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November 16, 2018

Public Utility Commission of Oregon
Filing Center
201 High Street SE, Suite 100
P.O. Box 1088
Salem, Oregon 97301

RE: Docket No. UM 1710 - Idaho Power Company's 2018 Request for Cost-Effectiveness
Exceptions for Specific Demand-Side Management Electric Measures and Programs

Attention Filing Center:

Public Utility Commission of Oregon ("Commission") Order No. 94-590, issued in Docket No. UM 551, provides for the inclusion of non-cost-effective measures in utility Demand-Side Management ("DSM") programs if those measures meet specific conditions. In addition, Order No. 15-200, issued in Docket No. UM 1710, requires Idaho Power Company ("Idaho Power" or "Company") to request approval, on an annual basis, of exceptions articulated in Order No. 94-590 for these measures so they may continue to be offered to Oregon customers through the Company's DSM program portfolio.

The Company, after reviewing the impact of updated DSM alternate costs from its 2017 Integrated Resource Plan (approved by the Commission in Order No. 18-176, issued in Docket No. LC 68 on May 23, 2018), and the updated published Regional Technical Forum ("RTF") electric savings and cost assumptions (as of September 30, 2018), concluded there are certain irrigation measures within its Schedule 27, Irrigation Efficiency Rewards Program ("Program"), that are currently not cost-effective but yet meet conditions for exception. Idaho Power, in discussion with Commission Staff, agreed the 2018 DSM cost-effectiveness annual exceptions filing deadline would be extended beyond October 31, 2018, to accommodate additional analysis of the RTF electric savings and cost assumptions.

Idaho Power's residential sector DSM measures or programs do not require any new cost-effectiveness exceptions as part of the 2018 annual review. The Company, as part of Advice No. 18-08 which modified Schedule 89, Commercial and Industrial Energy Efficiency, requested cost-effectiveness exceptions for 16 measures in the commercial and industrial sector. Exceptions for the 16 measures were granted under Order No. 18-295 effective August 15, 2018. Two of the 16 measures, Measure No. 3 "0-5 Ton HP Units that Meets CEE Tier 1 and 2" and Measure No. 7 "Smart Power Strips" were granted 18-month exception periods at the end of which the Company is to report back on updated information with improved Total Resource Cost ("TRC") ratios or other modifications to make the measures more cost-effective.

Request for New Cost-Effectiveness Exceptions

In Order No. 94-590, issued in Docket No. UM 551, the Commission outlines specific cost-effectiveness guidelines for energy efficiency measures and programs managed by the program administrators. It is the expectation of the Commission that measures pass both the Utility Cost and TRC tests. Measures that do not pass these tests may be included in the programs if they meet one or more of the following additional conditions specified by Section 13 of Order No. 94-590:

- A. The measure produces significant non-quantifiable non-energy benefits. In this case, the incentive payment should be set at no greater than the cost-effective limit (defined as present value of avoided costs plus 10 percent) less the perceived value of bill savings, e.g., two years of bill savings;
- B. Inclusion of the measure will increase market acceptance and is expected to lead to reduced cost of the measure;
- C. The measure is included for consistency with other DSM programs in the region;
- D. Inclusion of the measure helps to increase participation in a cost-effective program;
- E. The package of measures cannot be changed frequently and the measure will be cost-effective during the period the program is offered;
- F. The measure or package of measures is included in a pilot or research project intended to be offered to a limited number of customers;
- G. The measure is required by law or is consistent with Commission policy and/or direction.

Idaho Power is seeking approval from the Commission for three irrigation measures that do not pass the TRC test. These measures were previously cost-effective, but due to updated savings, costs, and DSM alternate cost assumptions, the measures do not pass the TRC test. The TRC Benefit Cost Ratio of these measures range from 0.69 to 0.81.

NON-COST-EFFECTIVE MEASURES:

	Measure	% of 2017 Program Oregon Savings	UC Test Ratio	TRC Test Ratio
1.	Rebuilt or new brass impact sprinklers	0.65%	0.43	0.81
2.	New complete low-pressure pivot package (per sprinkler head, nozzle and regulator)	6.68%	1.09	0.73
3.	New wheel line hubs (on Thunderbird wheel lines)	0.00%	1.78	0.69

In March 2018, the RTF updated the irrigation hardware measure analysis, which resulted in a reduction of savings between 34 to 94 percent from the previous workbook. Idaho Power reviewed the updated RTF assumptions and incorporated cost data from Idaho Power projects from the past three years to determine cost-effectiveness. Based on the updated savings and costs, most of the measures within the Program remain cost-effective with the exception of the (1) rebuilt or new brass impact sprinklers, (2) new complete low-pressure pivot package, and (3) the new wheel line hubs.

The major assumption driving the measure savings change in the Program involves the calculation of the leakage per hardware item, which caused savings to decrease nearly 80 percent on average for several irrigation hardware types. The change in the leakage assumption caused the rebuilt or new brass impact sprinklers and the new wheel line hubs to become non-cost-effective. Additionally, for three of the measures in the Program, the RTF updated the average flow rate for each device which caused nozzle savings to decline by 34 percent and the new complete low-pressure center pivot package to decline by 75 percent, causing the measure to become non-cost-effective.

Idaho Power has requested that the RTF reconvene the irrigation subcommittee in 2019 and re-examine the assumptions such as leakage and flow rate, as well as the calculation methodology behind these irrigation measures. The Company anticipates a new RTF workbook will be approved and will be in use for the 2020 irrigation season. Once the new workbook is approved, Idaho Power will re-assess the updated savings within the Program and will determine if a cost-effectiveness exception for any of the measures contained within the Program will continue to be necessary or if modifications to measures offered in the Program are appropriate.

While Idaho Power works with the RTF to re-examine the results of the irrigation hardware workbook, the Company believes it is important to continue offering these measures under the Program for consistency and customer satisfaction. Despite the lower savings for measures, overall the Program remains cost-effective. Additionally, the measures produce significant non-quantifiable non-energy benefits tied to water savings because worn and damaged irrigation hardware can result in excess water use for irrigation from overwatering due to leaks and loss of water pressure. Maintaining the Program retains incentives to install new irrigation hardware, which in turn reduces water and electricity usage and increases crop yield. Additionally, these measures are currently offered by Bonneville Power Administration, Energy Trust of Oregon, and Rocky Mountain Power.

Idaho Power recommends that these irrigation measures remain in the Program offering to encourage participation in a cost-effective program. These measures produce non-quantifiable non-energy benefits and are also offered by other program administrators in the region. This is consistent with Order No. 94-590, conditions A, C, and D.

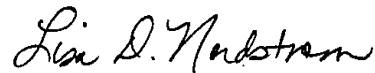
- A: The measure produces significant non-quantifiable non-energy benefits.*
- C: The measure is included for consistency with other DSM programs in the region.*
- D: Inclusion of the measure helps to increase participation in a cost-effective program.*

Public Utility Commission of Oregon
Filing Center
November 16, 2018
Page 4

Lastly, the measures cited here will continue to be offered in the Company's Idaho service territory in 2019 while the Company re-examines savings and other assumptions published by the RTF. Idaho Power endeavors to maintain consistency of the Program across its Idaho and Oregon jurisdictions. The importance of offering consistent incentives across the Idaho Power jurisdictions cannot be overstated. Customers in Idaho Power's irrigation Program often have service locations in both states. Offering two separate program designs would create confusion in the marketplace and could inhibit participation. In addition, Program infrastructure is designed to implement consistent programs across jurisdictions.

If you have any questions regarding this filing, please contact Regulatory Analyst Paul Goralski at (208) 388-2608 or pgoralski@idahopower.com.

Sincerely,

A handwritten signature in cursive script that reads "Lisa D. Nordstrom".

Lisa D. Nordstrom
Lead Counsel

LDN:kkt