts toward compliance with Order No. 36797 and to work collaboratively with Staff to ensure that all requirements of that Order are addressed in a timely and effective manner.

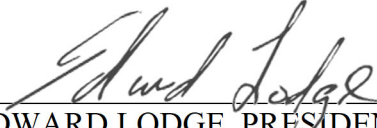
Finally, the Commission encourages continued attention, monitoring, and evaluation of EE Program performance. The Commission appreciates the ongoing efforts to deliver cost-effective EE programs to its customers. The Company should continue working with Staff and the EESC to review individual program outcomes, consider cost-effectiveness, and explore opportunities for ongoing improvement so that customer-funded EE programs can provide meaningful and lasting benefits.

ORDER

IT IS HEREBY ORDERED that the Company's Application is approved. The Company prudently incurred \$4,465,576 of EE expenditures in 2024.

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.

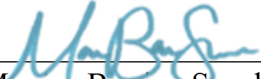
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 3rd day of April, 2026.


EDWARD LODGE, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


DAYN HARDIE, COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary
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