

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 21, 2007**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** August 22, 2007

DATE: August 16, 2007

TO: Public Utility Commission

FROM: Carla Owings

THROUGH: Lee Sparling, Ed Busch and Judy Johnson

SUBJECT: IDAHO POWER COMPANY: (Advice No. 07-07) Requests modifications to Schedule 87, Manufactured Housing Energy Efficiency Programs.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Idaho Power Company's (Idaho Power or Company) request to modify Schedule 87, Manufactured Housing Energy Efficiency Programs, to allow for funding from Idaho Power's Oregon Energy Efficiency Rider Fund on Schedule 91, effective August 22, 2007 through December 31, 2008.

DISCUSSION:

On July 13, 2007, Idaho Power filed Advice No. 07-07 requesting housekeeping changes to Schedule 87 in order to switch the funding for two Demand-Side Management (DSM) programs previously funded by Bonneville Power Administration's (BPA) Conservation Rate Credits (CRC) to Schedule 91, Idaho Power's Oregon Energy Efficiency Rider. Idaho Power submitted Schedule 87 revisions with title changes and by removing all references to BPA.

The Commission authorized Schedule 87, Manufactured Housing Energy Efficiency Programs, at its February 27, 2007, Public Meeting. Under Schedule 87, Idaho Power offers two programs to promote energy efficiency for new all-electric manufactured homes:

- (1) Rebate Advantage Manufactured Homes Incentive Program; and
- (2) Energy House Calls for Manufactured Homes Program.

The Rebate Advantage Incentive program provides incentives for all Super-Good-Cents manufactured homes certified by the Northwest Energy Efficiency Manufactured Home Program (NEEM). After September 30, 2007, only ENERGY STAR® homes, which have higher energy efficiency standards, will qualify for the incentive.

The incentive is provided by the Company to customers who purchase qualified manufactured homes. An incentive is also offered to the sales consultant who sells the home. The following tiered incentives are currently paid for qualifying homes:

<u>Home Type</u>	<u>Customer Incentive</u>	<u>Sales Bonus</u>
NEEM-Certified	\$300 per eligible home	\$75 per home
ENERGY STAR®	\$500 per eligible home	\$100 per home

The higher incentive for ENERGY STAR® homes reflects the increased energy savings achieved by the conservation measures employed by this program. In addition, under the current Energy House Calls for Manufactured Homes Program, participants receive five compact fluorescent light bulbs.

In May of 2007, the 9th Circuit Court issued a decision regarding BPA's Residential Exchange Program resulting in a decision by BPA to curtail payments to all private utilities. Since the curtailment of these credits, Idaho Power has funded these programs with the remaining amounts in its BPA balancing account. However, on a forward-going basis, since the CRC credits are not available, the Company is requesting authorization to switch to a new funding source; the Oregon Energy Efficiency Rider fund on Schedule 91.

Upon review of the Company's application, Staff notified Idaho Power that Staff did not believe the Company's request qualified as housekeeping changes and requested that the Company provide more information to justify changing the funding source to the Oregon Rider funds.

For 2006, Idaho Power reports that it spent approximately \$7,230 for its Oregon Rebate Advantage program with an achieved savings of 21 MWh. The levelized total resource cost for this is 3.78 cents per kWh. The Company calculated a cost effective limit of 10.23 cents per kWh. For its Oregon Energy House Calls program, Idaho Power spent approximately \$12,000 with an achieved savings of approximately 38 MWh. The levelized total resource cost for this program was calculated to be 2.11 cents per kWh and a cost effective limit of 12.34. To compare these results with standards set by the Commission for the Energy Trust of Oregon, the Trust's levelized cost limit is set at 2.00 cents per kWh.

Idaho Power reports that the participation level for Oregon Customers has dropped in 2006 and the program warrants review by the Company to decide whether it is feasible to continue with the program or if, in fact, the program has reached a saturation level. For these reasons, Staff has agreed to recommend that the program be allowed to go forward for a limited amount of time (until December 31, 2008) allowing the Company time to perform more studies on whether these are effective, cost-efficient programs for Idaho Power's DSM portfolio that benefit Oregon ratepayers.

PROPOSED COMMISSION MOTION:

The Commission approve Idaho Power's request to modify Schedule 87, Manufactured Housing Energy Efficiency Programs, to allow for funding from Idaho Power's Oregon Rider Fund on Schedule 91, effective August 22, 2007 through December 31, 2008.