

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. IPC-E-17-03
OF IDAHO POWER COMPANY FOR A)	
DETERMINATION OF 2016 DEMAND-SIDE)	NOTICE OF APPLICATION
MANAGEMENT EXPENDITURES AS)	
PRUDENTLY INCURRED)	NOTICE OF
)	INTERVENTION DEADLINE
)	
)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 33737

On March 15, 2017, Idaho Power Company filed an Application requesting the Commission’s determination that the Company prudently incurred demand-side management (DSM) expenses in 2016, as well as incremental DSM labor expenses incurred from 2011-2016 that have yet to be deemed prudent. Generally, a utility incurs DSM expenses by developing and operating programs that are designed to reduce or shift customers’ energy consumption and improve their efficient use of energy. The Commission will allow the utility an opportunity to recover its DSM expenses through rates if the Commission finds that the expenses were prudently incurred. However, if the Commission finds any of the DSM expenses were not prudently incurred, then it will not allow the utility to recover those expenses through rates, and the disallowed expenses will be borne by the utility’s shareholders and not by customers.

With this Order, the Commission summarizes the Application, directs that it be processed under the Commission’s Rules of Modified Procedure and sets deadlines for interested persons to intervene as parties in the case or to otherwise file written comments.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company states that in 2016, DSM efforts increased the Company’s annual energy savings by 4% and exceeded the savings target specified in the Company’s Integrated Resource Plan. Application at 3-4. The Company says its DSM efforts saved 170,792 megawatt hours (MWh), including 24,616 MWh of energy efficiency market transformation savings through the Northwest Energy Efficiency Alliance (“NEEA”). *Id.* The Company offered its customers 22 energy efficiency programs, three demand response programs, and several educational initiatives. Aschenbrenner Direct at 4.

NOTICE OF APPLICATION
 NOTICE OF INTERVENTION DEADLINE
 NOTICE OF MODIFIED PROCEDURE
 ORDER NO. 33737

YOU ARE FURTHER NOTIFIED that the Company's 2016 energy savings consisted of 42,269 MWh from the residential sector, 88,161 MWh from the commercial/industrial sector, and 15,747 MWh from the irrigation sector, in addition to the savings through NEEA initiatives. Application at 3-4. The Company reports it enrolled enough participants in its demand response programs to provide 392 MW of load shedding capacity, and that the programs ultimately reduced demand by 378 MW. *Id.* at 4.

YOU ARE FURTHER NOTIFIED that the Company funds its Idaho energy efficiency programs through the Idaho Energy Efficiency Rider, base rates, and the annual Power Cost Adjustment (PCA). *Id.* at 1, 4-5. With this Application, the Company asks the Commission to find that the Company prudently incurred \$40,242,182 in expenses. *Id.* at 1. The Company states these expenses include \$31,321,862 in Idaho Energy Efficiency Rider expenses, and \$7,059,420 in demand response program incentive payments for 2016, calculated after several adjustments to amounts set forth in the DSM Report. *Id.* at 5-6. The Company also seeks a prudence determination for \$1,860,901 of incremental DSM labor expenses incurred from 2011 through 2016 that have yet to be deemed prudent, but which the Company believes "were prudently incurred and necessary to acquire the total energy savings and demand response capacity achieved" from 2011 to 2016. *Id.* at 5-6, 10.

YOU ARE FURTHER NOTIFIED that the Company's Application describes the Company's evaluation of its DSM programs and whether they were cost-effective in 2016. The DSM Report discusses the cost-effectiveness of the Company's DSM programs and energy savings measures in greater detail.

YOU ARE FURTHER NOTIFIED that the Company says it used the following benefit/cost tests to determine the cost-effectiveness of its energy efficiency programs and measures: (1) the total resource cost test ("TRC"); (2) the utility cost test ("UCT"); (3) the participant cost test ("PCT"); and (4) the ratepayer impact measure test ("RIM").¹ Application at

¹ The four tests examine a program's cost-effectiveness from different perspectives. In summary, the TRC compares program administrator costs and customer costs to utility resource savings, and assesses whether the total cost of energy in a utility's service territory will decrease. The UCT compares program administrator costs to supply-side resource costs, and assesses whether utility bills will increase. The PCT compares the costs and benefits of the customer installing the measure, and assesses whether program participants will benefit over the measure's life. The RIM measures the impact to customer bills or rates due to changes in utility revenues and operating costs caused by an energy efficiency program. Under these tests, a program or measure is deemed cost-effective if it has a benefit/cost ratio above 1.0.

3. The Company reports that in 2016, its overall energy efficiency portfolio was cost-effective from TRC, UCT, and PCT perspectives with ratios of 2.56, 3.58, and 2.93 respectively. *Id.* at 7. Of the Company's Idaho energy efficiency programs, 11 were cost-effective from the UCT or TRC perspectives. *Id.* at 8. Three of the programs – the Home Improvement program, Fridge and Freezer Recycling program, and weatherization programs for income-qualified customers – were not cost-effective from either the TRC or UCT perspectives, or both; these programs are being discontinued or evaluated for discontinuation. *Id.* at 7-8.

YOU ARE FURTHER NOTIFIED that when assessing the cost-effectiveness of its demand response programs, the Company does not calculate a benefit/cost ratio. Rather, the Company uses a predetermined annual value of \$16.7 million, which was established by Commission Order No. 32923. The Company estimated that the three demand response programs, if fully dispatched, would have cost a total of about \$12.9 million on a system-wide basis – well under the \$16.7 million value. *Id.* at 8-9.

YOU ARE FURTHER NOTIFIED that the Company reports that independent, third-party consultants were used to provide impact and process evaluations to verify that program specifications are met, recommend improvements, and validate program-related energy savings. In 2016, impact evaluations were completed on six programs and process evaluations were completed on two programs. *Id.* at 9.

YOU ARE FURTHER NOTIFIED that the Company's Application notes that it received input from various stakeholders, including the Company's Energy Efficiency Advisory Group, in developing the Company's DSM activities. *Id.* at 9-10.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers, including testimony from Connie Aschenbrenner, the DSM 2016 Annual Report, and supplements, have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and other documents 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 all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code, including *Idaho*

Code §§ 61-501 and -503. The Commission may enter any final Order consistent with its authority under Title 61.

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-examining witnesses must file a Petition to Intervene with the Commission, pursuant to Rule 72 and 73 of the Commission’s Rules of Procedure (IDAPA 31.01.01.000 *et seq.*), **no later than 14 days after the date of service of this Order.** Persons desiring to present their views without parties’ rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or to other parties, as discussed below.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined 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 on this Application may file a written comment in support or opposition with the Commission by **Thursday, July 20, 2017.** 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 this Application shall be mailed to the Commission and Idaho Power at the addresses reflected below:

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

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

Lisa D. Nordstrom
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-mail: lnordstrom@idahopower.com
dockets@idahopower.com

Connie Aschenbrenner
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-mail: caschenbrenner@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 the Company shall file reply comments, if any, by **Thursday, August 10, 2017**.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

ORDER

IT IS HEREBY ORDERED that this Application be processed under Modified Procedure, Rules 201-204, IDAPA 31.01.01.201-.204.

IT IS FURTHER ORDERED that persons desiring to intervene in this case for the purpose of presenting evidence or cross-examining witnesses must file a Petition to Intervene with the Commission, pursuant to Rules 72 and 73, IDAPA 31.01.01.72-73, no later than 14 days after the service date of this Order.

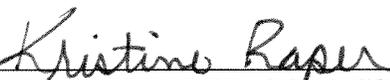
NOTICE OF APPLICATION
NOTICE OF INTERVENTION DEADLINE
NOTICE OF MODIFIED PROCEDURE
ORDER NO. 33737

IT IS FURTHER ORDERED that persons interested in submitting written comments must do so by July 20, 2017. The Company may file a reply no later than August 10, 2017.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 29th day of March 2017.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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