

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER'S)
APPLICATION FOR A DETERMINATION) **CASE NO. IPC-E-14-04**
OF 2013 DEMAND SIDE MANAGEMENT)
(DSM) EXPENSES AS PRUDENTLY) **NOTICE OF APPLICATION**
INCURRED)
) **NOTICE OF**
) **MODIFIED PROCEDURE**
)
) **NOTICE OF**
) **INTERVENTION DEADLINE**
)
) **ORDER NO. 33032**

YOU ARE HEREBY NOTIFIED that on March 17, 2014, Idaho Power Company (“Idaho Power” or “Company”) submitted its Demand-Side Management 2013 Annual Report (“DSM 2013 Annual Report”) and makes Application to the Idaho Public Utilities Commission (“Commission”) for an Order designating Idaho Power’s expenditures of \$21,748,331 in Idaho Energy Efficiency Rider (“Rider”) funds and \$4,203,155 of demand response (“DR”) program incentives included in the 2014 Power Cost Adjustment (“PCA”), for a total of \$25,951,486, as prudently incurred demand-side management (“DSM”) expenses.

YOU ARE FURTHER NOTIFIED that the Idaho Conservation League (“ICL”) and Industrial Customers of Idaho Power (“ICIP”) submitted Petitions to Intervene as a party. Subsequently, the Commission granted their petitions for leave to intervene as a party in this case.

YOU ARE FURTHER NOTIFIED that pursuant to reporting requirements included in Commission Order No. 29419 and in accordance with agreed upon guidelines set forth in the Memorandum of Understanding for Prudency Determination of DSM Expenditures (“DSM MOU”), Idaho Power included a copy of its 2013 DSM Annual Report and Supplements 1 and 2.

YOU ARE FURTHER NOTIFIED that the Company also included the Direct Testimony of Darlene Nemnich, Senior Regulatory Analyst, with its Application. According to the Company, the DSM 2013 Annual Report and accompanying Nemnich testimony provide a

sufficient basis for the Commission to determine whether Idaho Power's DSM expenses were prudently incurred.

YOU ARE FURTHER NOTIFIED that Idaho Power states that it offered 18 energy efficiency programs in 2013, one active demand response program, several educational initiatives, and savings to customers through market transformation programs. Idaho Power estimates annual energy savings from its energy efficiency activities totaled 107,284 megawatt-hours ("MWh"), which includes 18,346 MWh (preliminary estimate) stemming from the Company's participation with Northwest Energy Efficiency Alliance in 2013.

YOU ARE FURTHER NOTIFIED that the Company says that its overall energy savings is down this year. The DSM 2013 Annual Report explains that this reduction in energy savings in 2013 is due, in part, to Idaho Power and the region's increased evaluation, measurement, and verification activities.

YOU ARE FURTHER NOTIFIED that Idaho Power's expenditures on DSM-related activities decreased in 2013, largely due to the suspension of two demand response programs. In 2013, the Company's total system-wide expenditures on DSM-related activities totaled \$26,841,379. The \$26,841,379 of system-wide, DSM-related expenses in 2013 includes expenditures for customers in Oregon and other operations and maintenance expenses that are not before the Commission as part of this prudence request.

YOU ARE FURTHER NOTIFIED that Idaho Power's filing seeks a determination that a total of \$25,951,486 expenditures were prudently incurred in 2013 (\$21,748,331 in Rider expenses and \$4,203,155 in DR program expenses included in the 2014 PCA).

YOU ARE FURTHER NOTIFIED that the Company attached direct testimony describing several adjustments to the total dollar amounts contained in the DSM 2013 Annual Report.

YOU ARE FURTHER NOTIFIED that the Company requests that the Commission accept Custom Efficiency Transfer Adjustments, Adjustments for Rider-Funded Labor-Related Expenses, Adjustments for A/C Cool Credit Switch Expenses, Prior Year-End Adjustments, and Current Year-End Adjustments.

YOU ARE FURTHER NOTIFIED that the Company states that its 2013 DSM Annual Report calculates cost-effectiveness from the Rate Impact Measure ("RIM"), the

Participant Cost Test (“PCT”), the Utility Cost Test (“UCT”), and the Total Resource Cost Test (“TRC”) perspectives at the program level, except for those programs with no customer costs, in which case the PCT is not applicable. This includes DR and low-income weatherization programs which are evaluated at the UCT and TRC perspectives. Idaho Power also evaluates cost-effectiveness using the UCT and TRC tests for each measure within a program where the measures are not interactive.

YOU ARE FURTHER NOTIFIED that the 2013 DSM Annual Report, Supplement 1 includes detailed results of the cost-effectiveness tests by program and by measure. The DSM 2013 Annual Report, Appendix 4 shows the historical UCT and TRC results for each of Idaho Power’s active DR and energy efficiency programs from a program-life perspective. Results show that of the 15 energy efficiency programs for which the Company claims savings in 2013, 11 programs had benefit/cost ratios greater than 1.0 for both the TRC and UCT.

YOU ARE FURTHER NOTIFIED that two programs had benefit/cost ratios less than 1.0 for the TRC but greater than 1.0 for the UCT, two programs had benefit/cost ratios less than 1.0 for both the TRC and UCT, and one program had a benefit/cost ratio of less than 1.0 for the PCT.

YOU ARE FURTHER NOTIFIED that the cost-effectiveness calculation for the FlexPeak Management program shows benefit/cost ratios greater than 1.0 from the TRC and the UCT perspective when evaluated from a five-year life-cycle perspective; cost/benefit analyses were not performed on the A/C Cool Credit and Irrigation Peak Rewards programs because they were suspended in 2013.

YOU ARE FURTHER NOTIFIED that for the DSM 2013 Annual Report, Idaho Power used Net-to-Gross Adjustments as an input to cost-effectiveness calculations where appropriate.

YOU ARE FURTHER NOTIFIED that Idaho Power claims that independent, third-party consultants were used to provide impact and process evaluations to verify that program specifications were met, provided viable recommendations for program improvement, and validated energy savings achieved through Idaho Power’s programs. In 2013, these independent third-party consultants conducted process evaluations on six programs and an impact evaluation on one program. In addition, Idaho Power conducted its annual internal analysis and reports for

the FlexPeak Management and the Irrigation Peak Rewards programs. Copies of these reports can be found in the DSM 2013 Annual Report, Supplement 2.

YOU ARE FURTHER NOTIFIED that Idaho Power believes that a technical hearing is unnecessary in this case and requests that the Commission process its Application through Modified Procedure.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the Company’s filing in Case No. IPC-E-14-04 and finds that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission’s Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position concerning Idaho Power’s Application may file a written comment in support or opposition with the Commission. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning Idaho Power’s Application shall be filed with the Commission **no later than 90 days from the date of this Order**. Written comments concerning this filing should be mailed to the Commission and the Company at the addresses written below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

Julia A. Hilton
Regulatory Dockets
Idaho Power Company
P.O. Box 70
Boise, ID 83707
E-mail: jhilton@idahopower.com
dockets@idahopower.com

Darlene Nemnich
Tami White
Idaho Power Company
P.O. Box 70
Boise, ID 83707
E-mail: dnemnich@idahopower.com
twhite@idahopower.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Case Comment or Question Form" under the "Consumers" tab, and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to Idaho Power at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that Idaho Power's Application and supporting workpapers, testimonies and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and testimonies are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Open Electric Cases," and then click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that the Idaho Public Utilities Commission has jurisdiction over the Company, its filing and the issues pertaining to this case pursuant to Title 61 of the Idaho Code.

YOU ARE FURTHER NOTIFIED that 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 case for the purpose of presenting evidence or cross-examination at hearing shall file a Petition to Intervene with the Commission.

ORDER

IT IS HEREBY ORDERED that persons interested in submitting written comments regarding Idaho Power's Application in IPC-E-14-04 should do so no later than 90 days from the date of this Order.

IT IS FURTHER ORDERED that persons desiring to intervene in Case No. IPC-E-14-04 should do so no later than fourteen (14) days from the date of this Order.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 30th
day of April 2014.



PAUL KJELLANDER, PRESIDENT




MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

O:IPC-E-14-04_np