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Idaho Public Utilities Commission
P.O. Box 83720, Boise, ID 83702-0074

Brad Little, Governor
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February 26, 2026

Via E-mail: secretary@puc.idaho.gov

Commission Secretary
Idaho Public Utilities Commission
1131 W. Chinden Blvd., Suite 201-A
Boise, ID 83714

RE: Case No. INT-G-25-07

Dear Commission Secretary:

Attached for electronic filing please find Amended Redacted Comments of the Commission Staff in the above-referenced matter.

Staff received the Company's Response to Production Request No. 12 on February 25, 2026 at 4:00 PM. In its Response, the Company provided information regarding the driving factors for commercial savings increases compared to the residential sector and clarification that the water heating measures are intended to serve both light and non-light commercial sectors. To reflect the information provided in the Response, Staff Comments were adjusted on 02/26/2026, after initial comments were filed.

Please feel free to reach out with any questions.

Regards,

Jeffrey R. Loll
Deputy Attorney General

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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF INTERMOUNTAIN GAS COMPANY'S APPLICATION TO REQUEST AUTHORITY TO REVISE RATE SCHEDULE EE-GG – GENERAL SERVICE ENERGY EFFICIENCY REBATE PROGRAM	)	**CASE NO. INT-G-25-07** **AMENDED REDACTED COMMENTS OF THE COMMISSION STAFF**

COMMISSION STAFF ("STAFF") OF the Idaho Public Utilities Commission, by and through its Attorney of record, Jeff Loll, Deputy Attorney General, submits the following comments.

BACKGROUND

On November 21, 2025, Intermountain Gas Company ("Company") applied to the Commission requesting authority to revise Rate Schedule EE-GS — General Service Energy Efficiency Rebate Program, effective January 1, 2026.

On December 19, 2025, the Commission issued a Notice of Application, Notice of Suspension of Proposed Effective Date (suspending the Company's proposed January 1, 2026, effective date for the statutorily provided period of thirty (30) days and five (5) months), and

Notice of Intervention Deadline (setting a deadline for interested persons to intervene in the case). Order No. 36880. No petitions to intervene in the case were filed.

STAFF ANALYSIS

Staff has reviewed the Company's Application, workpapers, responses to production requests, and forecasts regarding the Company's request to adjust its General Service Energy Efficiency ("EE") Charge rebate program ("EE-GS"). Based on its investigation, Staff recommends the Commission reject the Company's proposal and order the Company to revise its proposed commercial rebate program and refile.

The Comments below address the Company's program financials, historical program performance, and proposed program changes. The absence of discussion on other matters should not be construed as Staff's support for, or endorsement of, the Company's position. Staff may evaluate additional issues in future filings.

EE-GS Program

Since the inception of the Company's commercial EE program in 2020, the commercial EE charge ("EEC-GS") has been consistently over-funded. The Company indicates the program has received limited commercial customer participation. Application at 3. In Case No. INT-G-24-03, Staff expressed concerns regarding the long-term viability of the EE-GS program, given that only two of the six offered rebates had customer participation. Staff Comments for Case No. INT-G-24-03 at 7. In its 2024 Demand-Side Management ("DSM") Prudence filing, Case No. INT-G-25-05, the Company provided a commercial process evaluation that identified barriers to its commercial program participation and offered recommendations. Case No. INT-G-25-05, Application at 11. Among the challenges identified were outreach limitations, as bill inserts and opt-in emails were reaching administrative staff rather than building operators or facility managers who typically make energy efficiency decisions. Case No. INT-G-25-05, Application, Attachment 1 at 27. The evaluation also noted program design limitations. Light commercial customers using residential-sized equipment had limited opportunities to participate, and the Company's offerings lacked incentives for water heating. Case No. INT-G-25-05, Application, Attachment 1, Supplement 2 at 30. To address these issues, the Company detailed plans to

enhance marketing outreach, formalize contractor engagement, collect additional data, and expand its rebate offerings.

Enhancing Marketing and Outreach

The Company plans to reallocate one full-time equivalent Energy Services Representative position to a full-time EE analyst dedicated exclusively to the commercial program. This analyst, hired in February 2025, has established relationships with new industry partners such as the Building Operators and Manager Association, presented directly to building managers and commercial HVAC contractors at the Facility and Maintenance Expo, and conducted visits with mechanical contractors to teach them about the Company's commercial EE program. Application at 4.

Formalizing Contractor Engagement

The Company developed an internal contractor portal and plans to launch a contractor trade ally network. The trade ally network will improve communication with contractors; enable customers to easily identify contractors that are knowledgeable about the commercial EE program; and enable contractors to select, implement projects, and apply for rebates for commercial customers. Application at 5.

In its Response to Staff Production Request No. 11, the Company explained that the contractor portal, titled "Contractor Central," is part of the Company's Enterprise Rebate Application ("ERA"), an internal system that allows customers to submit rebate applications. Prior to implementation of the ERA, the Company used a third-party software platform. The ERA was created to better secure customer information and move away from using a third-party provider. Like the rest of the ERA, no expenses from Contractor Central were allocated to the EE Rider.

Collecting More Data

To better leverage customer data to inform program design, the Company plans to collect more data points through its ERA approval process. Application at 6.

Expanding Rebate Offerings

As part of its recent process evaluation, the Company commissioned development of a commercial Technical Reference Manual ("TRM"). Application at 5. The TRM contains measures that can be easily installed and verified and were identified as having high savings potential in the 2023 Conservation Potential Assessment ("CPA"). The TRM relies on resources from the Regional Technical Forum, the Illinois TRM Version 12 Volume 2 ("IL TRM"), and the California electronic TRM ("CA eTRM") to estimate unit energy savings, estimated useful life, incremental cost, and measure efficiency. *See* Case No. INT-G-25-05, Attachment 1, Supplement 2 to Application – "Intermountain Gas Company Commercial TRM."

To expand its commercial rebate offerings, the Company added 13 new measures that were identified as having high savings potential in the 2023 CPA. The commercial furnace, storage water heater retrofit and new construction, and tankless water heater retrofit and new construction measures are proposed to increase participation among light commercial customers that use residential-sized equipment. Company's Response to Staff Production Request No. 4. The annual planned rebate counts, forecasted participation numbers, and anticipated cost-effectiveness ratios for new and existing measures are listed in Table No. 1 below.

Table No. 1: Proposed Commercial Rebates

Measure	Annual Therm/Unit Saving Estimate	Incremental Cost	Proposed Incentive	Annual Rebate Count Forecast	Total Annual Therm Saving Estimate	% Total Savings	UCT
Boiler Reset Control	174	$612	$450	1	174	0%	1.3
High-Efficiency Condensing Boiler>300K	982	$8,825	$6,000	6	5,893	4%	1.9
High-Efficiency Condensing Boiler<300K	262	$1,175	$1,500	6	1,573	1%	1.5
Energy Star Fryer	264	$1,865	$550	15	3,960	2%	1.3
Energy Star Griddle	139	$4,745	$100	10	1,385	1%	1.1
Storage Water Heater NC	899	$15,421	$3,500	2	1,799	1%	1.6
Storage Water Heater Retrofit	1,708	$5,846	$6,000	6	10,249	6%	1.9
Tankless Water Heater NC	1,460	$24,049	$6,000	50	73,001	44%	1.6
Tankless Water Heater Retrofit	1,715	$10,813	$8,000	25	42,864	26%	1.5
Furnace 95% AFUE	108	$1,438	$200	150	16,200	10%	1.2
GHP <65kBtu - space heating	613	$3,457	$2,000	1	613	0%	1.9
GHP 65 - 135kBtu - Space Heating	2,369	$3,457	$6,000	1	2,369	1%	3.0
GHP135 - 240 kBtu - Space Heating	4,276	$3,457	$10,000	1	4,276	3%	3.4
GHP water heating (>1.2 COP)	129	$3,222	$150	1	129	0%	1.2
Pipe Insulation	250	$29	$500	1	250	0%	1.3
Energy Star Convection Oven	158	$1,122	$150	5	789	0%	1.2
Energy Star Dishwasher High Temp	203	$502	$500	1	203	0%	1.3
Energy Star Dishwasher Low Temp	313	$1,397	$1,000	1	313	0%	1.8

	Existing
	New - Light Commercial
	New

According to the Company's forecasts, the combined implementation of storage and tankless water heater measures account for approximately 77% of anticipated first year savings. Case No. INT-G-25-05, Attachment 1, Supplement 2 to Application – "Intermountain Gas Company Commercial TRM" and Exhibit No. 1 to Application. Because these measures account for such a significant portion of projected portfolio savings, Staff applied additional scrutiny, and as a result, identified several issues described in detail below.

Tankless Water Heater Measures

In its Response to Staff Production Request No. 1, the Company provided forecasted savings, costs, and participation for each of the proposed measures. According to these projections, the Company expects the tankless water heater new construction measure to save 1,460 therms per unit and the retrofit measure to save 1,708 therms per unit annually. Exhibit No. 1 to Application. The total annual therm savings for both measures are estimated to account for about 70% of the total commercial portfolio. Case No. INT-G-25-05, Attachment 1, Supplement 2 to Application – "Intermountain Gas Company Commercial TRM" and Exhibit No. 1 to Application. Staff believes the estimates for the tankless water heater measure's savings, incremental costs and rebate incentives are unreasonably high.

Savings Estimates

For the Company's 2024 program year, the residential tankless water heater tier I measure saved 59 therms. Case No. INT-G-25-05, Application, Attachment 1 at 14. This means the commercial measures are expected to save at least 24 times more therms than their residential counterparts. Staff expects commercial measure savings to be higher than an equivalent residential measure; however, the Company's estimate appears excessive. Comparison of residential and commercial load estimates in the IL TRM suggests that commercial load is, on average, 3.5 times that of the residential sector. *See* IL TRM at 214 and IL TRM Vol 3 at 247. Consistent with the Company's definition of light commercial, i.e. commercial customers with residential sized equipment, Staff does not believe that the increased load of a light commercial sector unit compared to a residential sector unit will be sufficient to result in such a large savings gap.

Staff also compared the Company's forecasted savings to similar measures offered by other utilities. Avista Utility Company ("Avista") offers a commercial natural gas tankless water heater rebate in Idaho. According to its 2024 DSM Prudency filing, Avista's savings estimate for this measure is 274 therms. Case No. AVU-G-25-09, Attachment A to Company's Response to Production Request No. 8. This is approximately 5 times less savings than the Company is forecasting. Although Avista serves a different territory than the Company, the Pacific Northwest National Laboratory's "Guide to Determining Climate Regions by County," indicates that Idaho is divided into climate zone 5b with 5,400—7,200 heating degree days ("HDD") and

climate zone 6b with 7,200—9,000 HDD.[1] Both Avista and the Company serve counties in both climate zones meaning savings should be relatively comparable. Staff therefore believes it is unlikely that the Company's tankless water heater measures would achieve at minimum five times as much savings as Avista's comparable measure, which includes both standard and light commercial sector customers. Using the Company's workpapers to recalculate cost-effectiveness and replacing the saving estimates with Avista's expected savings, results in a Utility Cost Test ("UCT") of 0.3 for the tankless water heater new construction measure and 0.2 for the Tankless Water Heater Retrofit measure. The savings and cost comparisons are shown in Table No. 2 below.

Table No. 2: Tankless Water Heater Comparisons

Source	Annual Therm Saving Estimate	Incremental Cost	Incentive	Annual Rebate Count
Company Estimate (New Construction)	1,460	$24,049	$8,000	50
Company Estimate (New Construction)	1,715	$10,813	$6,000	25
Residential Tankless Water Heater Tier I	59	$895	$375	1,500
Avista Commercial Tankless Water Heater	274	$517	$125	10

Staff does not imply that either estimate is entirely accurate for the Company to base its measure on, but they do serve to demonstrate the relative potential savings in contrast to similar offerings.

When explaining the drivers between commercial and residential savings for storage water heaters, the Company stated in its Response to Production Request No. 12, "differences in savings come from both increased daily consumption in COM applications, 41.9 gals/day for RES and 75 gals/day for COM, as well as a higher setpoint for COM applications: 128 °F for RES vs 135 °F for COM." The Company then goes on to state, "the same factors that drive higher COM savings for Storage Water Heaters drive higher savings in Instantaneous Water

[1] Michael C. Baechler et al., "Guide to Determining Climate Regions by County," Building America Best Practices Series: Volume 7.3, August 2015, https://www.energy.gov/sites/prod/files/2015/10/f27/ba_climate_region_guide_7.3.pdf (last visited Feb. 19, 2026).

Heaters." Company Response to Production Request No. 12 at 3-4. The IL TRM provides an example formula for calculating water heating savings using the equation below.

$$\Delta Therms = \frac{(T_{out} - T_{in}) * HotWaterUse_{Gallon} * \gamma Water * 1 * \left(\frac{1}{UEF_{gasbase}} - \frac{1}{UEF_{Eff}}\right)}{100{,}000} - HPWHWasteHeat_{GasHeat}$$

Using this formula as an example, the increased water usage for commercial applications would result in 1.8 times higher savings and the higher temperature setpoint would equate to 1.05 times higher savings. Additionally, using the <200 kBTUh commercial retrofit and residential baseline specs provided in the Company's Response to Production Request No. 12, a lower baseline of .58 UEF would achieve 28% higher savings than a .81 UEF baseline.

In its Response to Production Request No. 12, the Company states:

> [T]he IL TRM 13.0 does not provide deemed savings values (UES) and instead relies on engineering algorithms with numerous and varied inputs, many of which are not specific (or applicable) to the IGC service territory and would produce comparison values which are not appropriate. Similarly, while the CA eTRM does provide UES values, the same measure can have a multitude of UES, depending upon the configuration, building type, weather zone, etc. and are too numerous to include, especially if there is no IL TRM counterpart to compare them with.

Though Staff acknowledges the impacts of building type and weather, neither of those variables would impact the result of the engineering algorithm above, and Staff believes that using the temperature, load, and efficiency differences provided by the Company provide a reasonable comparison of how these differences may affect overall savings.

Incremental Costs and Incentive

Staff also has concerns about the Company's forecasted incremental costs. The Company's commercial TRM utilized the CA eTRM and the California Energy Data and Reporting System's Database for Energy Efficient Resources ("DEER") to calculate the incremental costs and therm savings for the tankless water heater measures. The Company's TRM calculates the new construction incremental cost using the total cost per thousand British Thermal Units per Hour ("kBTUh") of capacity of the installation measure, which is the sum of the measure's labor and material cost. This value is then multiplied by the average unit capacity.

This methodology fails to account for the cost of the baseline equipment. According to the IL TRM, the baseline condition for a new construction water heater measure is "a new

standard water heater of the same type as the efficient, meeting the IECC code level in place at the time the building permit was issued." IL TRM at 208. Using the incremental cost for the large instant water heater (>= 200 kBTUh, 90% thermal efficiency) DEER measure highlighted by the Company in its TRM, the incremental cost for the tankless water heater new construction measure would be $5,627, which is less than ¼ of the incremental cost forecasted by the Company.

Upon tracing the calculations for both the new construction and retrofit measures, Staff observed that the Company is actually referencing the total measure costs for DEER measure ID "NG-WtrHt-LrgStrg-Gas-gt-75kBtuh-0p90Et," which is the large storage water heater (>75 kBTUh, 90% thermal efficiency). In its TRM, the measure highlighted by the Company is the large instant water heater >= 200 kBTUh, 90% thermal efficiency, shown in Figure No. 1 below. It is inappropriate to base the incremental cost of the tankless water heater measures on a storage water heater value.

Staff also believes that the Company's flat incentive amount will likely result in overestimated costs and savings of residential-sized equipment in the light commercial sector. In the Company's Response to Production Request No. 4, the Company referenced the worksheet "PR_04" in the file "INT-G-25-07 PR 01 CONFIDENTIAL PROPOSED COMMERCIAL UCT," which provides notes regarding each rebate forecast. [redacted] In its Response to Production Request No. 12, the Company stated, "the boiler, tankless water heater, and gas heat pump measures are offered in various sizes to accommodate the smaller sized equipment used in the light commercial customer sector." To clarify the inconsistencies in the responses, the Company explained in discussion with Staff that the gas heat pump, high-efficiency condensing boiler, furnace, tankless water heater, and storage water heater measures are intended to serve the light commercial sector. The gas heat pump and high-efficiency condensing boiler measures are tiered according to unit size, while the furnace and water heater measures are not.

According to the CA eTRM, the capacities for all residential sized tankless water heaters are below 200 kBTUh. The Company's TRM uses commercial measure capacities between 341 and 450 kBTUh, despite the presence of several commercial tankless water heater measures with

capacities < 200 kBTUh in the CA eTRM. Staff believes the large discrepancy in unit sizes introduces the potential for over-incentivizing light commercial sized units .

Figure No. 1: DEER Commercial Tankless Water Heater Offerings

CAPACITY	MEASURE CASE EFFICIENCY	STATEWIDE MEASURE OFFERING ID (TEXT)	MEASURE OFFERING DESCRIPTION (TEXT)
< 200 kBtu/hr	0.81 UEF	A	Small instant water heater, < 200 kBtu/hr, 0.81 UEF
< 200 kBtu/hr	0.87 UEF	B	Small instant water heater, < 200 kBtu/hr, 0.87 UEF
< 200 kBtu/hr	0.92 UEF	G	Small instant water heater, < 200 kBtu/hr, 0.92 UEF
< 200 kBtu/hr	0.96 UEF	H	Small instant water heater, < 200 kBtu/hr, 0.96 UEF
>= 200 kBtu/hr	84% TE	K	Large instant water heater, >= 200 kBtu/hr, 84% TE
>= 200 kBtu/hr	90% TE	D	Large instant water heater, >= 200 kBtu/hr, 90% TE
>= 200 kBtu/hr	96% TE	F	Large instant water heater, >= 200 kBtu/hr, 96% TE

According to the Company's Response to Staff Production Request No. 2, "incentive amounts started at 50% of the incremental cost. If the cost-effectiveness was greater than 1.0 based on the UCT test, the incentive was increased." Because of the issues identified with the Company's estimated incremental costs, the Company's method for setting rebate costs will also result in unreasonable values. Combined with the large discrepancy in related savings estimates, these issues reduce Staff's confidence in the accuracy or reasonableness of the proposed measures.

Storage Water Heater Measures

The other major measures proposed to cover the light commercial sector by the Company are the Storage water heater new construction and retrofit measures. The Company projects to save 899 therms per unit for the new construction measure and 1,708 therms per unit for the retrofit measure. Exhibit No. 1 to Application. Together, these measures are expected to achieve about 7% of total portfolio savings. Case No. INT-G-25-05, Attachment 1, Supplement 2 to Application – "Intermountain Gas Company Commercial TRM" and Exhibit No. 1 to Application. Staff believes the savings forecasts, incremental costs, and rebate incentives for the storage water heater new construction and retrofit measures are also overstated.

Savings Estimates

The 2024 residential storage tank water heater > 55 gallons measure saved 2 therms and the < 55 gallons measure saved 25 therms. Case No. INT-G-25-05, Application, Exhibit No. 1 at 5. Thus, the Company's commercial savings estimates are at least 35 times higher than their residential measures. Staff expects commercial measure savings to be higher than an equivalent residential measure; however, the Company's estimate appears excessive.

As described in the tankless water heater section above, the driving factors for the increase in commercial vs residential water heating savings would not equate to a 3500% difference according to the engineering algorithm contained in the IL TRM. Company Response to Production Request No. 12 and IL TRM at 208.

In 2024, Avista's commercial storage water heater savings estimate was 356 therms, or less than 40% of the Company's projected savings. Case No. AVU-G-25-09, Attachment A to Company's Response to Staff Production Request No. 8. Using Avista's expected savings, the resulting UCT ratios would be 0.6 for new construction and 0.4 for retrofit. Table No. 3 below displays the savings and cost comparisons for the storage water heater measures.

The IL TRM provides another example of savings for a 200 kBTUh, 150 gallon storage water heater with a 0.95 Uniform Energy Factor ("UEF") and a rated standby loss of 1,029 BTUh installed in a 1,500 square-foot restaurant. According to this example, total savings after accounting for standby loss would be approximately 107 therms, or 12% of the Company's estimated new construction savings. *See* IL TRM at 220.

Table No. 3: Storage Water Heater Comparisons

Source	Annual Therm Saving Estimate	Incremental Cost	Incentive	Annual Rebate Count
Company Estimate (New Construction)	899	$15,421	$3,500	2
Company Estimate (New Construction)	1,708	$5,846	$6,000	6
Residential Storage Water Heater > 55 Gallons	25	$390	$115	20
Avista Commercial Storage Water Heater	356	$594	$125	4
IL TRM Example Storage Water Heater	107	$1,135	-	-

Staff does not insinuate that either estimate is entirely accurate for the Company to base its measure on, but they do serve to demonstrate the relative potential savings in contrast to similar offerings.

Incremental Costs and Incentive

Staff also observed that similar to the tankless water heater measures, the Company's flat incentive is calculated using storage water heater capacities that are larger than residential-sized units. To calculate savings, the Company used capacities between 341 and 450 kBTUh, which are the same capacities used in the tankless water heater analysis. Case No. INT-G-25-05, Attachment 1, Supplement 2 to Application – "Intermountain Gas Company Commercial TRM." According to the CA eTRM, residential units have capacities below 75 kBTUh, as shown in Figure No. 2 below. Similarly, the incremental costs are calculated using storage water heaters with capacities between 75 and 250 gal. *Id.* Because the incentive amount is initially calculated as 50% of the incremental cost, this would result in an inflated rebate incentive for residential-sized equipment.

Figure No. 2: DEER Commercial Storage Water Heater Options

SYSTEM SIZE	MEASURE CASE EFFICIENCY	STATEWIDE MEASURE OFFERING ID (TEXT)	MEASURE OFFERING DESCRIPTION (TEXT)
> 75 kBtu/hr	90% TE	H	Large storage water heater, > 75 kBtu/hr, 90% TE
> 75 kBtu/hr	96% TE	I	Large storage water heater, > 75 kBtu/hr, 96% TE
30 gal	0.64 UEF	B	Small storage water heater, <= 75 kBtu/hr, 30 gal, med. draw, 0.64 UEF
30 gal	0.68 UEF	A	Small storage water heater, <= 75 kBtu/hr, 30 gal, high draw, 0.68 UEF
40 gal	0.64 UEF	D	Small storage water heater, <= 75 kBtu/hr, 40 gal, med. draw, 0.64 UEF
40 gal	0.68 UEF	C	Small storage water heater, <= 75 kBtu/hr, 40 gal, high draw, 0.68 UEF
50 gal	0.64 UEF	F	Small storage water heater, <= 75 kBtu/hr, 50 gal, med. draw, 0.64 UEF
50 gal	0.68 UEF	E	Small storage water heater, <= 75 kBtu/hr, 50 gal, high draw, 0.68 UEF

For the storage water heater new construction measure, the incremental cost calculation does not include a reasonable baseline comparison. Instead, the Company used the average total unit cost per capacity from a table of gas storage water heaters with efficiencies ranging from 0.56 and 0.9 UEF and multiplied by an average unit capacity. If the Company were to use the average incremental costs for all DEER storage water heaters listed in its TRM and multiply those costs by the average capacity, the incremental cost for a new construction measure would be $8,766, which is about 43% lower than the Company's estimate of $15,421. Case No. INT-G-25-05, Attachment 1, Supplement 2 to Application – "Intermountain Gas Company Commercial TRM."

Portfolio Impacts

Based on the issues discovered in its analysis, Staff does not believe the estimates and the selected rebates for the proposed storage water heater and tankless water heater measures are appropriate. Additionally, because these two measures combined compose an overwhelming proportion of the Company's anticipated portfolio, Staff cannot provide a clear recommendation regarding the Company's other proposed changes. However, Staff believes there may be potential for the Company to develop a cost-effective portfolio after adjusting the rebate levels and saving estimates for the tankless and storage water heater measures. Staff recommends that the Commission reject the Company's proposal and direct the Company revise and refile its proposals.

Other Rebates

Several of the rebates, including the storage water heater retrofit, gas heat pump ("GHP") 65-135 kBTUh, GHP 135-240 kBTUh, high-efficiency condensing boiler <300 kBTUh, and Energy Star dishwasher high temp, have incentives that exceed the incremental costs of the measures as shown in Table No. 4 below. Case No. INT-G-25-05, Attachment 1, Supplement 2 to Application – "Intermountain Gas Company Commercial TRM" and Exhibit No. 1 to Application. The Company explained that this was a result of rebate levels being increased as long as cost-effectiveness was maintained. Company's Response to Staff Production Request No. 2. However, given the lack of portfolio maturity, Staff recommends the

Company reduce costs by setting incentives no higher than 100% of incremental costs until the portfolio becomes more established.

The Company plans to improve EE-GS rebate offerings by retiring the condensing unit heater and Energy Star steamer measures and to reduce the incentives for the Energy Star fryer and Energy Star griddle measures. Exhibit No. 2 to Application. In 2024, the condensing unit heater and Energy Star steamer measures did not receive any rebate applications, and the Energy Star fryer and Energy Star griddle measures were not cost-effective under the UCT. Case No. INT-G-25-05, Exhibit No. 1 to Application at 16, 19-20, 21.

The Company also proposes to restructure incentives for the boiler reset control and high-efficiency condensing boiler measures. Instead of the existing flat incentives of $350 and $5,975, respectively, the Company will base the proposed incentives on the capacity of the units installed. Exhibit No. 1 to Application. For the boiler reset control measure, the incentive will be $1.50 per 300 thousand kBTUh of capacity. Exhibit No. 2 to Application. For the high-efficiency condensing boiler measure, the Company proposes two separate rebates: units with a capacity > 300 kBTUh offered at $6,000 and units with a capacity < 300 kBTUh offered at $1,500. *Id.*

Table No. 4: Measures with Incentives Greater than Incremental Costs

Measure	Incremental Cost	Proposed Incentive	% of Incremental Cost
Storage Water Heater Retrofit	$5,846.00	$6,000	103%
GHP 65-135 kBtuh	$3,457.00	$6,000	174%
GHP 135-240 kBtuh	$3,547.00	$10,000	282%
High Efficiency Condensing Boiler <300 kBtuh	$1,175.00	$1,500	128%
Energy Star Dishwasher High Temp	$502.00	$500	100%

Staff is generally not opposed to these proposed changes. However, Staff's recommendations regarding the water heater measures have a profound effect on the overall cost-effectiveness of the Company's portfolio. Staff believes it would be appropriate to evaluate all proposed changes in the context of the portfolio.

Rider Balance

By December of 2024, the commercial EE Rider balance was overfunded by $1,034,285. Application at 6. As of September 30, 2025, the rider was overfunded by $716,924. *Id.* In Order No. 36337, the Commission reduced the EEC-GS rate from $0.00320 per therm to zero. As discussed in detail above, the overfunded EEC-GS balance is mostly attributable to slow uptake in the EE program by commercial customers, which the Company is taking steps to address.

Participation Forecasts

Staff recognizes that accurately forecasting participation and rebate activity is difficult. However, the Company is forecasting a significant increase in paid rebates, from 22 rebates in 2024 to 283 rebates following the implementation of the new light commercial measures. 2024 Annual Report at 23-25 and Exhibit No. 1 to Application. Historically, the commercial EE Program has not exceeded 30 rebates per year since the program's inception in 2021. 2021 Annual Report at 21, 2022 Annual Report at 18, 2023 Annual Report at 22-23, and 2024 Annual Report at 23-25.

The Company has a history of over-forecasting rebate counts in prior filings. In Case No. INT-G-24-03, the Company forecasted payouts for [redacted] rebates in 2024. Case No. INT-G-24-03, Company's Response to Staff Production Request No. 5. According to the 2024 Annual Report, the Company paid 22 rebates in 2024. 2024 Annual Report at 23-25.

Expense Forecasts

In Case No. INT-G-24-03, the Company forecasted $400,833 for 2026 commercial EE program expenses. Case No. INT-G-24-03, Exhibit No. 2 to Application. The Company stated, "[t]he forecast includes implementing additional commercial measures as well as implementing custom energy efficiency commercial projects in 2026 which could have a dramatic impact on future rebate expenses." Case No. INT-G-24-03, Application at 5. The Company now forecasts $866,100 for 2026 commercial EE Program expenses. Application at 6.

Additionally, a large portion of the Company's forecasted expense is tied to the tankless water heater and storage water heater measures' incentive size and forecasted participation. Potential adjustments to these values could have a pronounced effect on potential program expense. As described in further detail in the respective sections, Staff believes that the incentive value for each of these measures is overstated.

The Company's forecasting trends are pertinent in this case because the Commission ordered the Company to file an Application before the EEC-GS became underfunded. Order No. 36337. If the Company's forecast is accurate, the EEC-GS balance will become underfunded within the first 12 months of the program. However, the Company did not request an increase to the Rider rate in this filing. Staff believes the overfunded commercial EEC-GS balance may take longer than anticipated to become underfunded; thus, Staff will continue to monitor the balance and make additional requests to the Company, if necessary.

STAFF RECOMMENDATION

Based on its investigation, Staff recommends that the Commission reject the Company's proposals and order the Company to revise its proposed commercial rebate program and refile.

Respectfully submitted this 26th day of February 2026.

Jeffrey R. Loll
Deputy Attorney General

Technical Staff: Jason Talford, Rebecca Cottrell, Laura Conilogue

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 26th DAY OF FEBRUARY 2026, SERVED THE FOREGOING **AMENDED REDACTED COMMENTS OF THE COMMISSION STAFF,** IN CASE NO. INT-G-25-07, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

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PATRICIA JORDAN, SECRETARY