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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR A)
DETERMINATION OF 2019 DEMAND-) CASE NO. IPC-E-20-15
SIDE MANAGEMENT EXPENSES AS)
PRUDENTLY INCURRED.)
_____)

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

PAWEL P. GORALSKI

1 Q. Please state your name and business address.

2 A. My name is Pawel P. Goralski. My business
3 address is 1221 West Idaho Street, Boise, Idaho 83702.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by Idaho Power Company ("Idaho
6 Power" or "Company") as a Regulatory Analyst in the
7 Regulatory Affairs Department.

8 Q. Please describe your educational background.

9 A. In May of 2007, I received a Bachelor of
10 Administration degree in Finance from Boise State
11 University in Boise, Idaho. I have also attended "The
12 Basics: Practical Regulatory Training for the Electric
13 Industry," an electric utility ratemaking course offered
14 through the New Mexico State University's Center for Public
15 Utilities, "Electric Utility Fundamentals and Insights," an
16 electric utility course offered by Western Energy
17 Institute, and "Electric Rates Advanced Course," an
18 electric utility ratemaking course offered through Edison
19 Electric Institute.

20 Q. Please describe your work experience with
21 Idaho Power.

22 A. In 2017, I was hired as a Regulatory Analyst
23 in the Company's Regulatory Affairs Department. My primary
24 responsibilities include supporting the Company's class
25 cost-of-service activities, supporting activities

1 associated with demand-side management ("DSM"), and I have
2 been the Company's witness supporting its annual Fixed Cost
3 Adjustment calculation and corresponding rates.

4 Q. What is the purpose of your testimony in this
5 case?

6 A. The purpose of my testimony is to present the
7 Company's request for a determination that \$45,079,479 of
8 DSM expenses incurred for the acquisition of demand-side
9 resources in 2019 were prudently incurred. This amount
10 includes \$38,083,244 funded in 2019 by the Idaho Energy
11 Efficiency Rider ("Rider") and \$6,996,236 of demand
12 response program incentive payments funded through base
13 rates and tracked annually through the Power Cost
14 Adjustment ("PCA"). Additionally, the Company is
15 requesting to remove separate reporting requirements for
16 its Flex Peak Program, as the same reporting is included as
17 part of the Company's annual DSM Report filing.

18 The 2019 energy savings represent Idaho Power's all-
19 time highest annual incremental energy savings achievement
20 since the establishment of the Idaho Rider in 2002. The
21 2019 Rider-funded DSM expenses for which Idaho Power is
22 seeking a prudence determination is an 11 percent increase
23 from the 2018 Rider-funded DSM expenses reviewed in last
24 year's prudence case, Case No. IPC-E-19-11. This increase
25 in 2019 expenses was driven by a 17 percent increase in

1 system-wide energy savings from 2018 energy savings when
2 considering Idaho Power's energy efficiency programs alone.
3 When the Northwest Energy Efficiency Alliance ("NEEA")
4 estimated savings are included, the 2019 energy savings
5 experienced an increase of 10 percent from 2018 levels.

6 My testimony will (1) provide a review of 2019 DSM
7 program performance, (2) discuss 2019 DSM expenses and
8 adjustments, (3) provide an overview of 2019 cost-
9 effectiveness and future implementation of the Utility Cost
10 Test ("UCT") as the primary energy efficiency cost-
11 effectiveness test, (4) review evaluation efforts, (5)
12 describe opportunities for stakeholder input, and (6)
13 request to remove separate Flex Peak Program reporting
14 requirements.

15 **I. 2019 DSM PROGRAM PERFORMANCE**

16 Q. What is Idaho Power's focus when evaluating
17 program performance?

18 A. Idaho Power takes its responsibility of
19 prudently managing customer funds seriously and the Company
20 believes it is important to get the maximum value for its
21 customers. The Company's actions in 2019, and the content
22 of the *Demand-Side Management 2019 Annual Report* ("DSM 2019
23 Annual Report"), Attachment 1 to the Application filed in
24 this proceeding, provide evidence supporting the
25 conscientious work Idaho Power employees and leaders made

1 toward using customers' funds wisely to support DSM
2 activities.

3 Q. Please provide an overview of Idaho Power's
4 DSM efforts in 2019.

5 A. In 2019, on a system-wide basis, Idaho Power
6 offered a broad portfolio of energy efficiency programs and
7 demand response programs available to all customer
8 segments, participated in market transformation efforts
9 through NEEA, and offered several educational and
10 behavioral initiatives including the Residential Energy
11 Efficiency Education Initiative, seasonal contests, the
12 School Cohort, the Home Energy Report Pilot, and other
13 activities. Idaho Power also worked with its Energy
14 Efficiency Advisory Group ("EEAG") to identify
15 opportunities for increased effectiveness in program
16 delivery and marketing. A summary of Idaho Power's 2019
17 DSM programs is provided in Table 1 below.

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Table 1. 2019 DSM Programs by Sector, Operational Type, and Location

Program by Sector	Operational Type	State
Residential		
A/C Cool Credit.....	Demand Response	ID/OR
Easy Savings: Low-Income Energy Efficiency Education	Energy Efficiency	ID
Educational Distributions	Energy Efficiency	ID/OR
Home Energy Report Pilot Program.....	Energy Efficiency	ID
Energy Efficient Lighting	Energy Efficiency	ID/OR
Energy House Calls	Energy Efficiency	ID/OR
Heating & Cooling Efficiency Program	Energy Efficiency	ID/OR
Home Energy Audit Program	Energy Efficiency	ID
Multifamily Energy Savings Program	Energy Efficiency	ID/OR
Oregon Residential Weatherization	Energy Efficiency	OR
Rebate Advantage	Energy Efficiency	ID/OR
Residential New Construction Pilot Program	Energy Efficiency	ID/OR
Shade Tree Project.....	Energy Efficiency	ID
Simple Steps, Smart Savings™	Energy Efficiency	ID/OR
Weatherization Assistance for Qualified Customers	Energy Efficiency	ID/OR
Weatherization Solutions for Eligible Customers	Energy Efficiency	ID
Commercial/Industrial		
Commercial and Industrial Energy Efficiency Program		
Custom Projects.....	Energy Efficiency	ID/OR
Green Motors—Industrial	Energy Efficiency	ID/OR
New Construction.....	Energy Efficiency	ID/OR
Retrofits	Energy Efficiency	ID/OR
Commercial Energy-Saving Kit	Energy Efficiency	ID/OR
Flex Peak Program	Demand Response	ID/OR
Oregon Commercial Audits.....	Energy Efficiency	OR
Irrigation		
Irrigation Efficiency Rewards	Energy Efficiency	ID/OR
Green Motors—Irrigation	Energy Efficiency	ID/OR
Irrigation Peak Rewards.....	Demand Response	ID/OR
All Sectors		
Northwest Energy Efficiency Alliance	Market Transformation	ID/OR

Table 1 illustrates the broad availability of programs offered by Idaho Power to its customers in energy efficiency, demand response, and education. Idaho Power's energy efficiency portfolio was cost-effective, resulting in a 2.72 benefit/cost ratio when evaluated from a UCT

1 perspective, a 2.12 benefit/cost ratio when evaluated from
2 a Total Resource Cost ("TRC") test perspective, and 2.79
3 benefit/cost ratio when evaluated from a Participant Cost
4 Test ("PCT") perspective.

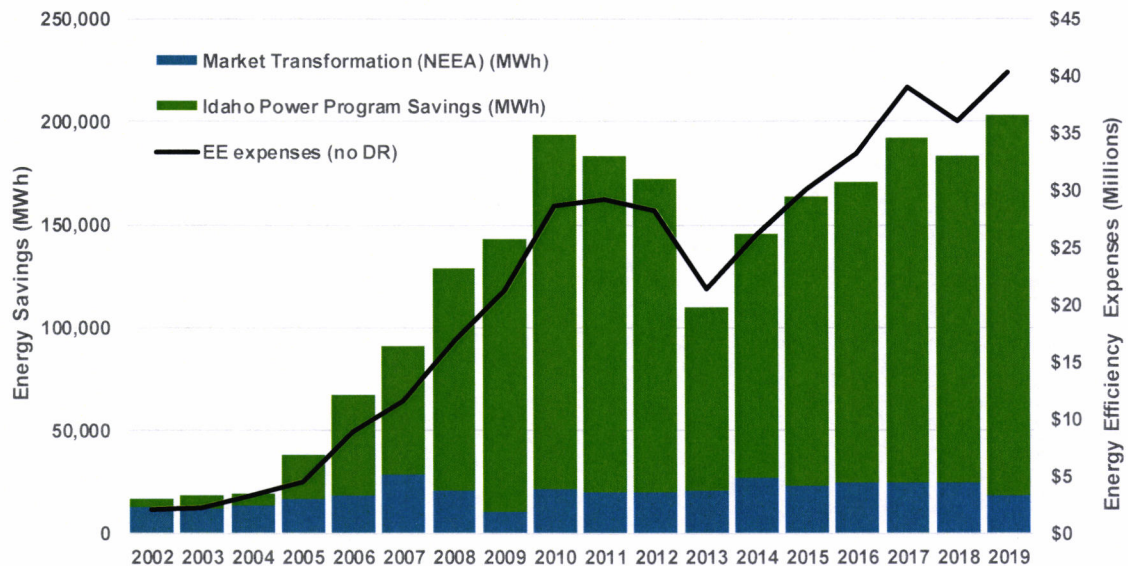
5 The DSM 2019 Annual Report provides details for each
6 program, including a description of each program, 2019
7 performance and activities, cost-effectiveness, customer
8 satisfaction, and evaluation results when applicable. In
9 addition, the DSM 2019 Annual Report provides a description
10 of Idaho Power's DSM strategies for 2020.

11 Q. What level of incremental annual energy
12 efficiency savings was achieved in 2019?

13 A. On a system-wide basis, Idaho Power achieved
14 203,041 megawatt-hours ("MWh") of incremental annual energy
15 efficiency savings in 2019. This value includes 184,934
16 MWh from Idaho Power's energy efficiency programs and an
17 estimated 18,108 MWh¹ of energy efficiency market
18 transformation savings through NEEA initiatives. Chart 1
19 below shows the incremental annual energy efficiency
20 savings in MWh from 2002 to the current year. Also shown
21 in this chart are the total energy efficiency expenses for
22 each year in millions of dollars.

¹ Because Idaho Power will not receive final 2019 savings from NEEA until May 2020, the NEEA-attributable savings is an estimate provided to Idaho Power by NEEA.

Chart 1. Incremental Annual Energy Efficiency Savings (MWh) and Energy Efficiency Expenses (\$ millions) 2002-2019



Note: 2019 NEEA market-transformation savings are estimated.

Q. In 2019, did Idaho Power meet the energy efficiency targets included in its 2017 Integrated Resource Plan ("IRP")?

A. Yes. Chart 2 below shows the annual incremental energy efficiency savings, in average megawatt-hours ("aMW"), compared with the IRP targets for 2002 through 2019.

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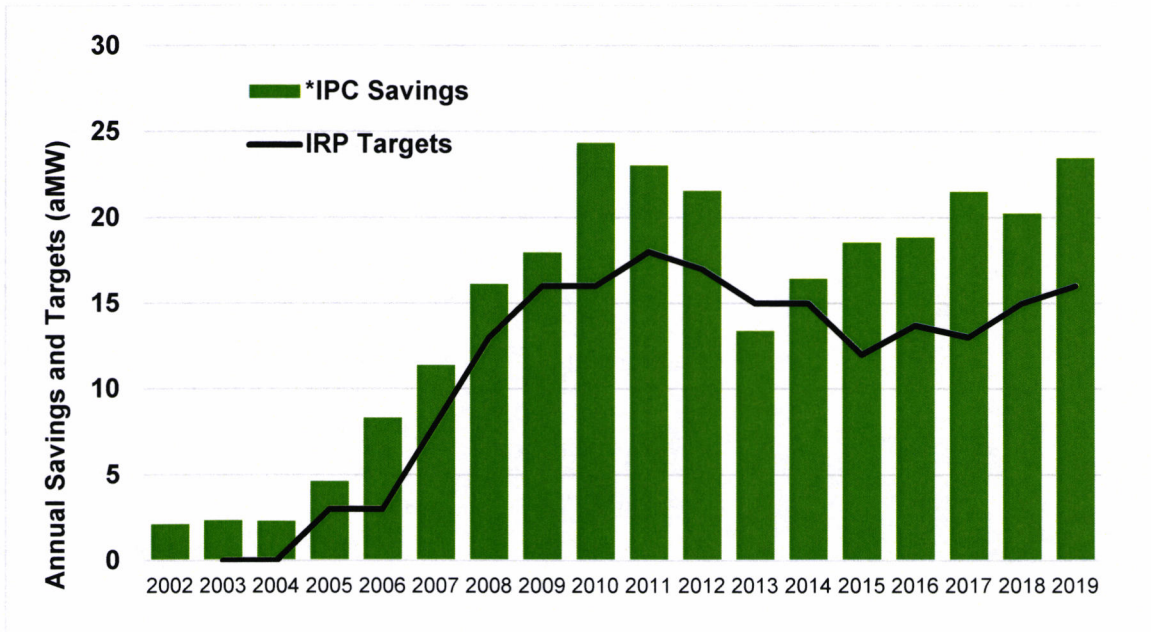
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1 **Chart 2. Annual Incremental Energy Efficiency Savings**
 2 **(aMW) with IRP Targets (2002-2019)**



3 *NEEA codes and standards savings were removed because they are not
 4 included in IRP targets.
 5
 6

7 Q. Did any programs experience large increases in
 8 savings from the prior year?

9 A. Yes. The Custom Projects option in the
 10 Commercial and Industrial Energy Efficiency Program
 11 experienced a 50 percent increase in 2019 as compared to
 12 2018. The increase in savings was due to more projects in
 13 general than 2018, as well as several large projects.

14 Q. Did any programs experience a decline in
 15 savings?

16 A. Yes. Irrigation Efficiency Rewards energy
 17 savings decreased by 47 percent to 10,073,455 kilowatt-
 18 hours. The energy savings reduction is due to significant
 19 reduction in Regional Technical Forum ("RTF") measure

1 deemed savings released in the spring of 2018. The Company
2 is participating in an RTF irrigation workgroup that will
3 help inform irrigation measure replacement practices that
4 drive deemed savings. Residential Energy Efficient
5 Lighting and Educational Distributions also both declined,
6 by 14 percent and 33 percent, respectively.

7 Q. Was the savings decline related to lighting
8 anticipated?

9 A. Yes. As mentioned in prior years' annual DSM
10 filings, residential lighting savings were anticipated to
11 decrease in 2019 as implementation of the 2020 Phase II
12 code required by the Energy Independence and Security Act
13 of 2007 ("EISA") approached. Phase II requires most bulbs
14 be 60-70 percent more efficient than incandescent light
15 bulbs. While energy savings from energy efficient lighting
16 will be realized in grid savings and customer energy usage,
17 energy savings will no longer count in energy efficiency
18 program savings but will be accounted for in the Company's
19 load forecast once it is part of standards.

20 Q. Will EISA become part of lighting standards in
21 2020?

22 A. That remains uncertain at this time. Final
23 rules issued by the Department of Energy in September 2019
24 seek to limit definitions of general service incandescent
25 light bulbs that would eliminate parts of EISA from

1 becoming the standard. Several states and other entities
2 have begun legal action against the Department of Energy to
3 challenge the more limited definition in the final rules.

4 Q. How is Idaho Power evaluating lighting energy
5 savings with the uncertainty of the EISA standard?

6 A. Idaho Power, with support from EEAG, continued
7 using the "period 1/pre-EISA" savings which assume EISA is
8 no longer in effect for both specialty bulbs and general
9 service incandescent lamps for savings calculations for
10 2020. The Company will also continue to monitor how
11 utilities in the region incorporate the latest RTF numbers
12 beyond 2020.

13 Q. Does the Company engage in customer education
14 and outreach activities for which it cannot quantify or
15 report savings?

16 A. Yes. The Company engages in significant
17 educational and awareness activities and marketing efforts
18 that are likely to result in energy savings experienced by
19 the customer but are not quantified or claimed as part of
20 Idaho Power's annual savings. These efforts are designed
21 to reach all customer segments and are more fully explained
22 on pages 1-2 of the DSM 2019 Annual Report. In 2019 this
23 included activity such as: holding technical trainings with
24 customers, participating in Irrigation expos, hosting
25 workshops to promote the Irrigation Efficiency Rewards

1 program to existing irrigation customers, publishing
2 residential energy efficiency guides, attending other
3 outreach activities such as home shows, and financially
4 supporting the Integrated Design Lab.

5 Q. What level of demand reduction capacity was
6 available from Idaho Power's demand response programs in
7 2019?

8 A. The total available capacity of Idaho Power's
9 three demand response programs was approximately 397
10 megawatts ("MW"). This value represents the total demand
11 response capacity calculated using the total enrolled MW
12 from participants with an expected maximum realization rate
13 for those participants in all three demand response
14 programs. The programs provided actual demand reduction of
15 333 MW during the 2019 program season. Chart 3 below
16 reflects the annual available peak demand reduction
17 capacity and actual load reduction in MW since 2004 and the
18 associated annual expenses in millions of dollars.

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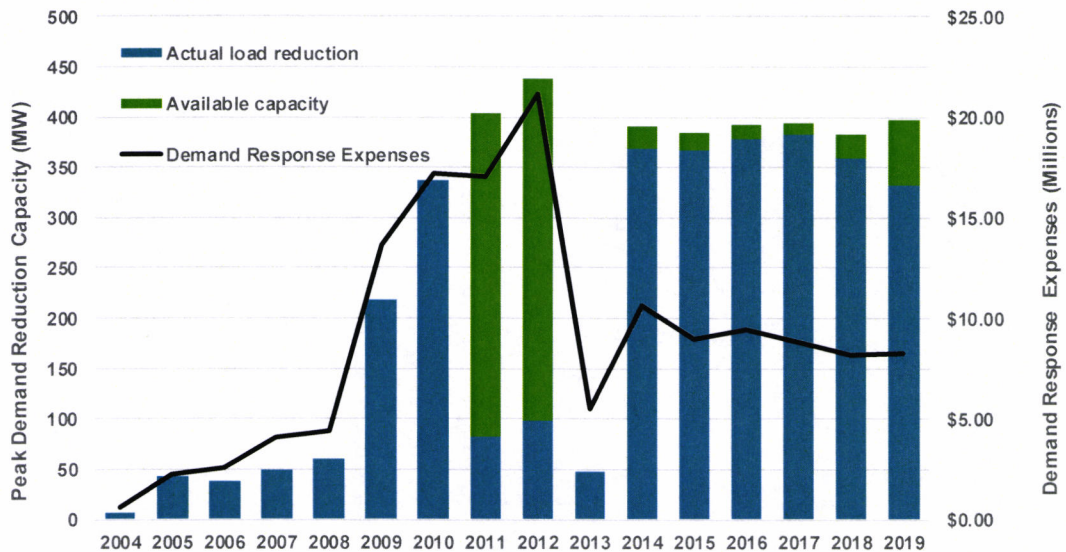
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1 **Chart 3. Peak Demand Reduction Capacity (MW) and Demand**
 2 **Response Expenses (\$ millions) 2004-2019**



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II. 2019 DSM EXPENSES AND ADJUSTMENTS

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Q. What amount of DSM expenses is the Company requesting the Idaho Public Utilities Commission ("Commission") find were prudently incurred?

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A. In the delivery of energy efficiency, demand response, and market transformation programs, as well as education and administrative costs, Idaho Power expended \$38,083,244 of Rider funds and \$6,996,236 of demand response program incentives, for a total of \$45,079,479 spent on demand-side resource acquisition in 2019.

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Idaho Power requests that the 2019 Rider-funded DSM expenses, and the 2019 demand response program incentives recovered through base rates and the PCA, be reviewed together for a prudence determination. With this filing, Idaho Power requests the Commission issue an order finding

1 that these funds were prudently incurred. Exhibit No. 1 to
2 my testimony, *2019 Idaho DSM Expenses and Adjustments for*
3 *Prudence Filing*, shows a breakout of these expenses by
4 program, customer sector, and funding source.

5 Q. Please compare the dollar amounts in Exhibit
6 No. 1 to your testimony with Appendix 2, *2019 DSM expenses*
7 *by funding source (dollars)*, of the DSM 2019 Annual Report.

8 A. For clarity and ease of understanding, Exhibit
9 No. 1 ties to Appendix 2, which is found on page 160 of the
10 DSM 2019 Annual Report. The first column of Appendix 2
11 labeled "Idaho Rider" and the first column of Exhibit No. 1
12 labeled "Rider Expenses" match at the row labeled "Total
13 Expenses" in Exhibit No. 1 and "Grand Total" in Appendix 2
14 in the amount of \$38,069,980. All values in Exhibit No. 1
15 represent DSM expenses for the Idaho service area only.
16 One prior year accounting adjustment to this total was
17 necessary to accurately arrive at the total 2019 expenses
18 for purposes of the prudence determination. That
19 adjustment is listed on Exhibit No. 1 under the Adjustments
20 section as "Multifamily Energy Savings Program."

21 Q. Please describe the prior year-end accounting
22 adjustment included in Exhibit No. 1.

23 A. During 2018, Oregon activity for the
24 Multifamily Energy Savings Program totaling \$13,264 in
25 program expenses was charged to the Idaho Energy Efficiency

1 Rider and should have been charged to the Oregon Energy
2 Efficiency Rider. Idaho Power made a correcting accounting
3 entry in 2019 to move the charges to the Oregon Energy
4 Efficiency Rider and credit the amount to the Idaho Energy
5 Efficiency Rider. The reversing entry is excluded from
6 2019 DSM expenses to accurately represent the amount
7 incurred related to 2019 DSM efforts.

8 Q. What was the year-end 2019 balance of the
9 Rider?

10 A. The Rider account balance at December 31,
11 2019, had a negative, or under collected balance of
12 \$311,045. Table 2 below shows the January 2019 beginning
13 balance, the funding plus interest items, expenses, and the
14 ending balance as of December 31, 2019.

15 **Table 2. Idaho Energy Efficiency Rider (Jan - Dec 2019)**

Idaho Energy Efficiency Rider	
2019 Beginning Balance	\$ 5,258,957
2019 Funding plus Accrued Interest as of 12/31/19	32,499,978
Total 2019 Funds	37,758,935
2019 Expenses as of 12/31/19	(38,069,980)
Ending Balance as of 12/31/19	\$ (311,045)

16

17 **III. 2019 COST-EFFECTIVENESS OVERVIEW**

18 Q. What is Idaho Power's overall goal when it
19 comes to DSM cost-effectiveness tests?

20 A. Prior to the actual implementation of energy
21 efficiency or demand response programs, Idaho Power
22 performs a preliminary cost-effectiveness analysis to

1 assess whether a potential program design or measure will
2 be cost-effective from the perspective of Idaho Power and
3 its customers. Idaho Power relies on the results of the
4 UCT, TRC test, and PCT to measure cost-effectiveness.

5 Idaho Power reviews the cost-effectiveness results
6 for each program and measure on an annual basis to
7 determine whether the program should continue or be
8 modified in some way to ensure it remains cost-effective on
9 an ongoing basis. If a measure or program is found to not
10 be cost-effective, Idaho Power will work with EEAG to get
11 input before making its determination on modifying,
12 continuing, or discontinuing an offering.

13 The cost-effectiveness test methodologies and
14 assumptions are described in more detail in the first pages
15 of *Supplement 1: Cost-Effectiveness* ("Supplement 1"),
16 included in Attachment 1 to the Application in this
17 proceeding.

18 **A. Transition to UCT.**

19 Q. Has the Commission provided direction on the
20 primary cost-effectiveness test to use in evaluation of
21 energy efficiency in the IRP going forward?

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1 A. Yes. As directed in Case No. IPC-E-19-11,²
2 the UCT perspective will be the primary test for evaluating
3 energy efficiency cost-effectiveness in the IRP.

4 Q. How is the Company implementing the UCT as the
5 primary cost-effectiveness test in Idaho?

6 A. Changes to the cost-effectiveness test for
7 energy efficiency will be carried out over the 2020 program
8 year to synchronize with the Company's annual planning
9 cycle. The Company is in the process of implementing the
10 UCT as the primary perspective as it moves into the 2021
11 IRP planning cycle. A new DSM Potential Study based on the
12 Utility Cost perspective is currently underway and is
13 expected to be finalized in the second quarter of 2020.
14 This timeline provides an opportunity for the Company to
15 engage EEAG in the review of the impacts to current and
16 potential programs, as well as incorporate EEAG's feedback
17 in developing the underlying energy efficiency assumptions
18 included in the Potential Study. The Company will also
19 evaluate immediate opportunities to add measures that are
20 cost-effective under the UCT perspective to existing
21 programs during 2020.

22

23

² In Final Order No. 34469 the Commission directed Idaho Power use the UCT perspective for DSM programs in the integrated resource planning context. Order Nos. 34469 at 9 and 34503 at 4.

1 Q. Did the Company make any decisions to
2 discontinue any programs or measures from cost-
3 effectiveness results under the UCT or TRC test in 2019?

4 A. No.

5 **B. 2019 Cost-Effectiveness Results.**

6 Q. What were the results of the 2019 cost-
7 effectiveness analyses?

8 A. Exhibit No. 2 to my testimony, *2019 Cost-*
9 *Effectiveness Summary by Program, Sector, and Portfolio,*
10 shows the results of the TRC test, UCT, and PCT for every
11 energy efficiency program, aggregated by sector and for the
12 portfolio. As shown in Exhibit No. 2 and below in Table 3,
13 all tests achieved benefit/cost ratios over 1.0 by sector
14 and portfolio.

15 **Table 3. 2019 Benefit/Cost by Sector & Portfolio**

Sector	Utility Cost Test (UCT)	Total Resource Cost (TRC) Test	Participant Cost Test (PCT)
Residential	1.90	2.29	7.76
Commercial/Industrial	3.55	2.01	2.09
Irrigation	2.46	3.13	3.16
Portfolio	2.72	2.12	2.79

16 On an individual program basis, these results
17 reflect that, using 2019 DSM program year costs and
18 benefits, 11 of the 16 energy efficiency programs offered
19 in Idaho for which the Company calculates cost-
20 effectiveness had benefit/cost ratios greater than 1.0 for
21 both the TRC test and UCT.

1 The PCT ratios cannot be calculated for those
2 programs that do not have a direct customer cost; these are
3 shown as "N/A" on Exhibit No. 2. The details of these
4 calculations are found in Supplement 1 of the DSM 2019
5 Annual Report.

6 Q. Did Idaho Power calculate cost-effectiveness
7 for each measure within each energy efficiency program it
8 offers?

9 A. Yes. In 2019, Idaho Power evaluated the
10 benefits and costs of 285 measures from both the TRC test
11 and the UCT perspective. The results of these calculations
12 along with measure assumption details and source
13 documentation can be found in Supplement 1 to the DSM 2019
14 Annual Report.

15 Q. How did Idaho Power address any individual
16 measures that are not cost-effective based on one or more
17 tests?

18 A. The cost and benefit values used in the
19 various analyses are based on markets, technologies,
20 economic inputs, savings estimates, and cost estimates,
21 which can change over time. When a measure is determined
22 not to be cost-effective at a specific point in time, Idaho
23 Power first evaluates whether the inputs used in the
24 calculations are still applicable and then determines if
25 measure parameters should be modified or whether the

1 measure should be eliminated. For additional detail on
2 measure analysis, please refer to Supplement 1 to the DSM
3 2019 Annual Report.

4 Q. Does Idaho Power evaluate cost-effectiveness
5 for its three demand response programs?

6 A. Yes, however, benefit/cost ratios are not
7 calculated for the three demand response programs.
8 Instead, the methodology used to determine the cost-
9 effectiveness of the demand response programs compares the
10 annual cost of operating Idaho Power's demand response
11 portfolio to the levelized annual cost of a 170 MW deferred
12 resource over a 20-year life.³ In 2019, the system-wide
13 cost of operating the three demand response programs was
14 approximately \$8.3 million (\$7.4 million of incentives and
15 \$0.9 million of other costs). The amounts attributable to
16 the Idaho-only jurisdiction were \$7.8 million (\$7.0 million
17 of incentives and \$0.8 million of other costs). Idaho
18 Power estimated that if the three programs were dispatched
19 for the full 60 hours allowed, the total costs would have
20 been approximately \$11.5 million on a system-wide basis.

21 Using the 2017 IRP, acknowledged by the Commission
22 in Order No. 33983, Case No. IPC-E-17-11, the maximum
23 annual cost of running all three demand response programs

³ Demand response valuation methodology was reached by settlement agreement and approved in Commission Order No. 32923 as part of Case No. IPC-E-13-14.

1 for the maximum allowable hours of 60 hours should be no
2 more than \$19.8 million, leading Idaho Power to conclude
3 that its three demand response programs were cost-effective
4 in 2019.

5 **1. Weatherization Assistance for Qualified Customers**
6 **("WAQC) and Weatherization Solutions ("Solutions")**
7 **Programs.**
8

9 Q. What were the cost-effectiveness results for
10 the WAQC and Solutions programs?

11 A. As shown in Exhibit No. 2, the WAQC and
12 Solutions programs, both of which are offered to limited-
13 income customers, did not achieve the 1.0 benefit/cost
14 ratio threshold in 2019 under the TRC test and UCT. The
15 PCT is not calculated for these programs because the
16 programs impose no direct costs on the participants.

17 Q. Why does the WAQC program continue to not be
18 cost-effective and how does Idaho Power attempt to improve
19 it?

20 A. The WAQC program provides real and substantial
21 per-home savings, but due to the costs of comprehensive
22 whole-house weatherization, it is difficult for the value
23 of the savings to outweigh the costs. The weatherization
24 services provided through the WAQC program are consistent
25 with the Idaho State Weatherization Assistance Program
26 ("WAP") guidelines and are offered at no charge to the
27 participant. This program is designed for limited-income

1 customers and Idaho Power believes there are other benefits
2 to this program that are difficult to quantify, such as
3 health and safety measures. In 2019, 189 homes and four
4 buildings housing nonprofit agencies in Idaho were
5 weatherized through the WAQC program.

6 This program is offered in coordination with the
7 state WAP under U.S. Department of Energy guidelines;
8 changes to this program must be made by the state WAP.

9 Q. Why does the Solutions program continue to not
10 be cost-effective and how does Idaho Power attempt to
11 improve it?

12 A. Similar to the WAQC program, the Solutions
13 program provides real and substantial per-home savings, but
14 due to the costs of comprehensive whole-house
15 weatherization, it is difficult for the value of the
16 savings to outweigh the costs. Like the WAQC program, the
17 Solutions program is offered to customers who may not have
18 the income to participate in other residential energy
19 efficiency programs. Idaho Power believes there are
20 unquantifiable non-energy benefits to program participants,
21 such as increased safety and comfort. Idaho Power
22 continues to work with its program stakeholders and vendors
23 to streamline operations and adjust offerings to make this
24 program more cost-effective.

25

1 The Company has continued a participation
2 requirement for the Solutions program introduced in 2016,
3 requiring landlords to fund at least 10 percent of the
4 project. In 2019, the Company held the average cost per
5 home constant from the 2014 level for the weatherization
6 contractors, which helped reduce the cost of the program.
7 The Company continues to support the whole-house philosophy
8 by allowing a \$6,000 annual maximum average per-home cost.
9 In 2019, 129 homes in Idaho were weatherized through the
10 program.

11 Q. Does Idaho Power plan to continue to offer the
12 WAQC and Solutions programs in the future?

13 A. Yes. While the Company has identified that
14 the programs are not cost-effective under the TRC test or
15 UCT, unless the Commission directs otherwise, Idaho Power
16 will continue its efforts to improve the cost-effectiveness
17 of these programs while at the same time offering them to
18 the Company's limited-income customers on an ongoing basis.

19 **2. Energy House Calls.**

20 Q. What were the cost-effectiveness results for
21 Energy House Calls in 2019?

22 A. Energy House Calls had a cost-effectiveness
23 ratio of 0.96 under the UCT, and 1.30 for the TRC test.
24 The PCT is not calculated because the program does not have
25 direct participant costs.

1 Q. What contributed to the UCT being less than
2 1.0 in 2019?

3 A. The cost of impact and process evaluations was
4 the main factor contributing to the unfavorable UCT results
5 in 2019 for Energy House Calls. Evaluations typically
6 occur every 3-4 years, but because the expense is incurred
7 in a single year, it can impact the program's cost-
8 effectiveness in the year the program was evaluated. While
9 the UCT is below 1.0 when including total evaluation costs
10 in the 2019 program cost-effectiveness calculation, the UCT
11 and TRC ratios for the program improve to 1.05 and 1.42,
12 respectively, when assuming only one-third of the
13 evaluation cost is included, and to 1.11 and 1.49 when
14 excluding the evaluation costs.

15 Q. Does EEAG support reporting cost-effectiveness
16 with and without evaluation costs?

17 A. Yes. In a 2018 EEAG meeting, EEAG expressed
18 support for evaluating cost-effectiveness in this manner
19 when the cost of an evaluation on a small program may
20 disproportionally impact the cost-effectiveness results.

21 **3. Heating & Cooling Efficiency Program.**

22 Q. What were the cost-effectiveness results for
23 the Heating & Cooling Efficiency Program in 2019?

24

25

1 A. The Heating & Cooling Efficiency Program had a
2 cost-effectiveness ratio of 1.56 under the UCT, 0.77 for
3 the TRC test, and 1.48 for the PCT.

4 Q. Did cost-effectiveness decrease from 2018?

5 A. Yes. The program experienced a slight
6 decrease in cost-effectiveness under both the UCT and TRC,
7 mainly due to application of 2017 Avoided Costs, which are
8 slightly below the 2015 Avoided Costs that were used in the
9 2018 cost-effectiveness evaluation.

10 Q. Does the Company plan to make changes to the
11 program in 2020?

12 A. No. However, Idaho Power expects the RTF may
13 update workbooks throughout this year to reflect reductions
14 in savings for ductless heat pumps and removal of savings
15 for commission, controls, and sizing. Idaho Power
16 anticipates that any changes to the program offering as a
17 result of those RTF updates will be implemented in the 2021
18 program year.

19 **4. Residential New Construction Pilot Program.**

20 Q. What were the cost-effectiveness results for
21 the Residential New Construction Pilot Program in 2019?

22 A. The Residential New Construction Pilot Program
23 had a cost-effectiveness ratio of 1.58 under the UCT, 0.83
24 for the TRC test, and 1.55 for the PCT.

25

1 Q. Why did the TRC test cost-effectiveness fall
2 below 1.0 in 2019?

3 A. The TRC test (and PCT) calculation includes
4 updated participant costs which have increased from the
5 costs used in 2018.

6 Q. What changes has Idaho Power recently made
7 which may improve TRC test cost-effectiveness in 2020?

8 A. The Company, with feedback from EEAG, has
9 recently updated the program to include tiered incentives,
10 allowing for savings 10 percent and 15 percent above
11 building code to also receive incentives. Previously,
12 homes needed to be 20 percent above building code to
13 qualify for a \$1,500 incentive. Now homes 10 percent above
14 code qualify for a \$1,000 incentive, 15 percent above code
15 qualify for a \$1,500 incentive, and 20 percent or more
16 above code qualify for a \$2,000 incentive. This may drive
17 a greater volume of homes qualifying for the program with
18 lower participant-cost measures, which would improve the
19 TRC test and PCT cost-effectiveness.

20 **IV. EVALUATION ACTIVITY OVERVIEW**

21 Q. What is the Company's approach to DSM program
22 evaluation?

23 A. To ensure the ongoing cost-effectiveness of
24 programs through validation of energy savings and demand
25 reduction, and to guide the efficient management of its

1 programs, the Company relies on evaluations by third-party
2 contractors chosen through a competitive bidding process.
3 Idaho Power uses industry-standard protocols, internal
4 analyses, and regional and national studies to inform its
5 internal and external evaluation efforts. The Company has
6 generally conducted impact evaluations every three years,
7 and process evaluations for relatively new programs, or
8 when a program has significant changes. *Supplement 2:*
9 *Evaluations* ("Supplement 2") to the DSM 2019 Annual Report
10 provides additional information regarding how Idaho Power
11 evaluates its programs.

12 Q. How does Idaho Power utilize the evaluations
13 described above?

14 A. Idaho Power uses the results of its
15 evaluations to inform decisions related to program
16 improvement, to compare processes to industry best
17 practices, and to benchmark and validate reported program
18 savings.

19 Q. What evaluation activities took place in 2019?

20 A. In addition to the annual cost-effectiveness
21 analyses that the Company conducts for each program, in
22 2019, Idaho Power contracted with DNV GL, a global quality
23 assurance and risk management company, to conduct program
24 impact and program process evaluations for the Energy House
25 Calls and Residential New Construction program. DNV GL

1 also conducted impact evaluations for the Commercial and
2 Industrial Energy Efficiency Program, Retrofits and New
3 Construction options. Resource Action Programs conducted a
4 program summary analysis for Residential Energy-Savings
5 Kits. Aclara conducted a summary analysis for Home Energy
6 Reports. A savings estimate analysis was conducted by DNV
7 GL for the Shade Tree Project. Finally, Idaho Power
8 contracted with DNV GL to determine the 2019 demand
9 reduction from the A/C Cool Credit.

10 Four of the impact evaluations that were conducted
11 in 2019 analyzed reported savings from the 2018 program
12 year, while the A/C Cool Credit impact evaluation analyzed
13 savings from the 2019 program season. Realization rates
14 were as follows:

- 15 • Energy House Calls - realization rate of 99
16 percent
- 17 • Residential New Construction Pilot Program -
18 realization rate of 100 percent
- 19 • New Construction option of the Commercial and
20 Industrial Energy Efficiency Program -
21 realization of 100 percent
- 22 • Retrofits option of the Commercial and Industrial
23 Energy Efficiency Program - realization of 99.4
24 percent

25

1 • A/C Cool Credit - impact estimates associated
2 with the three A/C Cool Credit event days, with
3 maximum total peak demand savings of 21,463
4 kilowatts

5 For the Shade Tree Project, further savings estimate
6 analysis was conducted by DNV GL to better determine
7 potential tree life and mortality rate.

8 Idaho Power conducted internal analyses of the load
9 reduction from the 2019 demand response events related to
10 Irrigation Peak Rewards and the Flex Peak programs, and DNV
11 GL determined the load reduction for the A/C Cool Credit
12 program.

13 The final reports for these evaluations and studies,
14 surveys, and the market effects evaluations conducted by
15 NEEA are included in Supplement 2 to the DSM 2019 Annual
16 Report.

17 Q. Does Idaho Power have a DSM program evaluation
18 plan for 2020-2021?

19 A. Yes, it is included as Exhibit No. 3 to my
20 testimony, and is also included in Supplement 2 to the DSM
21 2019 Annual Report. In 2020, Idaho Power's evaluation plan
22 includes third-party combination impact and process
23 evaluations for the Educational Distributions and
24 Irrigation Efficiency Rewards, impact evaluations for
25 Rebate Advantage, WAQC, and Solutions, process evaluations

1 for Home Energy Reports and Small Business Direct-Install,
2 and statistical verification of Home Energy Reports.

3 In 2021, Idaho Power's evaluation plan includes
4 third-party combination impact and process evaluations for
5 the Heating & Cooling Efficiency Program, Multifamily
6 Energy Savings Program, all three options under the
7 Commercial and Industrial Energy Efficiency Program
8 (Custom, New Construction, Retrofit), impact evaluations
9 for all three demand response programs (A/C Cool Credit,
10 Flex Peak Rewards, Irrigation Peak Rewards) and process
11 evaluation for Home Energy Audits, statistical verification
12 of Home Energy Reports, and a field study for the Shade
13 Tree Project. This plan is intended to be used as a guide
14 and may change based on need, timing, or other factors.

15 **V. STAKEHOLDER INPUT**

16 Q. What is the EEAG?

17 A. In 2002, Idaho Power formed the EEAG to
18 provide input on enhancing existing DSM programs,
19 recommending new energy efficiency measures, and
20 implementing energy efficiency programs. Members include
21 customer representatives from residential, irrigation,
22 commercial, and industrial sectors, and technical experts,
23 as well as representatives for limited-income individuals,
24 environmental organizations, state agencies, county and

25

1 city governments, the Commission, the Public Utility
2 Commission of Oregon, and Idaho Power.

3 Q. What is the structure of EEAG meetings?

4 A. The EEAG generally meets quarterly in-person
5 at Idaho Power's corporate offices and through webinars as
6 needed. The agenda during EEAG meetings is varied, but
7 typically includes: new energy efficiency program ideas and
8 new measure proposals, marketing methods, and specific
9 measure details including cost-effectiveness, the status of
10 energy efficiency expenses and the Idaho and Oregon Rider
11 funding, updates of ongoing programs and projects, and
12 general information on DSM issues and other important
13 issues occurring in the region. When appropriate, the
14 Company invites experts to speak on evaluations, research,
15 and other topics of interest to enhance EEAG's
16 understanding.

17 Q. How did Idaho Power solicit guidance from EEAG
18 during the 2019 program year?

19 A. The Company held four in-person EEAG meetings
20 and one webinar. During these meetings, Idaho Power
21 discussed and requested recommendations on a broad range of
22 DSM issues and requested feedback on new program ideas and
23 new measure proposals, marketing methods, and specific
24 measure details.

25

1 As explained in greater detail in the DSM 2019
2 Annual Report, the below list includes some of the topics
3 Idaho Power worked with EEAG on for development, design,
4 promotion, or input:

5 • Irrigation Efficiency Rewards Program.

6 Throughout 2019, Idaho Power discussed the
7 measure savings of the Irrigation Efficiency
8 Rewards program and suggested development of a
9 workgroup that would inform RTF irrigation
10 measure deemed savings. The RTF formed an
11 irrigation workgroup in 2019, in which Idaho
12 Power participated, and the Company has continued
13 to update EEAG on progress of the workgroup.

14 • Heating & Cooling Efficiency Program - Smart
15 Thermostats. The Company discussed with EEAG the
16 licensed contractor installation requirement of
17 smart thermostats to qualify for the incentive.
18 Idaho Power sought EEAG's input on changing the
19 contractor requirement and most members of EEAG
20 were in favor of removing the installation by
21 contractor requirement. The Company made program
22 changes to the Heating & Cooling Efficiency
23 Program on January 1, 2020, including removing
24 the contractor installation requirement.

25

- 1 • Residential New Construction Pilot Program. The
2 Company explained a methodology change on how
3 home efficiency above building code is calculated
4 and potential negative impacts to future
5 participation from the calculation change. The
6 Company asked for feedback on program options and
7 received EEAG support for a tiered incentive
8 approach to mitigate potential negative impacts
9 on participation, which was instituted in the
10 first quarter of 2020.
- 11 • Residential Direct Install Programs. During an
12 EEAG meeting, a member asked Idaho Power to
13 research additional weatherization measures,
14 specifically door sweeps, as a potential measure
15 in its direct install programs. After
16 researching reference manuals for savings
17 assumptions, the Company found savings were
18 difficult to determine for Idaho Power's specific
19 climate zone and appeared to be specific to
20 single-family homes. Idaho Power has requested
21 the RTF to review this measure as a small saver
22 and it is part of the RTF's workplan for 2020.
23 Depending on the results from the RTF, Idaho
24 Power may incorporate door sweeps in its
25 residential direct install programs.

1 • Idaho Power's DSM 2019 Annual Report. The
2 Company sought input from EEAG on ways to improve
3 the report. One EEAG member suggested color
4 coding the different sections of the report. As
5 a result, the Company color coded the headers,
6 footers, major titles, and tables in the 2019
7 Program Activities sub-sections as follows:
8 Residential Sector (orange),
9 Commercial/Industrial Sector (green), Irrigation
10 Sector (blue), and Other Programs and Activities
11 section (purple).

12 **VI. FLEX PEAK PROGRAM REPORTING REQUIREMENTS**

13 Q. What are the current reporting requirements
14 for the Company's Flex Peak Program?

15 A. As part of Case No. IPC-E-15-03 where the
16 Company filed to implement a Company-managed demand
17 response program for commercial and industrial customers,
18 the Flex Peak Program, the Commission directed the Company
19 to file an end-of-season report each year within 80 days
20 after the Flex Peak Program season ends for that year as
21 part of the Order⁴ approving the program.

22 Q. What information is required to be included in
23 the Flex Peak Program reporting requirement?

⁴ Order NO. 33292, p. 8.

1 A. The Commission ordered Idaho Power to report
2 program metrics such as number of participants, MW of
3 demand response under contract, MW of demand response
4 realized and incented per dispatch, detailed program cost
5 analysis, among other metrics.⁵

6 Q. Does the Company report demand response
7 program performance in other reports?

8 A. Yes. Included in Supplement 2 are reports for
9 all three of Idaho Power's demand response programs,
10 including the Flex Peak Program with all the Commission-
11 ordered metrics.

12 Q. What change is the Company requesting with
13 respect to Flex Peak Program reporting?

14 A. The Company requests to streamline the current
15 reporting requirements by eliminating the separate annual
16 Flex Peak Program reporting requirement to be filed 80 days
17 after season end. Idaho Power commits to continue to
18 report on the Flex Peak Program, and its two other demand
19 response programs, as part of its annual DSM filing,
20 centralizing all demand response program reporting in a
21 single case and on a single schedule.

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24

⁵ *Id.*

1 **VII. CONCLUSION**

2 Q. Do you believe that the information contained
3 in this testimony and attached exhibits supports a prudence
4 determination for 2019 DSM expenses?

5 A. Yes. The DSM 2019 Annual Report details Idaho
6 Power's DSM offerings in program specific sections. Based
7 on the DSM 2019 Annual Report, the testimony set forth
8 above, and the attached exhibits, Idaho Power respectfully
9 requests the Commission determine that \$45,079,479 of DSM
10 expenses incurred for the acquisition of demand-side
11 resources were prudently incurred. Additionally, the
12 Company requests to streamline reporting processes by
13 eliminating the separate, annual Flex Peak Program
14 reporting requirement in Case No. IPC-E-15-03, as the same
15 information is included in the Company's annual DSM filing.

16 Q. Does this conclude your testimony?

17 A. Yes, it does.
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ATTESTATION OF TESTIMONY

STATE OF IDAHO)
) ss.
County of Ada)

I, Pawel P. Goralski, having been duly sworn to
testify truthfully, and based upon my personal knowledge,
state the following:

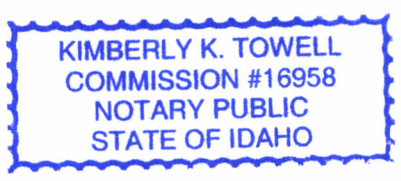
I am employed by Idaho Power Company as a Regulatory
Analyst in the Regulatory Affairs Department and am
competent to be a witness in this proceeding.

I declare under penalty of perjury of the laws of
the state of Idaho that the foregoing pre-filed testimony
and exhibits are true and correct to the best of my
information and belief.

DATED this 13th day of March 2020.

Pawel P. Goralski
Pawel P. Goralski

SUBSCRIBED AND SWORN to before me this 13th day of
March 2020.



Kimberly K. Towell
Notary Public for Idaho
Residing at Boise Idaho
My commission expires: 12/20/2020

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-20-15

IDAHO POWER COMPANY

GORALSKI, DI
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EXHIBIT NO. 1

Idaho Power Company
2019 Idaho DSM Expenses and Adjustments for Prudence Filing

Expenses	Rider Expenses	Demand Response Program Incentives Recorded in PCA	Total Expenses
Energy Efficiency/Demand Response			
Residential			
A/C Cool Credit	\$ 495,703	\$ 351,200	\$ 846,903
Educational Distributions	2,989,184		2,989,184
Energy Efficient Lighting	2,026,977		2,026,977
Energy House Calls	143,570		143,570
Heating & Cooling Efficiency Program	478,560		478,560
Home Energy Audit	230,786		230,786
Multifamily Energy Savings Program	115,560		115,560
Rebate Advantage	148,220		148,220
Residential New Construction	534,118		534,118
Shade Tree Project	147,750		147,750
Simple Steps, Smart Savings TM	87,599		87,599
Weatherization Solutions for Eligible Customers	936,721		936,721
Commercial/Industrial			
Commercial Energy-Savings Kits ^(a)	154,632		154,632
Custom Projects	11,614,380		11,614,380
Flex Peak Program	75,306	294,911	370,217
New Construction	3,365,862		3,365,862
Retrofits	6,131,117		6,131,117
Irrigation			
Irrigation Efficiency Rewards	2,449,427		2,449,427
Irrigation Peak Rewards	239,523	6,350,125	6,589,648
Energy Efficiency/Demand Response Total	\$ 32,364,998	\$ 6,996,236	\$ 39,361,234
Market Transformation			
Northwest Energy Efficiency Alliance	2,585,017		2,585,017
Market Transformation Total	\$ 2,585,017	\$ -	\$ 2,585,017
Other Programs and Activities			
Commercial/Industrial Energy Efficiency Overhead	463,177		463,177
Energy Efficiency Direct Program Overhead	251,229		251,229
Residential Energy Efficiency Education Initiative	152,579		152,579
Residential Energy Efficiency Overhead	1,293,650		1,293,650
Other Programs and Activities Total	\$ 2,160,635	\$ -	\$ 2,160,635
Indirect Program Expenses			
Energy Efficiency Accounting & Analysis	927,383		927,383
Energy Efficiency Advisory Group	20,937		20,937
Special Accounting Entries			
Special Accounting Entries	11,009		11,009
Indirect Program Expenses Total	\$ 959,330	\$ -	\$ 959,330
Total Expenses	\$ 38,069,980	\$ 6,996,236	\$ 45,066,215
Adjustments			
Prior year-end accounting adjustments:			
Multifamily Energy Savings Program ^(b)	13,264		13,264
2019 Prudence Filing Total	\$ 38,083,244	\$ 6,996,236	\$ 45,079,479

(a) This program was referred to as Commercial Education Initiative in 2018.

(b) This expense was charged to the Idaho rider in 2018, and should have been charged to the Oregon rider. The correction was made in 2019.

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-20-15

IDAHO POWER COMPANY

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EXHIBIT NO. 2

2019 Cost-Effectiveness Summary by Program, Sector, and Portfolio

Program/Sector	2019 Benefit/Cost Tests		
	Utility Cost Test (UCT)	Total Resource Cost (TRC)	Participant Cost (PCT)
Educational Distributions	2.06	3.32	N/A
Energy Efficient Lighting	4.04	5.17	11.72
Energy House Calls*	0.96	1.30	N/A
Heating & Cooling Efficiency Program	1.56	0.77	1.48
Multifamily Energy Savings Program	1.15	2.34	N/A
Rebate Advantage	1.82	1.14	2.55
Residential New Construction*	1.58	0.83	1.55
Shade Tree Project	1.09	1.16	N/A
Simple Steps, Smart Savings	1.40	5.56	11.10
Weatherization Assistance for Qualified Customers	0.35	0.43	N/A
Weatherization Solutions for Eligible Customers	0.30	0.43	N/A
Residential Energy Efficiency Sector	1.90	2.29	7.76
Custom Projects*	3.62	1.92	1.73
New Construction*	3.15	2.88	3.52
Retrofits*	3.68	1.85	2.12
Commercial Energy-Savings Kits	1.57	2.52	N/A
Commercial/Industrial Energy Efficiency Sector **	3.55	2.01	2.09
Irrigation Efficiency	2.44	3.13	3.16
Irrigation Energy Efficiency Sector ***	2.46	3.13	3.16
Energy Efficiency Portfolio	2.72	2.12	2.79

* Evaluation costs included in cost-effectiveness ratios.

** Commercial/Industrial Energy Efficiency Sector cost-effectiveness ratios include savings and participant costs from Green Motors Rewinds.

*** Irrigation Energy Efficiency Sector cost-effectiveness ratios include savings and participant costs from Green Motors Rewinds.

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-20-15

IDAHO POWER COMPANY

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EXHIBIT NO. 3

Customer Relations and Energy Efficiency 2020-2021 Program Evaluation Plan

	2021	2020	2019	2018	2017	2016	2015 ¹	2014	2013	2012	2011	2010
Residential Energy Efficiency Programs												
Educational Distributions		I/P										
Energy Efficient Lighting				I				I	P			
Energy House Calls			I/P								I	P
Heating & Cooling Efficiency Program	I/P				I/P				P	I		P
Home Energy Audit	P				I			P				
Home Energy Reports	O	P/O		O								
Multifamily Energy Savings Program	I/P			I/P								
Rebate Advantage		I				I/P					I	
Residential Energy Efficiency Education Initiative						O						P
Residential New Construction Pilot Program			I/P									
Shade Tree Project	O		O	O				P				
Simple Steps, Smart Savings™												
Weatherization Assistance for Qualified Customers		I						O	P	I		
Weatherization Solutions for Eligible Customers		I						O	P	I		
Commercial/Industrial Energy Efficiency Programs												
Commercial Energy-Saving Kits												
Custom Projects	I/P			I	P			I/P			I	P
New Construction	I/P		I		P	I				I		P
Retrofits	I/P		I		P	I			P	I		P
Small Business Direct-Install		P										
Irrigation Energy Efficiency Programs												
Irrigation Efficiency Rewards		I/P				I/P		P/O	P/I			P
Demand-Response Programs												
A/C Cool Credit	I	O	I	O	O	O	O	O	O	P	O	
Flex Peak Program	I	O	O	O	O	O	O		P/O		O	
Irrigation Peak Rewards	I	O	O	O	O	O	O	O	O		O	

¹ Energy efficiency programs evaluated in 2015 have since been eliminated or combined into another program.

Evaluation Type: I = Impact, P = Process, O = Other
Program not yet in existence