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Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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

Idaho Power Company ("Idaho Power" or "Company") respectfully submits the following Reply Comments in response to Comments filed by the Idaho Public Utilities Commission ("Commission") Staff ("Staff"), and the city of Boise City ("Boise City") on August 27, 2020. The Company appreciates Boise City's recognition of Idaho Power's 2019 Demand-Side Management ("DSM") performance which represents the all-time highest annual incremental energy savings achievement since establishment of the Idaho Energy Efficiency Rider in 2002, and request that the Commission support adequate and appropriate funding of the Idaho Energy Efficiency Rider. Idaho Power also appreciates Staff's evaluation of 2019 DSM program performance and recognition of the Company's efforts in customer communication outreach, recommendation that the Company's 2019

Demand Response (“DR”) program expenses of \$6,996,236 are deemed prudent,¹ and not opposing streamlining reporting requirements by eliminating the Company’s end-of-season Flex Peak Program reporting requirement.² In its Comments, Staff recommends the Commission approve \$38,032,079 in Idaho Energy Efficiency Tariff Rider expenses (proposing an adjustment of \$51,165 to DSM labor expense)³ and recommends the Company work with Staff to address concerns related to the Company’s DR programs.⁴

I. REPLY COMMENTS

In these Reply Comments, the Company responds to (1) Staff’s recommendation to adjust 2019 DSM labor by \$51,165, and (2) Staff’s concerns with the Company’s DR programs.

A. DSM Labor

Staff recommends that the Commission reduce the Company’s prudence request by \$51,165, an amount which Staff claims to exceed the Commission-established cap on labor expense increases.⁵ Idaho Power does not agree a labor adjustment should be made to the 2019 DSM prudence request and believes that the method applied by the Company to determine the maximum allowable 2019 DSM labor expense is in conformance with Order No. 33908 issued in Case No. IPC-E-17-03. Staff’s comments incorrectly suggest the methodology applied in this case differs from the method the Company applied in Case No. IPC-E-18-03.

¹ Staff’s Comments, p. 7.

² *Id.*, p. 10.

³ *Id.*

⁴ *Id.*, p. 8.

⁵ *Id.*, p. 2.

To clarify, the method the Company has used to quantify the allowable labor expense is as follows: Idaho Power has annually escalated the dollars per full-time equivalent employee (“FTE”) by two percent, as authorized by the Commission in Order No. 33908, starting with the 2016 baseline dollar per FTE to determine the maximum allowed labor expense in a given year. The Company then determines whether the total labor in a given year is less than the maximum allowed labor as demonstrated in Attachment 1.⁶

The Company believes the method it has applied results in a reasonable cap on labor-related expenses recovered through the Rider and is consistent with prior Commission orders. In Order No. 34141 (issued in Case No. IPC-E-18-03), the Commission found the Company’s labor-related expenses as prudent and noted it would be reasonable “to examine, in the Company’s next general rate case, the method for calculating the 2% labor expense cap.” While the Company does not believe Staff’s recommended adjustment to its 2019 DSM labor is appropriate nor consistent with the previously-accepted method for determining the annual two percent cap on DSM labor increases, if the Commission intended the cap to apply as Staff has presented it, the Company will modify the method applied to future prudence requests.

B. Demand Response

The Company appreciates Staff’s evaluation and thoughtful analysis of its DR programs and verification that Idaho Power implemented the minimum necessary DR events, costs were accounted for properly, and the amounts are reasonable based on past assumptions used to calculate costs and benefits.⁷ Staff identified two concerns with

⁶ Attachment 1, Idaho Power’s response to Staff’s Production Request No. 5.

⁷ Staff’s Comments, pp. 7-8.

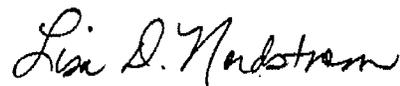
the future of the programs which it recommends the Company work with Staff to address. The Company is not opposed to working with Staff to better understand its concerns and recommendations for potential adjustments to the DR programs.

II. CONCLUSION

The Company acknowledges the concerns raised by Staff regarding effects of Phase 2 of the Energy Independence and Security Act on future energy savings,⁸ and Boise City's encouragement to look for opportunities to increase customer participation and development of additional programs. Idaho Power will continue working with stakeholders through the Energy Efficiency Advisory Group as it implements and refines program offerings in the pursuit of additional cost-effective energy efficiency.

Idaho Power respectfully requests that the Commission issue an Order finding (1) Idaho Power's expenditures of \$38,083,244 in Rider funds and \$6,996,236 of demand response program incentives, for a total of \$45,079,479 as prudently incurred DSM expenses, and (2) the Flex Peak Program annual reporting requirement may be eliminated.

DATED at Boise, Idaho, this 10th day of September 2020.



LISA D. NORDSTROM
Attorney for Idaho Power Company

⁸*Id.*, p. 6.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 10th day of September 2020, I served a true and correct copy of IDAHO POWER COMPANY'S REPLY COMMENTS upon the following named parties by the method indicated below, and addressed to the following:

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Stephanie L. Buckner
Executive Assistant

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

IDAHO POWER COMPANY

**ATTACHMENT 1
IDAHO POWER COMPANY'S REPLY COMMENTS**

REQUEST NO. 5: Please provide the Company's DSM labor expense and DSM full-time equivalent employees charged to the tariff rider for 2018 and 2019.

RESPONSE TO REQUEST NO. 5: The requested information is included in the ongoing tracking of the maximum allowable labor expense, presented in the table below.

Year	Total Labor	FTEs	Baseline \$/FTE Plus Annual 2% Increase	Maximum Allowed Labor Expense	Amount in Excess of 2% Cap
2016			\$122,150 ¹		
2017			\$124,593		
2018	\$3,262,501	26.19	\$127,085	\$3,328,356	\$ -
2019	\$3,293,785	25.52	\$129,627	\$3,308,081	\$ -

The response to this Request is sponsored by Paul Goralski, Regulatory Analyst, Idaho Power Company.

¹ 2016 Baseline \$/FTE established in Case No. IPC-E-17-03, Order No. 33908.