



MAR 04 2009

Mack A. Redford  
Commissioner

**Idaho Public Utilities Commission**

P.O. Box 83720  
Boise, Idaho 83720-0074

C.L. "Butch" Otter  
Governor

March 4, 2009

Wayne Hammon, Administrator  
Division of Financial Management  
700 West State Street  
Boise, ID 83720-0032

Dear Mr. Hammon:

Enclosed for your review is the response by the Idaho Public Utilities Commission to Governor Otter's Executive Order No. 2009-06.

If you have any questions or need further information, please contact me at 334-3427 or at [mack.redford@puc.idaho.gov](mailto:mack.redford@puc.idaho.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Mack A. Redford", written over a horizontal line.

Mack A. Redford  
President

MAR/jj

Enclosure

**The Federal American Economic Recovery and Reinvestment Act of 2009**

**Response of the Idaho Public Utilities Commission  
to Executive Order No. 2009-06**

*Section 1 – “Any state agency anticipating federal funds under the Act”*

- a. The amount of federal funding [the agency] anticipates receiving under the Act;*
- b. Timeframe for receipt of funds;*
- c. Whether the anticipated federal funding is allocated through an existing or new federal program;*
- d. Current levels of state funding for the agency that is appropriated, requested or held in any account by or for the agency that would be impacted positively or negatively by the receipt of federal stimulus funding;*
- e. Whether additional spending authority would be necessary to expend the federal funds;*
- f. Whether any additional state employees are necessary to oversee or administer the federal funds and if so how many;*
- g. Requirements under the Act associated with spending federal funding, including but not limited to state match or cost share requirements, percentage limitations and timeframes;*
- h. When federal funding ends; and*
- i. A plan detailing how the funds will be spent and how the agency will address the absence of federal funding after it ends.*

Opportunity No. 1: Additional State Energy Grants

- a.
- b.
- c. Existing. Energy Policy and Conservation Act, Title III, Part D. (42 U.S.C. 6321 et seq.)
- d.
- e.
- f.
- g. Sec. 410. Additional State Energy Grants (H.R. 1-32 – H.R. 1-34) are available “only if the governor of the recipient State notifies the Secretary of Energy in writing that the governor has obtained necessary assurances that each of the following will occur:
  - (1) The applicable State regulatory authority will seek to implement, in appropriate proceedings for each electric and gas utility, with respect to which the State regulatory authority has ratemaking authority, a general policy that ensures that utility financial incentives are aligned with helping their customers use energy more efficiently and that provide timely cost recovery and a timely earnings opportunity for utilities associated with cost-effective measurable and verifiable efficiency savings, in a way that sustains or enhances utility customers’ incentives to use energy more efficiently.
  - (2) The State, or the applicable units of local government that have authority to adopt building codes, will implement the following:

(A) A building energy code (or codes) for residential buildings that meets or exceeds the most recently published International Energy Conservation Code, or achieves equivalent or greater energy savings.

(B) A building energy code (or codes) for commercial buildings throughout the State that meets or exceeds the ANSI/ASHRAE/IESNA Standard 90.1–2007, or achieves equivalent or greater energy savings.

(C) A plan for the jurisdiction achieving compliance with the building energy code or codes described in subparagraphs (A) and (B) within 8 years of the date of enactment of this Act in at least 90 percent of new and renovated residential and commercial building space. Such plan shall include active training and enforcement programs and measurement of the rate of compliance each year.

(3) The State will to the extent practicable prioritize the grants toward funding energy efficiency and renewable energy programs, including—

(A) the expansion of existing energy efficiency programs approved by the State or the appropriate regulatory authority, including energy efficiency retrofits of buildings and industrial facilities, that are funded—

(i) by the State; or

(ii) through rates under the oversight of the applicable regulatory authority, to the extent applicable;

(B) the expansion of existing programs, approved by the State or the appropriate regulatory authority, to support renewable energy projects and deployment activities, including programs operated by entities which have the authority and capability to manage and distribute grants, loans, performance incentives, and other forms of financial assistance; and

(C) cooperation and joint activities between States to advance more efficient and effective use of this funding to support the priorities described in this paragraph.”

The Idaho Public Utilities Commission (PUC) has provided a letter to the Governor delineating PUC policies and decisions concerning aligning utility financial incentives with efficient customer energy use under Sec. 410(1). (This letter is included in information provided by the Office of Energy Resources.) The PUC will exercise its existing authority over energy efficiency programs to insure compliance with Sec. 410(3). As indicated below, the PUC is seeking funding for training and travel related to energy efficiency

h.

i.

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**Section 2 – “If an agency determines it is eligible and desires federal funding under a provision of the Act”**

- a. The amount of federal funding desired under the Act;**
- b. The title(s) and section(s) of the Act under which the funding is provided;**
- c. The requirements and deadline for applying for federal funding;**
- d. The requirements associated with the desired funding, including but not limited to spending limitations, state match or cost share requirements, percentage limitations and timeframes;**
- e. When the federal funding would end;**
- f. Whether additional spending authority would be necessary to expend the federal funds;**
- g. Whether any additional state employees are necessary to oversee or administer the federal funds and if so how many; and**
- h. A plan detailing how the funds will be spent and how the agency will address the absence of federal funding after it ends.**

Opportunity No. 1: Low Income Weatherization Assistance

- a. \$3,705,068
- b. Sec. 407. Weatherization Assistance Program Amendments (H.R. 1-31 – H.R. 1-32)
- c. Within 45 days of enactment of the Act
- d. Maximum \$1,625 per dwelling from IPUC matching fund, maximum \$6,500 total Assistance funds, subject to prudency review; no other requirements
- e. End federal FY2011
- f. No
- g. None
- h. Nearly 500,000 Idahoans fall within the increased eligibility (200% of the poverty level) for low income weatherization. § 407 of the Act. This represents close to 200,000 dwellings in Idaho. In 2008, 1,465 dwellings received weatherization improvements through community action partnership (CAP) funds. Utility contributions made up approximately one quarter of the total CAP funding. Utility contributions are collected from ratepayers through base rates or tariff riders.

The Idaho Public Utilities Commission (IPUC), acting on behalf of the ratepayers, would establish a fund to match utility contributions dollar for dollar over the next two (2) fiscal years. Based on 2008 figures, the IPUC would allocate approximately \$1,852,534 toward low income weatherization, thus alleviating upward pressure on utility rates, reducing utility bills for low income customers, and prolonging the need to add costly generation resources because of permanent reductions in energy usage.

Opportunity No. 2: Energy Efficiency and Demand Side Management Direct Funding

- a. \$12,000,000
- b. Sec. 410. Additional State Energy Grants (H.R. 1-32 – H.R. 1-34)
- c. Within 45 days of enactment of the Act
- d. No state match or cost share requirements, recipients of funds to be audited for rigorous prudency review of spending by IPUC
- e. One time payment

- f. No
- g. None
- h. For 2008, Idaho's regulated utilities have spent more than \$38,000,000 in customer funds toward demand side management (DSM) and energy efficiency programs. These funds are acquired through tariff riders with rates set by the Idaho Public Utilities Commission (IPUC) upon approval of the programs. Though spending has reached an historic high, funding balances are estimated at \$7,500,000. The resultant deficit puts pressure on utilities to request increases in rider funding, putting additional upward pressure on customer rates. The IPUC, acting on behalf of the ratepayers, requests this funding to be distributed among public utilities that currently collect energy efficiency funding through customer rates. For Idaho utilities that do not currently collect funding, the IPUC would offer an opportunity to receive funding if the utility can demonstrate a commitment to providing energy efficiency programs to its customers. The IPUC currently reviews energy efficiency expenditures for prudence and will continue to do so on behalf of the state's ratepayers.

Opportunity No. 3: Energy Efficiency and Policy Travel Grant

- a. \$168,680
- b. Sec. 410. Additional State Energy Grants (H.R. 1-32 – H.R. 1-34)
- c. Within 45 days of enactment of the Act
- d. No state match or cost share requirements
- e. \$84,340 beginning FY2010, \$84,340 in FY2011
- f. No
- g. None
- h. Sections 407 and 410 of the Act permit use of funds for training and technical assistance for weatherization and energy efficiency. From 2008 to present, the Idaho Public Utilities Commission (IPUC) has spent approximately \$84,340 on travel related to these topics. Specifically, funds have been used to send personnel to national and regional EEAG, NARUC, FERC, and DOE conferences related to energy efficiency. The IPUC requests travel grants equal to 2008 spending for fiscal years 2010 and 2011 to maintain its position as an active leader in promotion and evaluation of weatherization and energy efficiency programs. These training opportunities provide IPUC staff with the necessary background and information to effectively advise the Commission on such matters when the utilities petition the IPUC.