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January 20, 2016

VIA ELECTRONIC FILING

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

RE: Tariff Advice No. 16-02
Modifications to Schedule 72 – Heating and Cooling Efficiency Program

Attention Filing Center:

Idaho Power Company (“Idaho Power” or Company”) herewith transmits for filing, a revision to Schedule 72, Heating and Cooling Efficiency Program (“Program”), in order to add smart thermostats as a new measure to the Program. Including this measure in the Program will broaden the number of energy efficiency offerings for Oregon customers.

The objective of the existing Program is to acquire energy savings by offering cash incentives to residential customers in order to motivate them to purchase alternate forms of residential heating and cooling equipment and services that save energy. There were six Oregon customers who received incentives associated with this Program in 2014 and nine in 2015. More information about the Program can be found at www.idahopower.com/heatingcooling.

Smart Thermostat Measure

Eligibility

Idaho Power proposes that this measure be available to homeowners, property owners, and managers of rental properties served by the Company. Homes must have electric forced air heat (with or without central air conditioning), or a ducted heat pump. The home must be an existing single family site built home and can be a primary residence, vacation home, or rental.

Process and Incentive

The smart thermostat must be installed by a licensed contractor and per the requirements on the application form and worksheet form. All equipment/materials must be new, purchased, and installed prior to submitting incentive paperwork. The appropriate documents are submitted by the participant to Idaho Power. Idaho Power will review the documents to ensure the application meets the rules of the Program. Upon approval by Idaho Power, the documents will be processed and the incentive check mailed to the participant. Participants are eligible for an incentive of \$75 for installing a smart thermostat. Maximum number of incentives is one per home.

Marketing Plan

The 2016 Program marketing plan will include information about this measure. Idaho Power will perform targeted demographic marketing and broad base marketing. The Company will use traditional and new marketing tactics as well as face to face supply chain meetings, direct mail, bill inserts, trade show displays, behavioral ads, and Company publications. The Company anticipates this new offering will be available to customers in both the Oregon and Idaho jurisdictions on March 31, 2016.

Cost-Effectiveness

The magnitude of electric savings for Idaho Power's service territory under the proposed delivery mechanism at this time is uncertain. The Company has made the following conservative assumptions to determine the minimum annual kilowatt-hour ("kWh") savings required in order for the measure to be cost-effective:

- Measure life: 10 years
- Incremental Participant Cost: \$175 (the average cost of the baseline non-programmable/programmable thermostat is \$50)
- Incentive: \$75
- Minimum Targeted Savings: 354 annual kWh
- Cost-Effectiveness Ratios (not including administration costs)
 - Utility Cost Test (UCT) = 2.34
 - Total Resource Cost Test (TRC) = 1.00

Approximately 10 impact evaluations have been published regarding smart thermostats savings since 2013. These evaluations include those done for the Energy Trust of Oregon and for Sacramento Municipal Utility District. In general, the evaluations indicate that smart thermostats can save between 5 percent and 15 percent of heating use or about 750 to 1,000 kWh per year. Some of these evaluations considered savings of cooling use in addition to savings of heating use; however, for the cost-effectiveness analysis in this filing, Idaho Power is only including heating use savings.

Idaho Power's most recent energy efficiency potential study showed the average unit energy consumption for an electric furnace is 10,317 annual kWh. With evaluations from other utilities indicating that smart thermostats can save between 5 percent and 10 percent, the potential heating savings could range between 516 and 1,031 kWh per year. Typical costs of smart thermostats range between \$150 and \$300.

The Regional Technical Forum has not published data for residential smart thermostats.

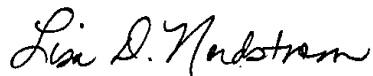
Evaluation Plan

After the Program has operated for about two years and sufficient program data has been collected, Idaho Power will conduct an impact evaluation using a third-party to determine kWh savings. The evaluation methodology will include industry best practices and will evaluate both heating and cooling savings. Results from this evaluation will be used to further inform cost-effectiveness analyses.

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The Company respectfully requests that the attached modified Schedule 72 become effective on March 31, 2016. If you have any questions regarding this filing, please contact Darlene Nemnich at (208) 388-2505 or dnemnich@idahopower.com or Connie Aschenbrenner at (208) 388-5994 or caschenbrenner@idahopower.com.

Sincerely,



Lisa D. Nordstrom
Lead Counsel

LDN/kkt
Enclosures

SCHEDULE 72
HEATING AND COOLING
EFFICIENCY PROGRAM

AVAILABILITY

Service under this schedule is available to residential Customers and owners or managers of rental properties throughout the Company’s service area within the State of Oregon that are served under a residential electric service schedule. This schedule is also available to home builders and developers who construct homes in the Company’s service area within the State of Oregon that take service under a residential electric service schedule upon completion.

APPLICABILITY

This program is applicable to site-built or manufactured homes served under a residential electric service schedule and sited in the Company’s Oregon service territory.

PROGRAM DESCRIPTION

The Heating and Cooling Efficiency Program provides incentives for the installation of qualified heating and cooling equipment and for having energy saving services performed.

INCENTIVE STRUCTURE

To be eligible for an incentive for heat pumps and single family home duct sealing, the installation must be performed by an Idaho Power authorized participating contractor who has received program training and has signed an agreement with the Company. Eligibility for an incentive for evaporative coolers does not require a contractor. To be eligible for an incentive for the electronically commutated air handler motor (“ECM”), the smart thermostat, and the residential whole house fan, a licensed contractor must perform the services, but not necessarily an Idaho Power authorized participating contractor. Products and services performed must meet the requirements of the Heating and Cooling Efficiency Program as outlined in the Program Requirements Manual and individual measure worksheets. To view a list of the participating contractors, a current Program Requirements Manual, and individual measure worksheets, visit www.idahopower.com/heatingcooling.

(N)

Equipment/Service	Eligibility Requirements	Participant Incentive	Contractor Incentive	Notes
High Efficiency Air Source or Open Loop Water Source Heat Pump: Proper Sizing & Installation	A. <u>Replacing an Existing Air Source Heat Pump</u>			
	Minimum 8.5 HSPF for air source	\$250.00	\$150.00	1
	Minimum 3.5 COP for water source	\$500.00	\$150.00	1
	B. <u>Replacing an Existing Electric Forced Air Furnace or Non-ducted Electric Resistance System</u>			
	Minimum 8.5 HSPF for air source	\$800.00	\$150.00	1
	Minimum 3.5 COP for water source	\$1,000.00	\$150.00	1
	C. <u>Replacing an Existing Oil Forced Air Furnace or Propane Forced Air Furnace</u>			
	Minimum 8.5 HSPF for air source	\$400.00	\$150.00	1, 2
	Minimum 3.5 COP for water source	\$1,000.00	\$150.00	1, 2
	D. <u>New Construction</u>			
Minimum 8.5 HSPF for air source	\$400.00	\$150.00	2	
Minimum 3.5 COP for water source	\$1,000.00	\$150.00	2	

SCHEDULE 72
HEATING AND COOLING
EFFICIENCY PROGRAM
(Continued)

INCENTIVE STRUCTURE (Continued)

Evaporative Cooler: Purchase & Installation	Unit must be equal to or greater than 2500 CFM	\$150.00	n/a	1
Single Family Home Duct Sealing	Homes must have electric forced-air heat or a heat pump	\$350.00	\$0	3
Electronically Commutated Air Handler Motor (ECM)	Homes must have electric forced-air heat, oil or propane or natural gas forced-air heat, or a heat pump	\$50.00	\$150.00	1
Residential Whole House Fan	Homes must have central air conditioning, zonal cooling, or a heat pump	\$200.00	\$0	3
Ductless Heat Pump	Homes must have electric baseboards, electric ceiling cable, or electric wall units	\$750.00	\$0	1
Smart Thermostat	Homes must have electric forced air heat (with or without central air conditioning) or a ducted heat pump	\$75.00	\$0	3

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Notes:

1. Must be an existing, single-family, site-built home, an existing multi-family home with 4 or fewer units, or an existing manufactured home.
2. Natural gas must not be available.
3. Must be existing single-family site-built home.

QUALIFICATIONS

In order to receive a financial incentive under this program, each participating customer must complete the following steps:

1. Read and understand all website information found on www.idahopower.com/heatingcooling for the incentives of interest.
2. Hire participating contractor or licensed contractor where required.
3. Have equipment installed or services performed.
4. Submit or assist in the contractor's submittal of incentive forms.