



September 3, 2026

Ms. Monica Barrios-Sanchez
Commission Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

RE: Case No. INT-G-26-06

Dear Ms. Barrios-Sanchez:

Attached for consideration by this Commission is an electronic submission of Intermountain Gas Company's Application for a Determination of 2025 Energy Efficiency Expenses as Prudently Incurred, as well as the Company's 2025 Energy Efficiency Annual Report.

If you should have any questions regarding the attached, please don't hesitate to contact me at (509) 528-9223 or Kathy Wold at (208) 377-6128.

Sincerely,

/s/ Michael Parvinen

Michael Parvinen
Director, Regulatory Affairs
Intermountain Gas Company

Enclosures

INTERMOUNTAIN GAS COMPANY

CASE NO. INT-G-26-06

APPLICATION AND EXHIBITS

**In the Matter of the Application of Intermountain Gas Company for a
Determination of 2025 Energy Efficiency Expenses as Prudently Incurred**

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

In the Matter of the Application of
INTERMOUNTAIN GAS COMPANY
for a Determination of 2025 Energy
Efficiency Expenses as Prudently
Incurred

Case No. INT-G-26-06

APPLICATION

Intermountain Gas Company (“Intermountain” or “Company”), a subsidiary of MDU Resources Group, Inc. with general offices located at 555 South Cole Road, Boise, Idaho, pursuant to the Rules of Procedure of the Idaho Public Utilities Commission (“Commission”), 1) submits its *2025 Energy Efficiency Annual Report* and 2) makes application to the Commission for an order designating \$4,464,533 of 2025 Energy Efficiency expenditures as prudently incurred.

Please address communications regarding this Application to:

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In support of this Application, Intermountain alleges and states as follows.

I. INTRODUCTION

Intermountain is a gas utility, subject to the jurisdiction of the Commission, engaged in the sale of and distribution of natural gas within the State of Idaho under authority of Commission Certificate No. 219, issued December 2, 1955, as amended and supplemented by Order No. 6564, dated October 3, 1962.

Intermountain provides natural gas service to the following Idaho communities and counties and adjoining areas:

Ada County - Boise, Eagle, Garden City, Kuna, Meridian, and Star;
Bannock County - Arimo, Chubbuck, Inkom, Lava Hot Springs, McCammon, and Pocatello; Bear Lake County - Georgetown and Montpelier;
Bingham County - Aberdeen, Basalt, Blackfoot, Firth, Fort Hall, Moreland/Riverside, and Shelley; Blaine County - Bellevue, Hailey, Ketchum, and Sun Valley;
Bonneville County - Ammon, Idaho Falls, Iona, and Ucon;
Canyon County - Caldwell, Greenleaf, Middleton, Nampa, Parma, and Wilder; Caribou County - Bancroft, Grace, and Soda Springs;
Cassia County - Burley, Declo, Malta, and Raft River;
Elmore County - Glenns Ferry, Hammett, and Mountain Home; Fremont County - Parker and St. Anthony;
Gem County - Emmett;
Gooding County - Gooding and Wendell;
Jefferson County - Lewisville, Menan, Rigby, and Ririe; Jerome County - Jerome;
Lincoln County - Shoshone;
Madison County - Rexburg and Sugar City; Minidoka County - Heyburn, Paul, and Rupert; Owyhee County - Bruneau and Homedale;
Payette County - Fruitland, New Plymouth, and Payette; Power County - American Falls;
Twin Falls County - Buhl, Filer, Hansen, Kimberly, Murtaugh, and Twin Falls;
Washington County - Weiser.

Intermountain's properties in these locations consist of transmission pipelines, liquefied natural gas storage facilities, compressor stations, distribution mains, services, meters and regulators, and general plant and equipment.

II. BACKGROUND

In Case No. INT-G-25-05, Order No. 36989, issued on April 3, 2026, the Commission deemed the 2024 Energy Efficiency Program expenses as prudently incurred. However, in Case No. INT-G-24-05, prudence determination of the 2023 Energy Efficiency Program expenses, resulted in several requirements in Order No. 36797. In addition to prudence determination for 2025 energy efficiency program expenses, this application also serves to comply with the two outstanding items from the Order; 1) that "the Company's next prudence filing shall include an EM&V with a billing analysis covering Whole Home Tier I and Furnace Measures, and 2) that the Company is to separate savings for new construction, retrofit and replacement for the 95% AFUE furnace rebates in its next EM&V.

On December 10, 2025, the Idaho Public Utilities Commission ("Commission") issued Order No. 36797 in the Company's 2023 Energy Efficiency Prudence filing. The Company was ordered to remove \$300 from its Residential Program deferral balance. An adjustment was made to the deferral balance in October 2025 and reflected in the program balance report that is filed quarterly. The Commission also approved the Company's proposed retirement of the Storage Water Heater, Tankless Water Heater Tier II, Whole Home Tier II, and Smart Thermostat rebates, and the reduction to the Furnace 95% AFUE rebate incentive from \$350 to \$275, all of which were effective January 1, 2026. The Commission further ordered the

Company to continue offering the then-current rebate amounts for the Whole Home Tier I, Combination Boiler, Boiler 95% AFUE, and Tankless Water Heater Tier I measures.

Order No. 36797 also directed the Company to begin quarterly meetings with Commission Staff to monitor the performance of its demand-side management (“DSM”) programs. The Company has continued to engage with Staff through these quarterly meetings to review program activity, discuss performance, and address program-related questions as they arise. The Company met with Staff three separate times. The Company is grateful for the continued collaboration and oversight provided by Staff. The Company acknowledges the recommendations provided by Staff and the intention to only strengthen Intermountain’s program.

The Company was also required to provide the Commission with notice concerning both the timeline for the audit of its Energy Efficiency Program and the results of the audit, when available. The audit-related requirement was subsequently satisfied through Order No. 36866, issued on December 10, 2025.

This Application serves as the Company’s request for prudence determination of the 2025 Energy Efficiency Program expenses as well as compliance with the remaining outstanding order regarding evaluation, measurement, and verification (“EM&V”). Specifically, the Commission ordered that the Company’s next prudence filing include an EM&V with a billing analysis covering the Whole Home Tier I and Furnace measures. The Commission also ordered the Company to separate furnace savings by new construction, retrofit, and replacement for the 95% AFUE furnace rebates in the said EM&V. The furnace billing analysis is available as Exhibit 2.

Following receipt of Order No. 36797, the Company filed a request for reconsideration regarding the EM&V requirement. In that request, the Company cited concerns that there may not be sufficient data to support a useful and statistically valid EM&V study for furnace measures due to the timing of the last furnace EM&V. The Company also raised concerns regarding the prudence of incurring expenses for an EM&V study of the Whole Home Tier I measure, given that the measure was not anticipated to pass the Company's cost-effectiveness threshold based on billing analysis. The Commission denied the Company's request for reconsideration, finding that the Company had not demonstrated that Order No. 36797 was "unreasonable, unlawful, erroneous or not in conformity with the law." Following the denial of reconsideration, the Company continued to evaluate the feasibility and usefulness of the required EM&V work. The Company's EM&V evaluator confirmed that sufficient furnace data existed to conduct a statistically valid furnace study.

With respect to the Whole Home Tier I measure, the Company intended to retire the measure because it was not cost-effective. Based on that planned retirement, Staff ultimately agreed that it would not be prudent for the Company to incur the expense of an EM&V study for Whole Home Tier I. The Whole Home Tier I measure was retired effective March 31, 2026, pursuant to Order No. 37030.

Accordingly, this Application provides the Company's 2025 prudence request and addresses the remaining EM&V-related directives from Order No. 36797, including the required billing analysis for furnace measures and the separation of 95% AFUE furnace savings by new construction, retrofit, and replacement applications.

III. 2025 PRUDENCY FILING

The Company's *2025 Energy Efficiency Annual Report* ("Annual Report") is included as Attachment 1 to this Application and incorporated by reference. The Annual Report of the Company's eighth program year provides a review of the Company's Energy Efficiency Portfolio, which consists of the Residential Program and the Commercial Program. The report outlines revenues, expenditures, cost-effectiveness, and performance by measure for each Program. A review of outreach and educational activities, and discussion of future plans complete the Annual Report.

IV. REVENUES

The EE Program expenditures are funded through collections from customers via Energy Efficiency Charges. The current EEC-RS of \$0.01149 was effective October 1, 2024. Total Residential Program revenues for calendar year 2025 were \$3,085,314. Attachment 1 at 5.

Due to an over-collected balance, Company decreased the EEC-GS collection rate to zero effective October 1, 2024. The revenue for January through December 2025 was \$151. Attachment 1 at 23.

V. EXPENDITURES

Expenditures for the Residential and Commercial Programs combined for January 1, 2025, through December 31, 2025, were \$4,464,533. Of this amount, \$3,542,212, or approximately 79%, is for energy efficiency rebates paid directly to residential and commercial customers. Residential rebates accounted for \$3,508,480 and Commercial rebates accounted for \$33,732 of the total.

Attachment 1 at 5 and 23.

In addition to the amount spent on energy efficiency rebates, the Company incurred \$922,321 of administrative expenses for labor, program delivery, direct expenses, and special studies. As a Portfolio, this was approximately 3 percent less than 2024 expenditures. The Company also spent \$142,722 on an Evaluation, Measurement and Verification study (“EM&V”) in 2025. Labor expenses as a percent of rebate dollars paid decreased by 3 percent from 2025.

Beginning in 2025, the Company modified its expense assignment process for Energy Efficiency Program costs by discontinuing the use of a general allocation methodology between the Residential and Commercial Programs. Instead, expenses are now assigned directly to the applicable program at the time they are incurred, except in limited circumstances where an expense is appropriately characterized as shared between both programs. This approach provides a clearer separation of Residential and Commercial Program costs and supports more precise tracking of program-specific expenditures. For example, when the Company places a single order for promotional giveaway items to be used equally by both programs, such as 1,000 pens for customer outreach, inventory is allocated to each program and the associated expense is assigned to the requisite program, Residential or Commercial.

VI. DEFERRAL BALANCE

The Residential Program began the year with an over-collected deferral balance of \$1,027,286 and ended 2025 with an over-collected balance of \$37,300. The 2025 program year closed out with an exceptionally high number of rebate payments, drawing down the deferral balance. This was due to the “last chance” opportunity to apply for smart thermostats, storage water heaters, Tier II tankless water heaters, and Whole Home Tier II

rebates before they were retired on December 31, 2025. As of June 30, 2026, the residential deferral balance was \$286,774.

The Commercial Program began the year with an over-collected balance of \$1,037,285 and ended 2025 with an over-collected balance of \$645,503.

VII. COST-EFFECTIVENESS

Intermountain reports the cost-effectiveness of its Portfolio based on two industry standard metrics: the Utility Cost Test (“UCT”) and the Total Resource Cost (“TRC”). The UCT measures cost-effectiveness from the utility company’s perspective and takes into consideration avoided supply costs, program administration costs, and incentives paid by the utility. The TRC measures cost-effectiveness from the customer’s perspective and focuses on avoided supply costs, program administration costs, and net participant costs. Although both are common industry metrics for measuring cost-effectiveness, the Company relies more on the UCT because it measures the cost-effectiveness of items directly under the Company’s control. Exhibit No. 1, attached and incorporated by reference, outlines the cost-effectiveness for the programs and for each individual rebate offered.

The Company acknowledges the Commission’s rejection of the Company’s request to use the deemed savings approach for evaluating the cost effectiveness of the Company’s EE Program, and “the Commission has directed that utilities use a billing analysis where appropriate,” in Order No. 36767. This order was received on October 14, 2025, more than halfway into the implementation of the 2025 program year. For that reason, the Company conducted cost-effectiveness testing using both the evaluated savings results from the deemed savings and modeling evaluation methods since that was in place at the time of 2025 Program planning. To comply with using billing analysis where appropriate, cost-

effectiveness testing based on the available billing analysis was also conducted. The 2024 EM&V billing analysis results were applied to the Whole Home I and II, and the smart thermostat, the most current information for these measures. In compliance with Order No. 36767, a furnace billing analysis was conducted, separating savings by three furnace categories: new construction, retrofit, and replacement. The 2026 furnace billing analysis results were applied to the cost-effectiveness testing, and the full report on the furnace savings analysis is available as Exhibit 2. Cost-effectiveness testing results based on billing analysis is available in Exhibit 1, page 19.

VIII. STAKEHOLDER MEETINGS

The Energy Efficiency Stakeholder Committee (“EESC”) has been a valuable resource for the Company as it builds the Energy Efficiency Program.

IX. MODIFIED PROCEDURE

Intermountain requests that this matter be handled under modified procedure pursuant to Rules 201-204 of the Commission’s Rules of Procedure. Intermountain stands ready for immediate consideration of this matter.

XI. REQUEST FOR RELIEF

Intermountain respectfully petitions the Idaho Public Utilities Commission as follows:

- a. That the Commission issue an order designating \$4,464,533 of 2025 Energy Efficiency expenditures as prudently incurred,
- b. That this Application be heard and acted upon without hearing under modified procedure, and

- c. For such other relief as this Commission may determine just and proper.

DATED:

INTERMOUNTAIN GAS COMPANY

By 

Michael Parvinen
Director – Regulatory Affairs
INTERMOUNTAIN GAS COMPANY

Givens Pursley LLP

By: 

Preston N. Carter
Attorney for Intermountain Gas Company
INTERMOUNTAIN GAS COMPANY
Givens Pursley LLP

ATTACHMENT 1

CASE NO. INT-G-26-06 INTERMOUNTAIN GAS COMPANY

**2025 Energy Efficiency Annual Report
(36 Pages)**

2025 ANNUAL REPORT







TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
INTRODUCTION	3
COST-EFFECTIVENESS TESTING METHOD	4
RESIDENTIAL ENERGY EFFICIENCY PROGRAM	5
RESIDENTIAL REBATES	6
WHOLE HOME TIER I INCENTIVE	
WHOLE HOME TIER II INCENTIVE	
FURNACE INCENTIVE	
BOILER – 95% AFUE INCENTIVE	
COMBINATION BOILER – 95% AFUE INCENTIVE	
SMART THERMOSTAT INCENTIVE	
STORAGE WATER HEATER INCENTIVE	
TANKLESS WATER HEATER TIER I INCENTIVE	
TANKLESS WATER HEATER TIER II INCENTIVE	
RESIDENTIAL ENERGY EFFICIENCY	
OUTREACH AND EDUCATION	16
COMMERCIAL ENERGY EFFICIENCY PROGRAM	23
COMMERCIAL REBATES	23
CONDENSING UNIT HEATER INCENTIVE	
BOILER RESET CONTROL INCENTIVE	
HIGH EFFICIENCY CONDENSING BOILER INCENTIVE	
FRYER – ENERGY STAR CERTIFIED INCENTIVE	
STEAMER – ENERGY STAR CERTIFIED INCENTIVE	
GRIDDLE – ENERGY STAR CERTIFIED INCENTIVE	
COMMERCIAL ENERGY EFFICIENCY,	
OUTREACH AND EDUCATION	25
ENERGY EFFICIENCY STAKEHOLDER COMMITTEE . . .	31
SECURING AN ENERGY EFFICIENT FUTURE	31
ENERGY EFFICIENCY: NEXT STEPS	32

EXECUTIVE SUMMARY

The 2025 Annual Report for Intermountain Gas Company outlines the activities and performance of its Energy Efficiency Programs, which serve both residential and commercial customers. This report will include all actions that have been taken to comply with the most current orders.

The Company applied the same cost-effectiveness testing methodology in 2025 as the previous year, using updated savings data from the 2024 Evaluation, Measurement, and Verification (EM&V) study using both the deemed savings approach and the billing analysis. The Residential Program had a Utility Cost Test (UCT) ratio of 1.3 at the program level under deemed savings and a UCT of 0.9 based on billing analysis. During this transition year the Commercial Program had a UCT ratio of 0.5.

The Residential Program engagement grew 2% with 10,630 rebates paid in 2025 over 10,413 paid in 2024. The new construction measure, Whole Home Tier I grew the most, jumping to 129 energy efficient homes built in 2025, over thirty-five homes the previous year. Whole Home Tier II, Tankless Tier I and smart thermostats also increased year over year. Most significantly, furnace rebate participation decreased 22% in 2025 (to 3,160 rebates), compared to 2024. Program outreach also demonstrated growth in customer engagement with a two-time occurrence of a record number of rebates received over a one-week period, a 5-time increase in participants in the annual customer engagement activity, as well as a 59% increase in energy efficiency web page visits. A targeted digital campaign was used for the first time to raise awareness about the Program and increased the number of contractors participating in the Program in 2025.

The Commercial Program focused on addressing the recommendations of the 2025 Process Evaluation, including raising program awareness, improving contractor involvement, and expanding the rebate offerings to better meet customer needs. A change in the labor model was implemented to concentrate Commercial Program outreach to a dedicated full-time position from a previously shared responsibility, and a commercial energy efficiency analyst was hired in February 2025. Commercial outreach methods expanded to a digital contractor campaign. The Company established memberships with new commercial industry associations, as well as conducted in person meetings with commercial and mechanical contractors to raise awareness about the Program. In December 2025, the Company filed a proposal to revise the Commercial Energy Efficiency offering and is awaiting a final order at the time of writing this report. The Program was not cost-effective due to increased expenditures such as the process evaluation and outreach and low participation, but the Company remains optimistic that a more robust offering will be key to securing commercial customer energy savings.

Looking ahead, the Company plans to implement a trade ally program to strengthen contractor relationships, expand its rebate portfolio, and continue leveraging partnerships with industry organizations to stay at the forefront of energy-efficient technologies. These efforts aim to secure long-term, cost-effective energy savings and support a more energy-efficient future for Intermountain's customers.





INTRODUCTION

To maintain consistency, the Company used the same approach as in the 2024 annual report to prepare this report. For cost-effectiveness testing, the Company used the evaluated savings from the 2024 Evaluation, Measurement and Verification (EM&V) study, just as it did for the 2023 cost-effectiveness analysis: for the Whole Home Tier I and Tier II incentive, evaluated savings are based on a modeling analysis, for all other measures, evaluated savings are based on a deemed savings analysis. Cost-effectiveness testing was also conducted using billing analysis when billing analysis was available.

Customers have continued to increase their participation in the rebate program for the sixth year in a row. In 2025, Intermountain paid a total of 10,647 rebates to customers across the Residential and Commercial programs combined, a 2% increase from the previous year.

COST-EFFECTIVENESS TESTING METHODOLOGY

Intermountain's objective is for all rebates to have benefit/cost ratios equal to or greater than one, when measured by the Utility Cost Test (UCT). The UCT measures cost-effectiveness from the utility company's perspective and takes into consideration avoided supply costs, Program administration costs, and incentives paid by the utility. Rebates undergo cost tests at several stages: preliminary design, implementation, annual review, and during the Evaluation, Measurement and Verification study (EM&V.) The cost-effectiveness of rebates is also evaluated based on the customer's perspective using avoided supply costs, Program administration costs, and net participant costs in the Total Resource Cost Test (TRC.) The TRC is not the primary cost test used for decisions regarding the inclusion of rebate offerings. In calculating the UCT and TRC, Intermountain relies on the calculations outlined in the California Standard Practice Manual and the National Action Plan for Energy Efficiency's (NAPEE), Understanding Cost-effectiveness of Energy Efficiency Programs: Best Practices, Technical Methods, and Emerging Issues for Policy-Makers.

In prior years, to manage the expenses between the Residential and Commercial Program, Intermountain accounted for expenses between the Residential and Commercial Programs based on an allocation method. In 2025, the Company ended this practice and separated the two programs entirely. As expenses are incurred, they are direct assigned to the appropriate program based on accounting workorders. The Residential and Commercial Programs will be covered in separate sections of this report.

Program outreach and education activities for both the Residential and Commercial Energy Efficiency Programs are outlined in this report. Together, the Residential Program and the Commercial Program make up the Energy Efficiency Portfolio. Any Program level discussion or reporting will specify Residential or Commercial Program. For simplicity, Program reporting is separated into two distinct sections which cover Program funding, Program cost-effectiveness, individual measure cost-effectiveness, as well as Program outreach, awareness, and education.

RESIDENTIAL ENERGY EFFICIENCY PROGRAM

The Residential Energy Efficiency Program is funded by the Energy Efficiency Charge (EEC-RS) rider, a monthly per therm charge to residential customers. As of December 31, 2025, the Company had an over-collected EEC-RS Program balance of \$37,300. The Company will continue to monitor fluctuations in the rider balance to keep rates as stable as possible and avoid excessive over or under collection balances. Table 1 provides detailed information on the 2025 Rider balance.

Rebate counts and cost-effectiveness are reported, by measure, in the following section.

Revenue	\$	3,085,314
Program Expenses		
Residential Rebates		3,508,480
Labor		474,098
Program Delivery		915
Special Studies		16,700
Market Transformation		-
Direct Expenses		75,407
Total Program Expenses		4,075,600
2025 Rider Deferral		
Over/(Under) Collection		(989,986)
Prior Year Rider Balance		
Over/(Under) Collection		1,027,286
RS EEC Credit		
Rebate Removal IPUC Order No 36797		(300)
Rider Account Balance		
Over/(Under) Collection	\$	37,300

Table 1 Residential Rider 2025

RESIDENTIAL REBATES

Whole Home Tier I Incentive

The Whole Home Tier I incentive provided residential customers with a \$900 rebate for new construction homes that met the following criteria:

- HERS rated
- Air sealing at or below 3 ACH at 50 Pa
- Ceiling insulation at or above R-49
- Ducts and air handler located inside conditioned space or duct leakage to outside of less than 4 CFM25/100 ft² CFA
- Furnace efficiency at or above 97% AFUE

The Company received 129 qualifying applications for this incentive during the 2025 Program Year. This was a 269% increase in participation compared to 2024 performance. The 2024 impact evaluation resulted in 183 therms per unit, or 23,607 annual therm savings. Based on the evaluated savings, the incentive was cost-effective under the UCT analysis, with a benefit-to-cost ratio of 2.1. The TRC ratio was 0.9.

Figure 2 illustrates the year over year comparison of the number of incentives issued in 2025 compared to 2024.

Whole Home Tier 1 2024 vs 2025

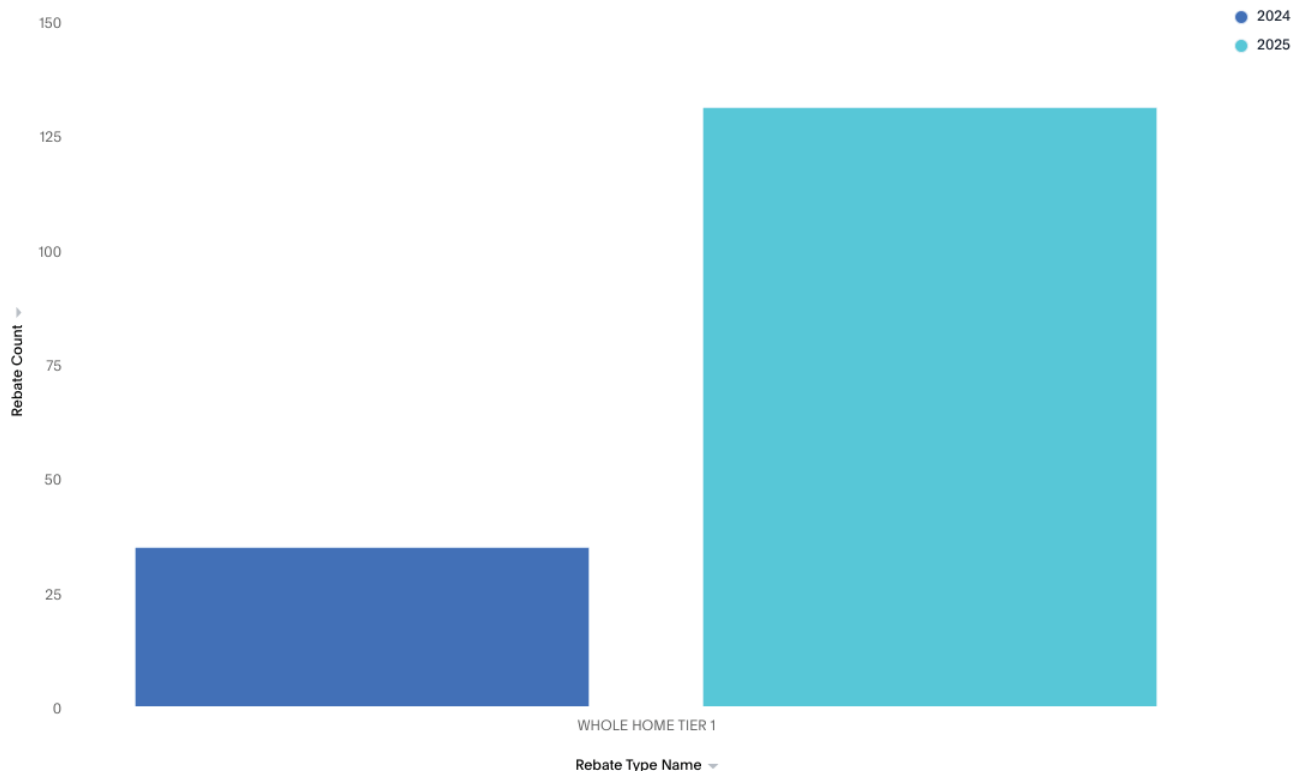


Figure 2 2025 Whole Home Tier I 2024 vs. 2025

Whole Home Tier II Incentive

The Whole Home Tier II incentive provided residential customers a \$700 rebate for new construction homes that met the following criteria:

- HERS rated
- Air sealing at or below 4 ACH at 50 Pa
- Ducts and air handler located inside conditioned space or duct leakage to outside of less than 4 CFM25/100 ft² CFA
- Furnace efficiency at or above 95% AFUE

There were 2,082 Whole Home Tier II rebates paid, compared to 1,744 in 2024. The 2024 impact evaluation reported savings of 110 therms per unit, or 229,020 therms attributable to the Whole Home Tier II rebate. The evaluated savings were cost-effective under the UCT analysis with a benefit-to-cost ratio of 1.6. The TRC ratio was 0.6.

A year over year comparison of the Whole Home Tier II incentives issued in 2025 compared to 2024 is shown in Figure 3.

Whole Home Tier 2 2024 vs 2025

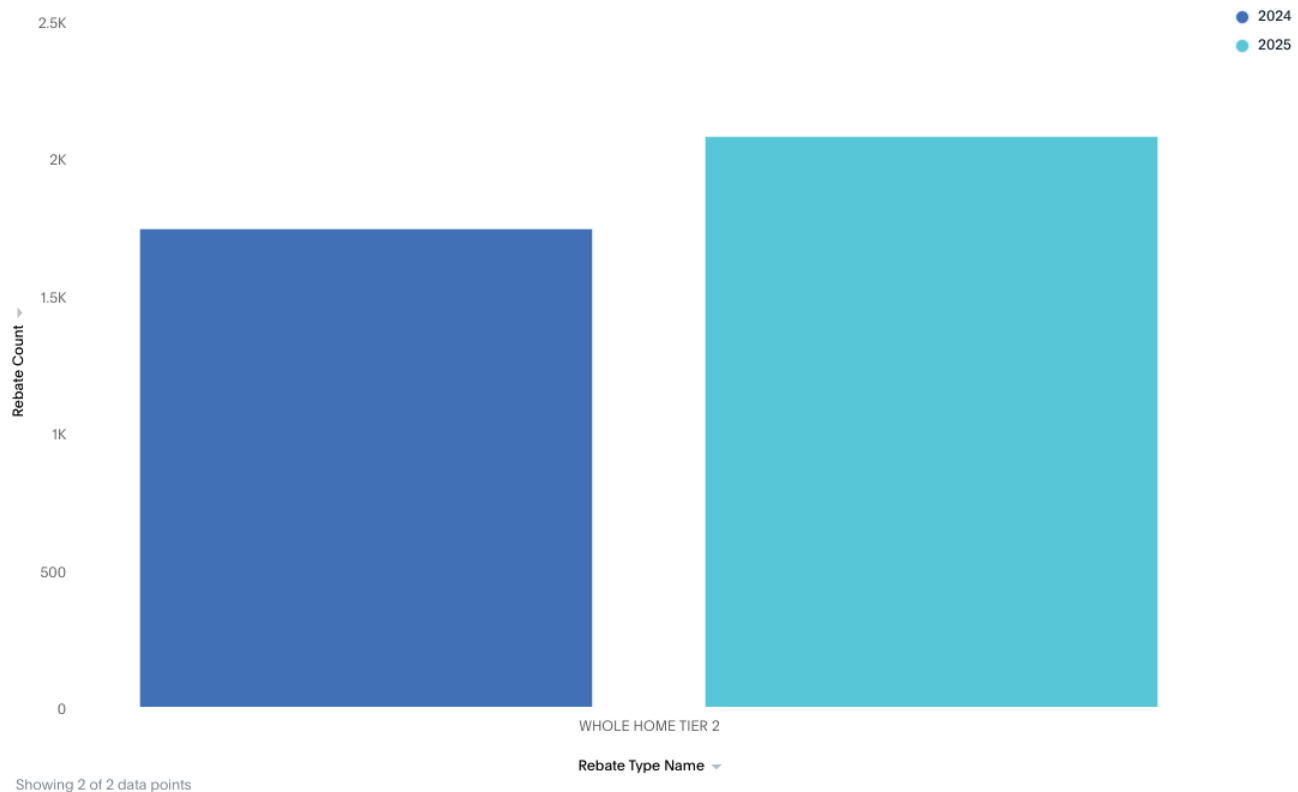


Figure 3 2025 Whole Home Tier I 2024 vs. 2025

Out of the fifty-nine home builders that received a whole home rebate, fifty-one builders opted to install at least one stack-on rebate. Stack-on rebates are the addition of a smart thermostat or water heating measure applied for at the same time as a Whole Home rebate. Approximately 88% of all whole home rebates received at least one stack-on rebate, compared to 69% in 2024. Figures 4 and 5 show the details of equipment rebated as a stack-on to the Whole Home incentive. For Whole Home Tier I, builders most frequently stack-on a smart thermostat. Similarly, for Whole Home Tier II, the most common stack-on is smart thermostat, followed by the combination of a smart thermostat and a tankless water heater.

Whole Home Tier 1 Stack-on Rebates Issued (2025)

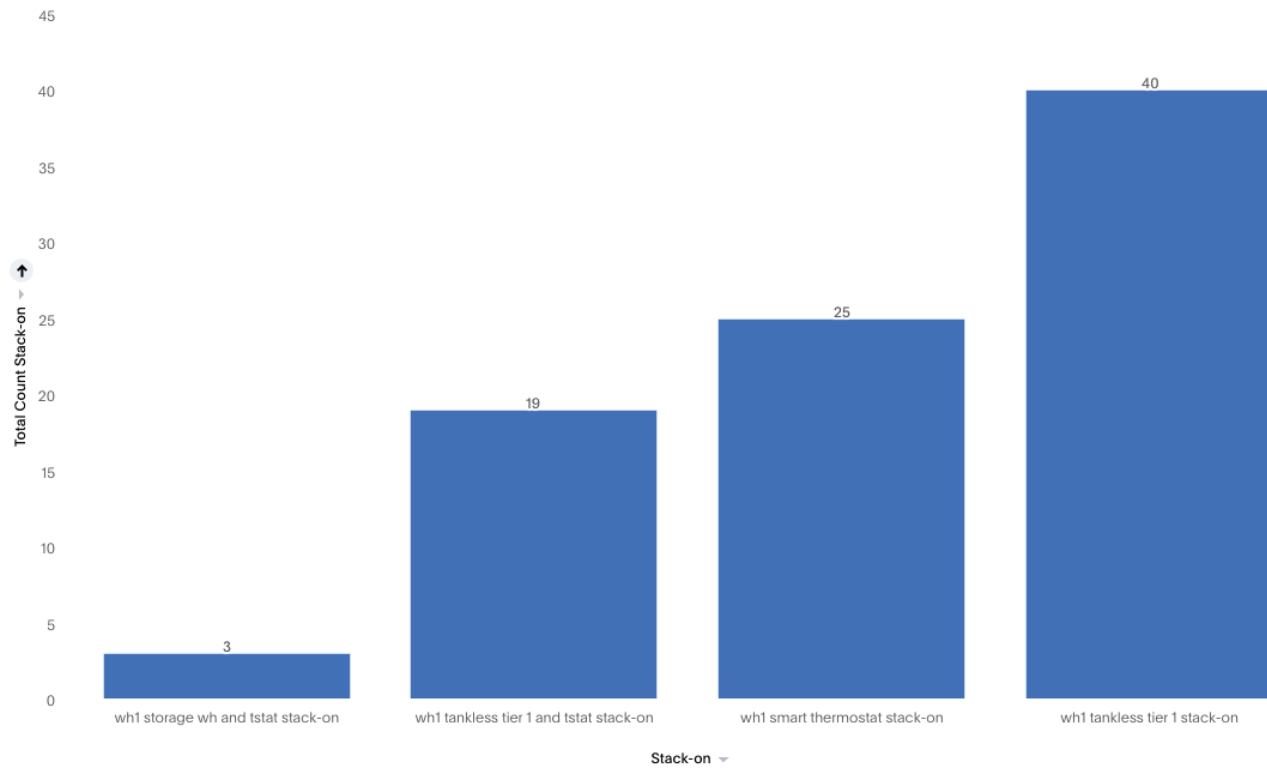


Figure 4 Whole Home Tier I Stack-On Rebates

Whole Home Tier 2 Stack-on Rebates Issued (2025)

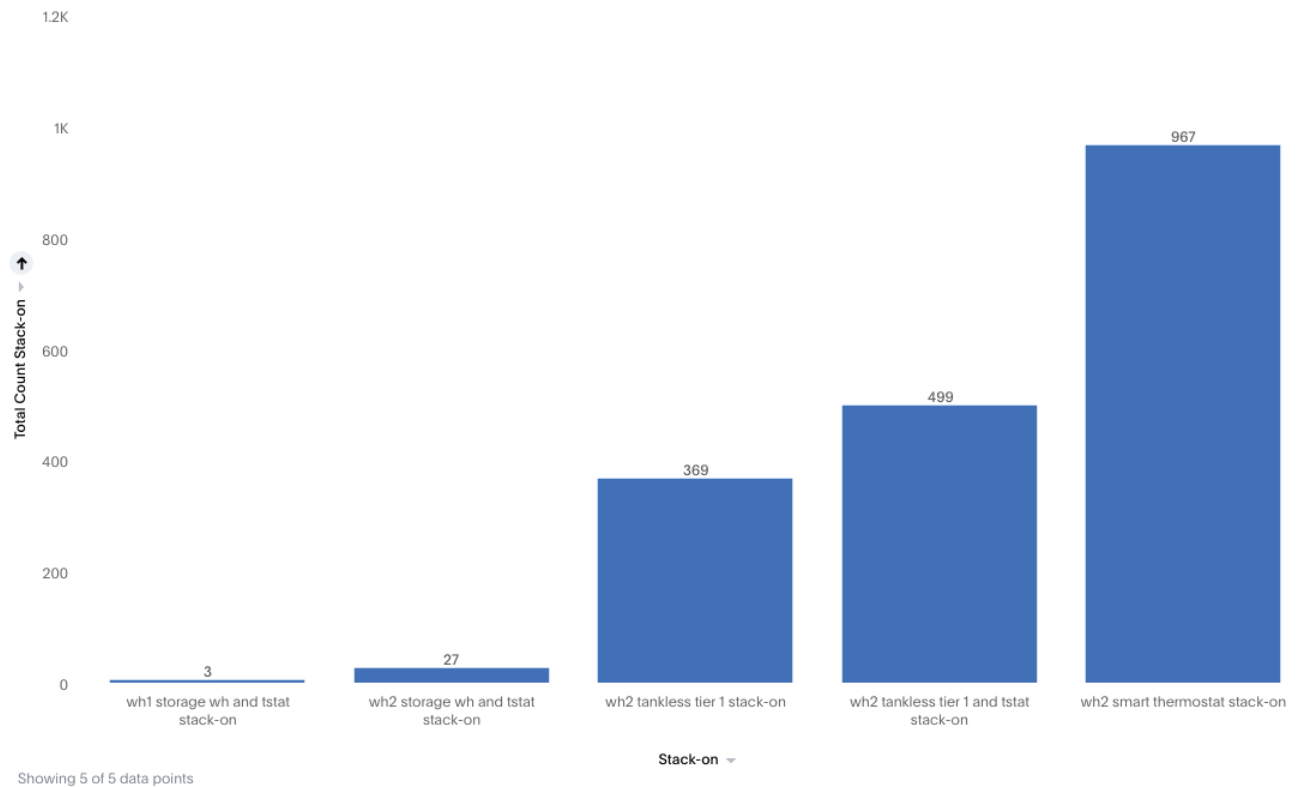


Figure 5 Whole Home Tier II Stack-On Rebates

Furnace Incentive

The furnace incentive provided residential customers with a \$350 rebate for the installation of a high-efficient natural gas furnace with a minimum efficiency rating of 95% AFUE. There were a total of 3,160 furnace rebates issued by the Company in 2025, which was a 22% decrease in participation from 2024. The evaluated per unit therm savings based on the deemed savings approach for the furnace was forty-four therms per unit, or 139,040 therms attributable to the Furnace rebate. The evaluated savings under the UCT analysis resulted in a benefit-to-cost ratio of 1.0. The TRC was 0.3.

Figure 6 is a year over year comparison of the number of incentives issued in 2025 compared to 2024.

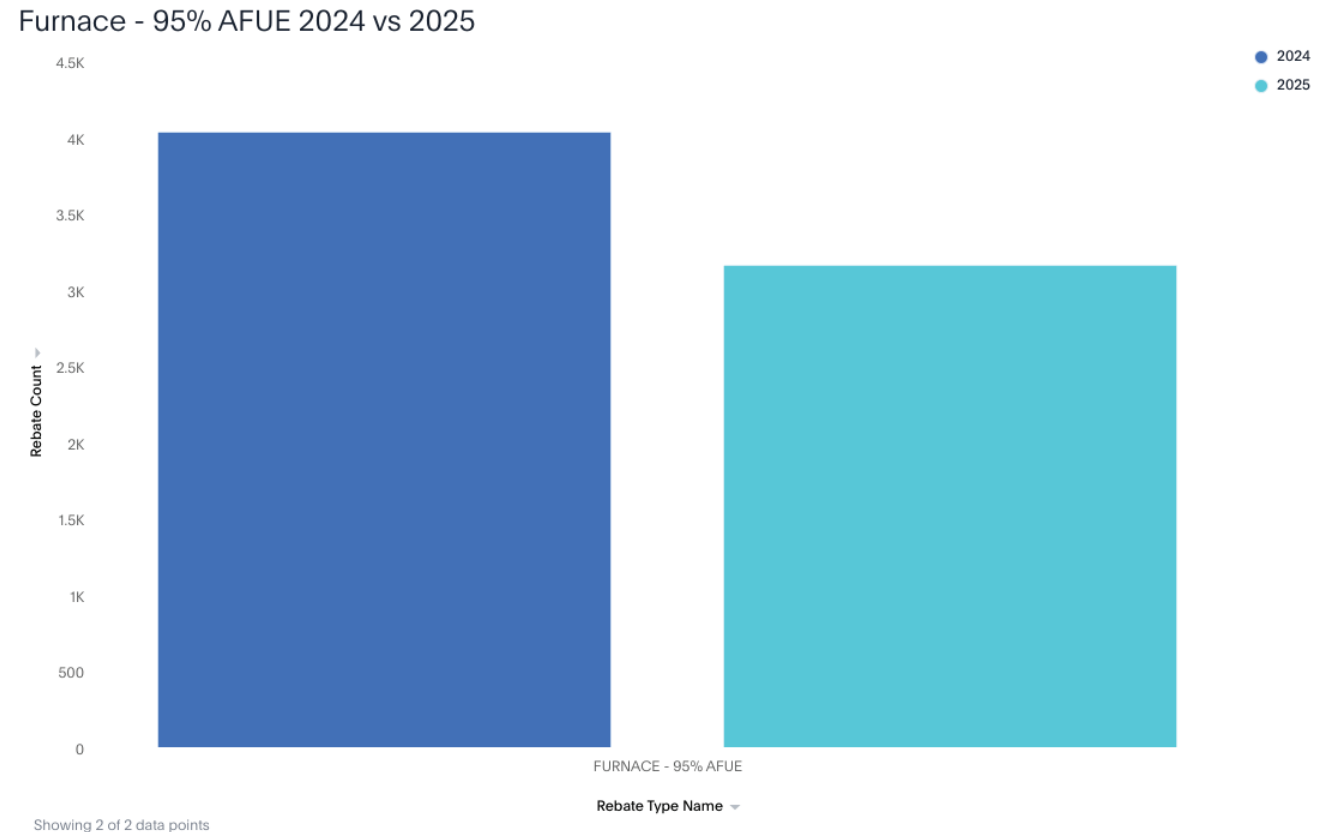


Figure 6 Furnace Rebates 2024 vs. 2025

Boiler – 95% AFUE Incentive

The boiler incentive provided residential customers with an \$800 rebate for the installation of a high-efficient boiler with a minimum efficiency rating of 95% AFUE. The Company issued ten rebates in 2025, which was down 3 units from 2024, for total annual therm savings of 1,030 therms. The evaluated savings under the UCT analysis resulted in a benefit-to-cost ratio of 1.3. The TRC was 0.9.

Figure 7 is a year over year comparison of the number of incentives issued in 2025 compared to 2024.

Boiler - 95% AFUE 2024 vs 2025

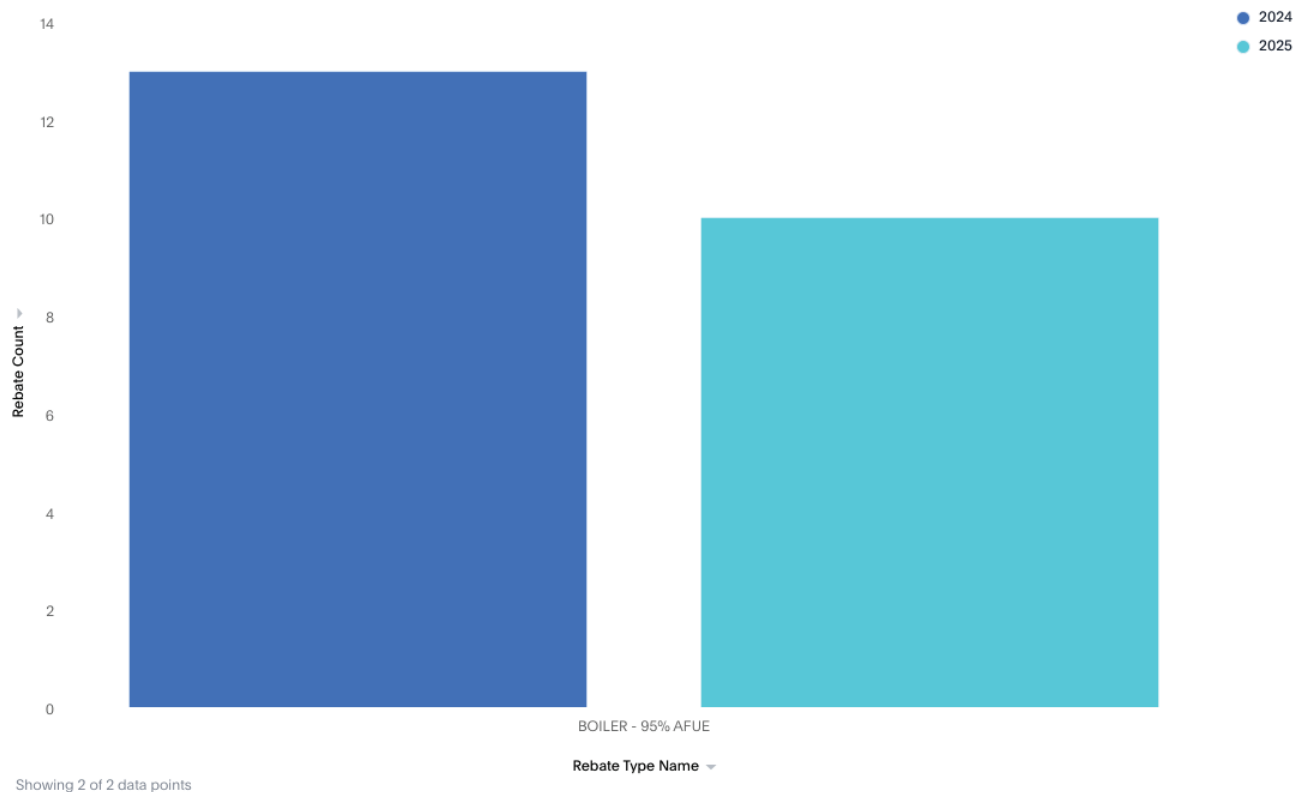


Figure 7 Boiler Rebates 2024 vs 2025

Combination Boiler – 95% AFUE Incentive

The combination boiler incentive provided residential customers with an \$800 rebate for the installation of a high-efficient combination boiler with a minimum efficiency rating of 95% AFUE. There were four rebates issued by the Company in 2025. The 2024 impact evaluation reported savings of 168 therms per unit, or 672 therms attributable to the Combination Boiler rebate in 2025. The evaluated savings were cost-effective under the UCT analysis with a benefit-to-cost ratio of 2.0. The TRC was 0.5.

Figure 8 is a year over year comparison of the number of incentives issued in 2025 compared to 2024.

Combination Boiler - 95% AFUE 2024 vs 2025

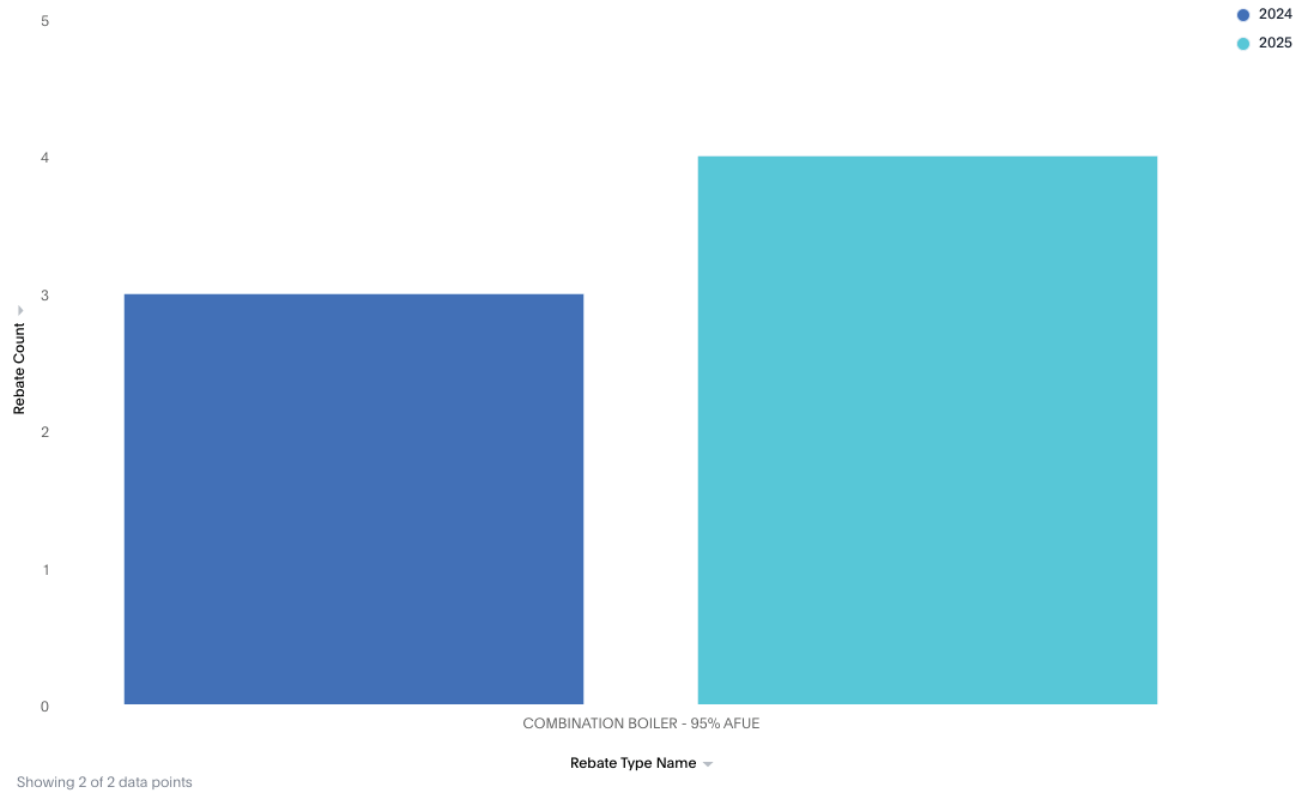


Figure 8 Combi Boiler 2024 vs. 2025

Smart Thermostat Incentive

The smart thermostat incentive provided residential customers with up to a \$100 rebate for the installation of an Energy Star Certified thermostat. Program Terms and Conditions do not allow for incentive payments to exceed the amount paid for equipment and installation. In 2025 a total of 3,897 thermostat rebates were issued by the Company, which was a 15% increase over 2024 participation. The 2024 impact evaluated savings based on deemed savings approach was of twenty-one therms per unit, or 81,837 therms attributable to the Thermostat rebate. The evaluated savings under the UCT analysis resulted in a benefit-to-cost ratio of 0.9. The TRC was 0.5

Figure 9 is a year over year comparison of the number of incentives issued in 2025 compared to 2024.

Smart Thermostat 2024 vs 2025

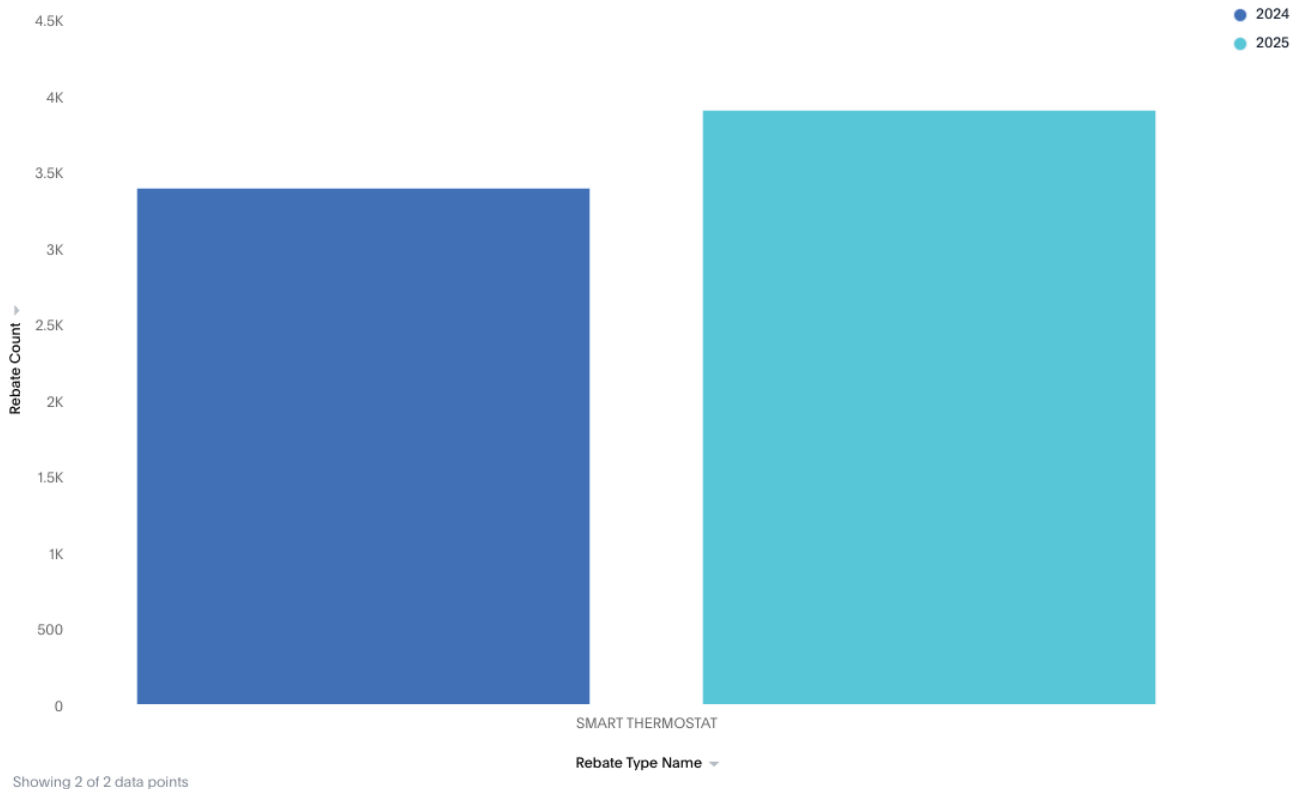


Figure 9 Smart Thermostat 2024 vs 2025

Storage Water Heater Incentive

The storage water heater incentive provided residential customers with a \$115 rebate for the installation of a storage water heater with a minimum efficiency rating of 0.68 UEF. A total of thirty-seven water heater rebates were issued by the Company in 2025. The Company did not differentiate the water heater incentive by tank size, although to evaluate savings, rebated water heaters were sorted by tank size: greater than fifty-five gallons and equal to or less than 55 gallons. Evaluated savings based on the 2024 impact evaluation were twenty-five therms per unit for water heaters equal to or less than 55 gallons, and two therms for water heaters with tank sizes greater than fifty-five gallons. The federal standard for storage water heaters over fifty-five gallons is more stringent than storage water heaters with smaller storage sizes, resulting in very low savings. Together, the evaluated savings for storage water heaters was 925 therms. The evaluated savings under the UCT analysis resulted in a benefit-to-cost ratio of 1.1 for storage water heaters equal to or less than 55 gallons, no rebates were issued for storage water heaters over fifty-five gallons. The TRC was 0.4 for storage water heaters equal to or less than 55 gallons and no rebates were issued for storage water heaters over fifty-five gallons.

Figure 10 is a year over year comparison of the number of incentives issued in 2025 compared to 2024.

Storage Water Heater 2024 vs 2025

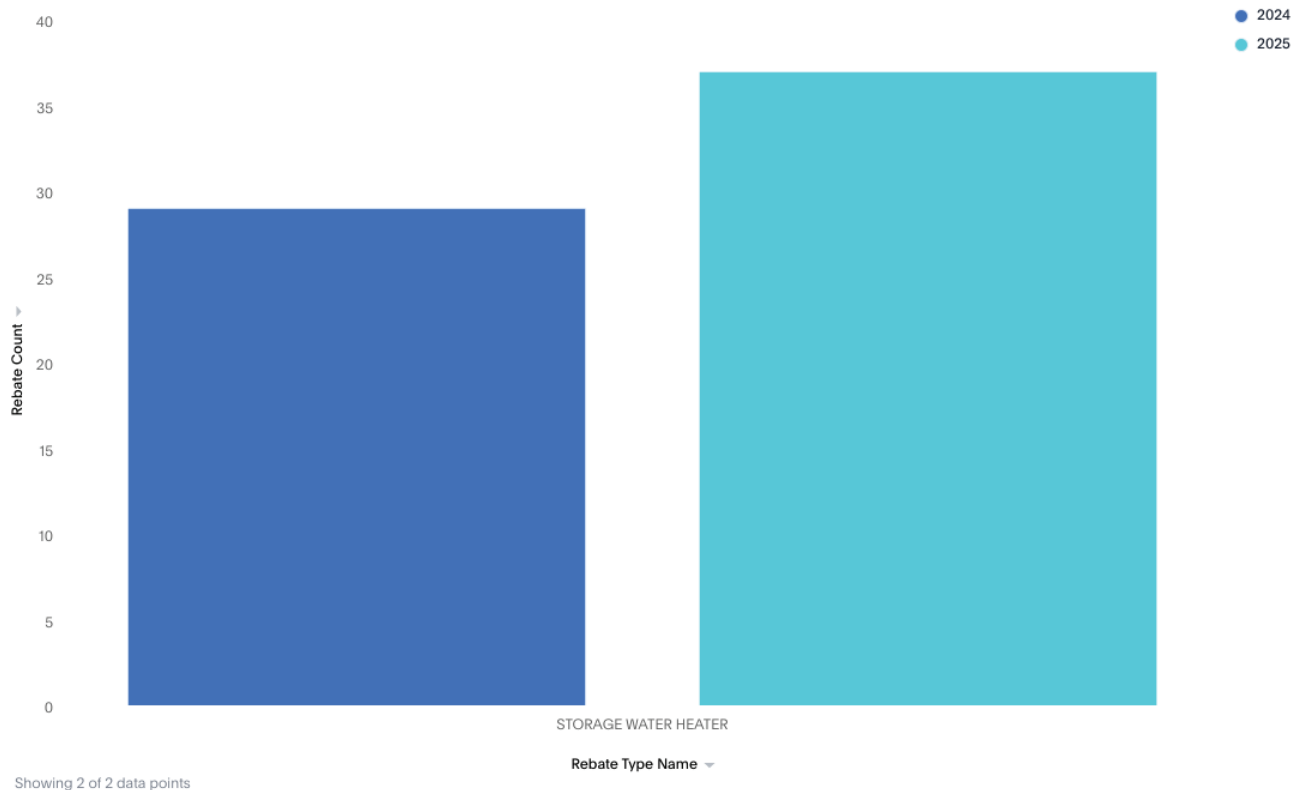


Figure 10 Storage Water Heater 2024. vs 2025

Tankless Water Heater Tier I Incentive

The Tankless Water Heater Tier I incentive provided residential customers with a \$325 rebate for the installation of a condensing tankless water heater with a minimum efficiency of 0.91 UEF. There were 1,310 rebates paid in 2025, a 13% increase over 2024 participation. Evaluated savings from the 2024 impact evaluation resulted in fifty-nine therms per unit, or 77,290 therms of evaluated savings. The evaluated savings were cost-effective under the UCT analysis with a benefit-to-cost ratio of 1.7. The TRC was 0.3.

Figure 11 is a year over year comparison of the number of Tankless Water Heater Tier I incentives issued in 2025 compared to 2024.

Tankless Water Heater Tier 1 2024 vs 2025

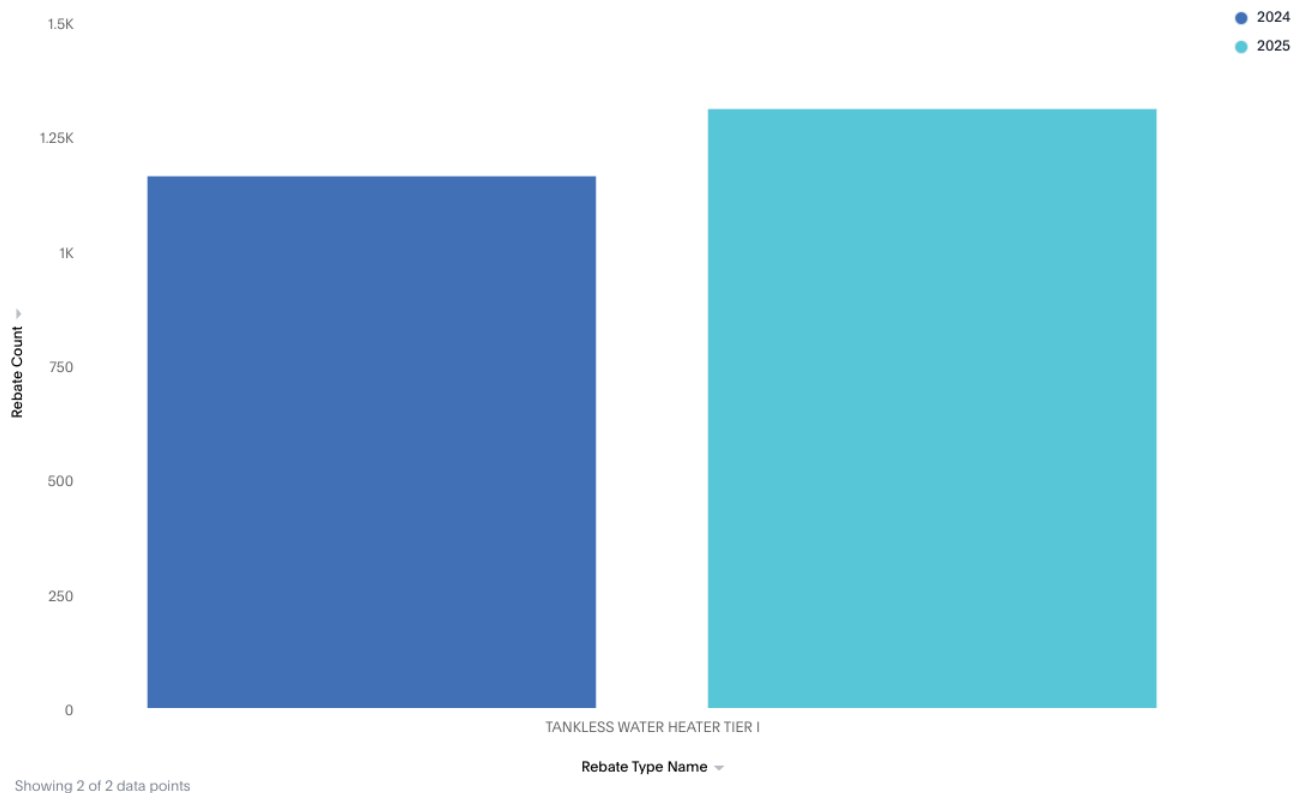


Figure 11 Tankless Tier I 2024 vs. 2025

Tankless Water Heater Tier II Incentive

The Tankless Water Heater Tier II incentive provided residential customers with a \$300 rebate for the installation of a condensing tankless water heater with a minimum efficiency of 0.87 UEF. One rebate was paid in 2025. Evaluated savings from the 2024 impact evaluation resulted in forty-eight therms per unit for the Tier II tankless water heater, which is also the total attributable to the rebate for 2025. The evaluated savings under the UCT analysis resulted in a benefit-to-cost ratio of 1.5. The TRC was 0.4.

Figure 12 is a year over year comparison of the number of incentives issued in 2025 compared to 2024.

Tankless Water Heater Tier 2 2024 vs 2025

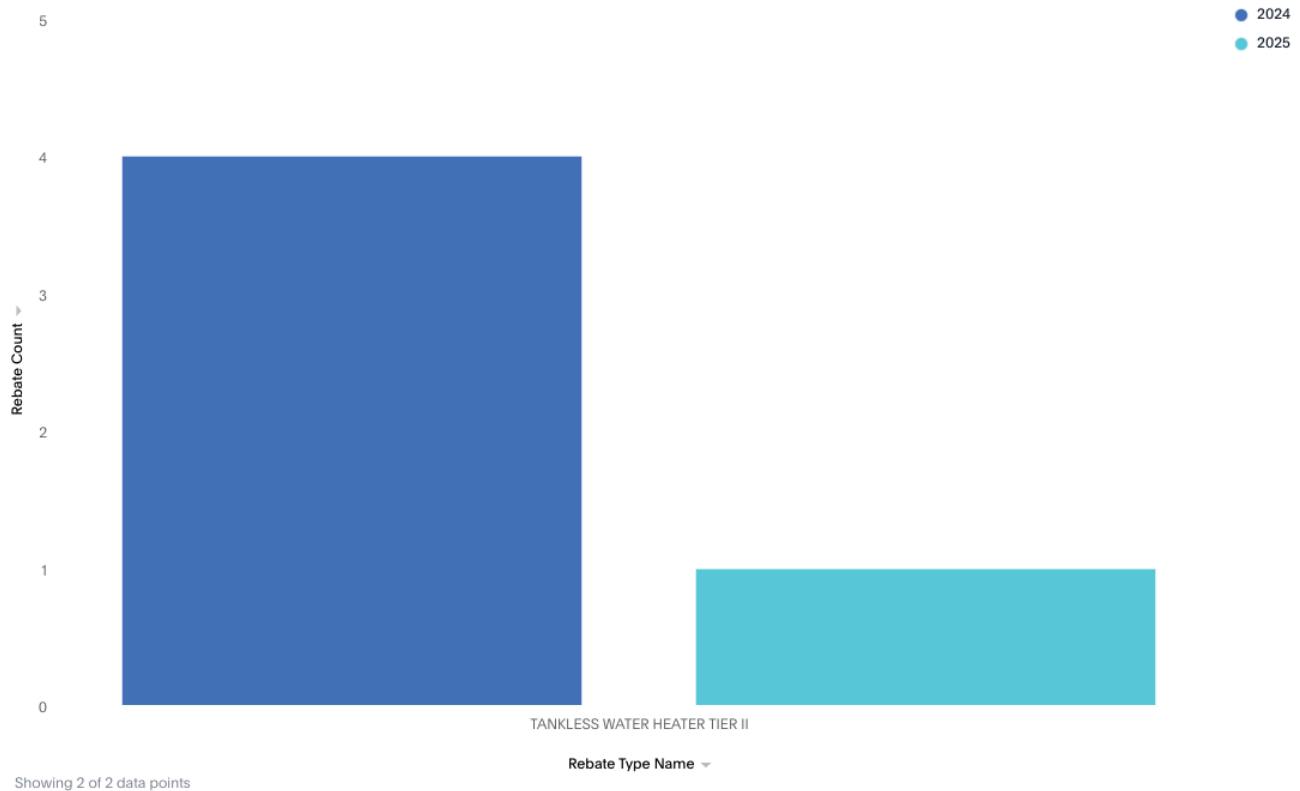


Figure 12 Tankless Tier 2 2024 vs 2025

RESIDENTIAL ENERGY EFFICIENCY OUTREACH AND EDUCATION

Outreach for the Residential Program in 2025 built upon existing methods of in person and digital outreach methods to residential customers, builders, contractors, and communities in the Intermountain Gas service territory. The following sections illustrate the activities and impacts of outreach to each group on Program performance.

2025 Overall Residential Program Outreach Highlights:

Outreach activities contributed to two all-time peaks in the number of rebate applications received in a one-week period: fifty-nine during the week of October 13th, and eighty-one during the first week of December. The previous record was tied at 59 submissions during the week of December 9th, 2024.

- The Program's annual Customer Engagement Activity garnered 2,590 entries, almost five times more than the previous year's submissions. This coincided with the first peak in rebate submissions during the week of October 13th.
- After communications regarding 2026 incentive updates, including bill onserts and inserts, social media posts, and emails to opt-in customers, the Program achieved the second peak of eighty-one application submissions during the first week of December 2025.

Other notable highlights for 2025:

- A digital media campaign directed toward contractors contributed to twenty-two new contractors identified on rebate applications and generated over 335,000 impressions across a variety of online/digital platforms.
- The Program's web pages had a cumulative 59% increase in page views from 2025: 61,665 in 2025 compared to 38,800 in 2024. Increases in activity were seen across all EE web pages apart from the savings calculator page and whole home rebate page. Pages with notable increases in traffic include the appliance rebate page, the energy saving tips page, and the main EE web page, as shown in Figures 13, 14 and 15. Increases in web page activity were seen in conjunction with the June-October digital media campaign, the October customer engagement activity, and program update notices sent in December.

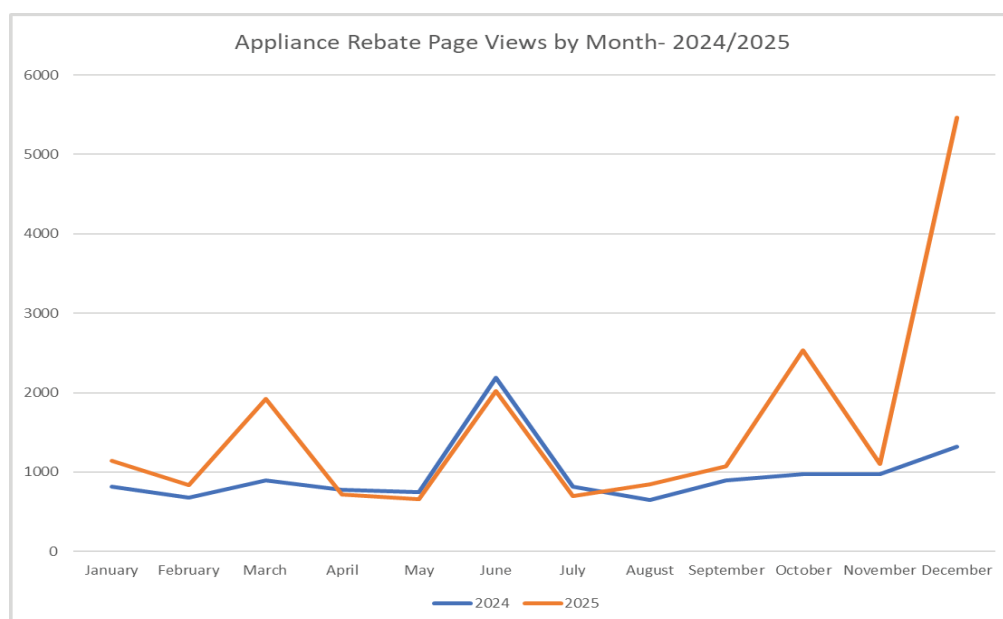


Figure 13 Appliance Rebate Page Views 2024 v 2025

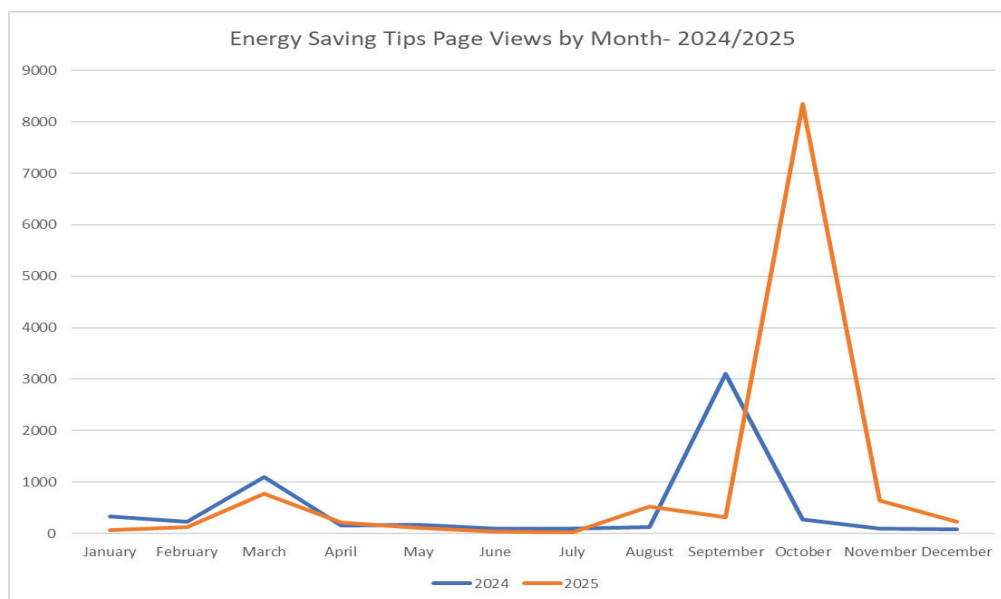


Figure 14 Energy Saving Tips Page Views 2024 v 2025

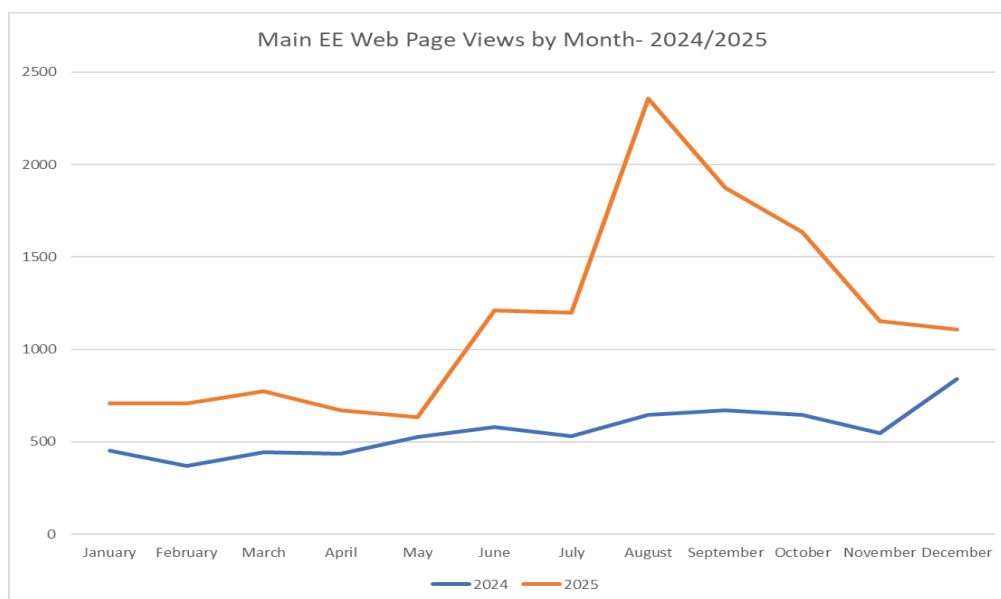


Figure 15 Main EE Web Page Views 2024 v 2025

IGC Customer Outreach

The Company promoted energy efficiency to new and existing IGC customers through a variety of channels summarized below:

- The Company sent quarterly emails to residential customers opted in to receive EE email notifications. See Table 2 for information relating to distribution performance, and Figure 16 for an example of the quarterly emails sent.
- An annual bill insert promoted the program and provided an annual customer engagement activity.

		Residential					
		Date	# Sent	Open Rate	CTR	# of Customers	Subscriber rate
2025	Q1	3.4.25	195,000	45%	1%	394,778	49.4%
	Q2	6.10.25	201,842	54%	2%	395,955	51.0%
	Q3	8.20.25	202,279	48%	<1%	397,010	51.0%
	Q4	10.8.25	204,612	48%	2%	399,521	51.2%
	Q4.1	12.2.25	204,143	62%	2%	402,772	50.7%

Table 2 2025 Residential Email Stats

Energy Efficiency



Looking to cut down on your energy costs? Upgrading to a high-efficiency furnace or air conditioner can lead to a savings of up to 10% on your energy bills. And the more you calculate a solution for your home, your real costs will drop by an additional 5% to 10%.

Energy Savings Calculator

Visit our [Energy Savings Calculator](#) to see how much you could save on your energy bills. **Approximate Results**

Measure	Approximate Savings	Payback Period
Combustion Furnace To Gas Furnace (16 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (18 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (20 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (22 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (24 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (26 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (28 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (30 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (32 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (34 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (36 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (38 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (40 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (42 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (44 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (46 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (48 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (50 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (52 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (54 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (56 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (58 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (60 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (62 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (64 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (66 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (68 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (70 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (72 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (74 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (76 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (78 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (80 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (82 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (84 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (86 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (88 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (90 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (92 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (94 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (96 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (98 SEER)	\$1,000 - \$1,500	3-5 years
Combustion Furnace To Gas Furnace (100 SEER)	\$1,000 - \$1,500	3-5 years

- Residential customers also had three opportunities to engage with energy efficiency via bill inserts. The bill inserts focused on different topics: June was general program information, the annual customer engagement activity was the focus for October, and the December insert announced the 2026 EE Program updates. The June bill insert is provided in Figure 18, and the QR code interactions of each bill insert is listed below.
 - June: 247 QR code scans
 - October: 113 QR code scans
 - December: 1,002 QR code scans
- 31,576 brochures included in each new customer letter sent throughout the year.
 - The Energy Efficiency brochure provided to all new customers is shown in Figure 19.
 - The Company promoted energy efficiency through monthly EE-themed social media posts. Figure 20 is an example of one of the monthly social media posts.



Figure 18 Bill Onsert



- Additional notices regarding the 2026 Program updates included an additional bill onsert and fifth customer email for the year, see Figures 21 and 22 for examples of the notifications sent regarding the Program incentive update.

WE'RE UPDATING OUR REBATES!

Updated incentive amounts will go into effect for installations completed on or after **Jan. 1, 2026**. Installations completed by **Dec. 31, 2025** must have applications submitted by **March 31, 2026**.

Visit intgas.com/saveenergy or scan the QR code to see the full program change details.





Energy Efficiency



Smart Choice information is available for information only. Energy efficiency labels are not a guarantee of energy efficiency or energy savings.

- Information requirements established by December 15, 2007 and quality for general public use.
- Information requirements established by December 15, 2007 and quality for general public use.
- Information requirements established by December 15, 2007 and quality for general public use.

Information Requirements	Quality
Information Requirements	Quality
Information Requirements	Quality
Information Requirements	Quality

For more information on energy efficiency labels, visit the website at www.energystar.gov.

Appliance Ratings

Energy Star logo

The image displays two views of a promotional kit from Intermountain Gas Company. The left view shows the closed box, which is white with a blue mountain logo and the text "INTERMOUNTAIN GAS COMPANY A subsidiary of Xcel Energy serves the Energy Efficiency". The right view shows the open box, which is filled with white shredded paper and contains several energy-saving items: two blue programmable thermostats, a white smart power strip, a white smart light bulb, a white smart plug, a white smart outlet, and a white smart switch. Each item has the Intermountain Gas Company logo and "Energy Efficiency" branding.

Figure 23 Comfort Zone Kits

The Program's email communications to customers are only sent to those that opt-in to receive email notifications from the EE Program. Email communications to customers in 2025 remain above the benchmarks provided by Questline Digital's Energy Utility Benchmarks Report, which state Program Promotion emails such as these average a 43.58% open rate, and 0.66% click through rate. The Program's email communications in 2026 averaged a 51% open rate and a 1.6% click rate. See table 2 for a breakdown of the performance for quarterly emails in 2026.

As part of ongoing efforts to educate customers about the importance of equipment maintenance in maintaining equipment efficiency, informative postcards were sent to customers who received a furnace rebate in the past 1-3 years for a total of 7,173 customers. The postcard outlined the reasons and benefits of a furnace tune-up. This period was picked with the expectation that customers who had newly installed furnaces within the past 1-3 years would now be due for a furnace tune up. The postcard is shown in Figure 24.

Program Impacts

Below are some notable impacts from outreach activities on Program performance, in relation to IGC's customer base.

- EE email subscribers continue to rise in tandem with customer growth with 51% of all IGC customers opted-in to receiving email notifications at the end of 2025, (compared to 50% at the end of 2024)
- During 2025's Customer Engagement Activity (October) and notifications for 2026 Program incentive changes (December), the Program experienced two separate all-time peaks in the number of applications submitted through the online application portal in a 1-week time frame.

Contractor Outreach

The Program recognizes contractors as a vital source of Program information for customers, as indicated by graph in Figure 25 which categorizes the responses received on rebate applications to the question, "how did you hear about us?".

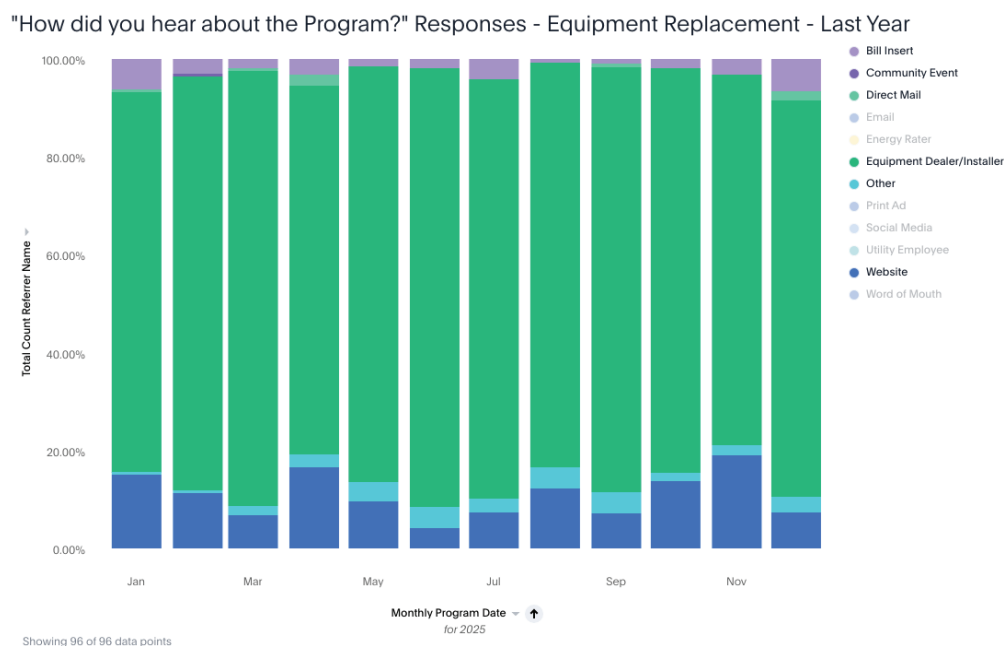


Figure 25 "How did you hear about the Program?" Responses



Figure 24 Furnace Tune Up Postcard

In 2025, the Program explored new ways of reaching contractors in the service territory by hosting an online advertising campaign. The online media campaign began by sending EE Program-themed emails to all contractors within the service territory. Once a contractor opened the email, that contractor would continue to see EE Program-themed ads delivered via social media, web browsers, and host of TV streaming services including Hulu, Sling, and more. Townsquare Media achieves this by identifying different devices owned by contractors in the IGC service area (i.e., smartphones, TV, laptop/desktop computers, tablets) to deliver a variety of advertisements to the contractor. Two rounds of emails were sent out to all contractors throughout the campaign.

The campaign lasted from mid-June through mid-October. Campaign metrics are summarized in Table 3. Impressions on ads represent how many times an ad appeared on a single device. If a single contractor viewed an ad multiple separate times while browsing the internet, social media, or watching TV, each time the ad appeared on a device would count as a single 'impression.' The email and ads are shown in Figures 26 and 27.

Contractor Campaign Metrics

Email (1 st Round, sent 6.10.2025)	40,000 emails sent; 16.7% open rate; 2.38% click rate
Email (2 nd Round, sent 7.28.2025)	48,105 emails sent; 19.67% open rate; 2.72% click rate
Streaming TV Ads	60.6k impressions
Web Browser Ads	134.5k impressions; 0.23% click rate
Social Media Ads	140.4k impressions; 0.02% click rate

Table 3 Contractor Campaign Metrics

According to the third-party vendor that delivered this campaign, open rates for emails average between 19% and 25%. After the first-round email fell short of the average open rate at 16.7%, adjustments were made to the imagery and layout of the email to further incentivize users to click through to the IGC EE web page. The adjustments proved effective as the second round of emails averaged an open rate of 19.67%

The vendor also indicated web browser ad engagement averages around a 0.08%-0.09% click rate. This campaign surpassed the average click rate at 0.23%.

Lastly, the social media ads garnered over 140,000 impressions throughout the campaign. An impression is measured by the number of times a social media ad appears on the feed of a user. Adjustments to the social media ads were made during the campaign in efforts to increase engagement, in similar fashion with edits made to contractor emails during the campaign. Despite these adjustments to engage users, the click through rates for these ads fell short of the 0.06%-0.2% average click through rate at 0.02%. The EE-themed social media campaign differed slightly from social media campaigns held by companies that attempt to sell products directly through the user interacting with an ad. The EE-themed social media ads were distributed with the intent to raise awareness of the Program. Given the function of the ads for this campaign were better aligned with garnering impressions instead of clicks, engagement was primarily measured by the number of impressions received rather than the number of clicks received.

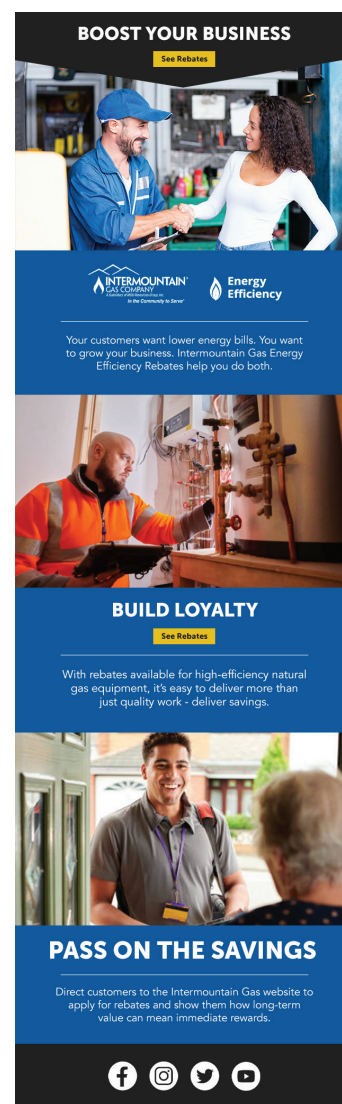


Figure 26 Contractor Email



Figure 27 Contractor Email

Program Impacts

In 2025, the program saw 218 contractors identified on rebate applications, down from 237 in 2024. There were twenty-two contractors that participated in the Program for the first time during the June-October Townsquare media campaign. The Program will continue to monitor the presence of contractors in the EE program, as the lasting benefit of raising program awareness with contractors is realized through continued promotion of available rebates. The Program will also continue to develop more direct relationships with contractors in 2026 with the use of the Contractor Central portal- allowing contractors a method for submitting rebate applications on behalf of their customers through a secure, online portal owned and operated by Intermountain Gas. This will be covered further in the 'what's next' section.

Home Builder Outreach

The Program has continued to build relationships with home builders in the service territory through the work the Company's ESR's do on a daily basis, as well as representation at local and state Building Contractor Association (BCA) meetings and events. Below is a summary of outreach conducted with home builders in the IGC service territory in 2025:

- Hosted an information table in the garage of a home at the Idaho Falls Parade of Homes, shown in Figure 28, that received an Intermountain Gas Whole Home rebate. The Company promoted available rebates and hosted a raffle for a YETI cooler with over 300 entries from parade visitors. Positioning in the garage space of the home allowed for interactions with visitors as they leave the house.
- Information table provided at 3 State BCA meetings with all regional BCAs in attendance.
- Program promotional messaging placed in Parade of Homes magazines and Real Estate magazines across the service territory totaling 339,000 issues distributed across the service territory.

Program Impacts

In 2025, the number of home builders participating in the EE program grew from 62 to 77. Outreach to home builders will continue through 2026. With the retirement of the Whole Home Tier 1 and Tier 2 rebates in 2026, home builder outreach will re-focus on availability of appliance rebates for new construction. The Program continues to explore how to reach builders who are not currently members of local Building Contractor Associations.

Community Outreach

Outreach at the community-wide level continues to lend to Intermountain Gas's motto of "in the community to serve" and allows EE Program promotion at larger public events to support organizations that share energy-saving priorities. Below is a summary of the Company's community-wide outreach in 2025.

- Digital and print advertising with the Idaho Falls Spud Kings, distribution of ads entailed: Video board, ribbon board, and printed program advertising at 36 regular season games (with an additional seven playoff games occurring after the time this report was written)
 - Video and ribbon board ads displayed sixteen times per game.
 - 6,000+ print programs distributed during games.
 - 132,480 total regular season attendance, 12,000+ attendees expected for playoff games.
- Hosted an information table at the Portneuf Valley Environmental Fair with over 3,000 in attendance
- Energy saving-themed coloring page placed in the Pocatello KIND Community Coloring Book distributed to 7,000 local elementary grade students. The coloring page is shown in Figure 29.



Figure 28 Parade of Homes Information Table

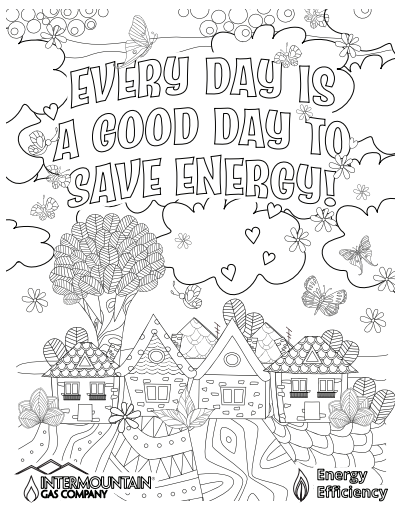


Figure 29 KIND Community Coloring Book

What's Next?

Given that contractors are regularly identified as the primary source of information for EE Program awareness, the Company is working on restoring the Contractor's ability to apply for rebates online, on behalf of their customers. The Company was previously using third party software for online applications, which both the customer and contractor could access. With the development of the customer web app, securing applications with the elimination of third-party software, contractors were no longer able to help customers submit online. Contractor Central, a software shared by other Companies under MDU, will be tested in early 2026 with small groups of Contractors to ensure functionality before being opened to the general population of Contractors in the IGC service territory. The Company will also be examining the potential for implementing Contractor Central within a Trade Ally Program which would create a closer relationship between the Company and contractors participating in the EE Program.

COMMERCIAL ENERGY EFFICIENCY PROGRAM

The Commercial Program was approved by the Commission and went into effect as of April 1, 2021. All customers receiving natural gas through the Company's GS-1 rate class were eligible to participate in the Program through 2025. The Commercial Program offers rebates on natural gas equipment meeting specific high-efficiency requirements and can be applied to replacement equipment, conversion from other fuel sources, and new construction.

The Commercial Program is funded by the Energy Efficiency Charge (EEC-GS) rider, a monthly per therm charge to commercial customers. As of December 31, 2025, the Company had an over-collected EEC-GS Program balance of \$645,503. In 2025, the Company paid out \$33,732 directly to customers in the form of incentive rebates. Table 4 provides full details of the 2025 commercial rider balance.

In this section, 2025 performance and cost-effectiveness, are covered for each rebate. Commercial Program outreach, promotion, and education activities are also included.

2025 Commercial Rider Balance

Revenue	\$	151
Program Expenses		
Commercial Rebates		33,732
Labor		208,078
Program Delivery		750
Special Studies		126,072
Market Transformation		-
Direct Expenses		20,301
Total Program Expenses		388,933
2025 Rider Deferral		
Over/(Under) Collection		(388,782)
Prior Year Rider Balance		
Over/(Under) Collection		1,034,285
Rider Account Balance		
Over/(Under) Collection	\$	645,503

Table 4 Commercial Rider Balance 2025

COMMERCIAL REBATES

Condensing Unit Heater Incentive

The Condensing Unit Heater incentive offered customers a \$1,500 rebate for the installation of a high-efficient unit heater with a minimum efficiency rating of 90% AFUE. The Company received no applications for the installation of this piece of equipment in 2025.

Boiler Reset Control Incentive

The Boiler Reset Control incentive offered customers a \$350 rebate for the installation of a boiler reset control. The Company received no applications for the installation of this piece of equipment in 2025.

High Efficiency Condensing Boiler Incentive

The High Efficiency Condensing Boiler incentive offered customers a \$4.50/kBTU_h incentive for the installation of a high-efficient condensing boiler with a minimum efficiency rating of 90% Thermal Efficiency (TE) and a minimum input of 300,000 BTU. The Company issued eight rebates in 2025.

The incentive was not cost-effective under the UCT analysis, with a cost-effectiveness ratio of 0.7. The TRC ratio was 0.7.

Figure 30 provides a year over year comparison of the number of incentives issued in 2025 compared to 2024.

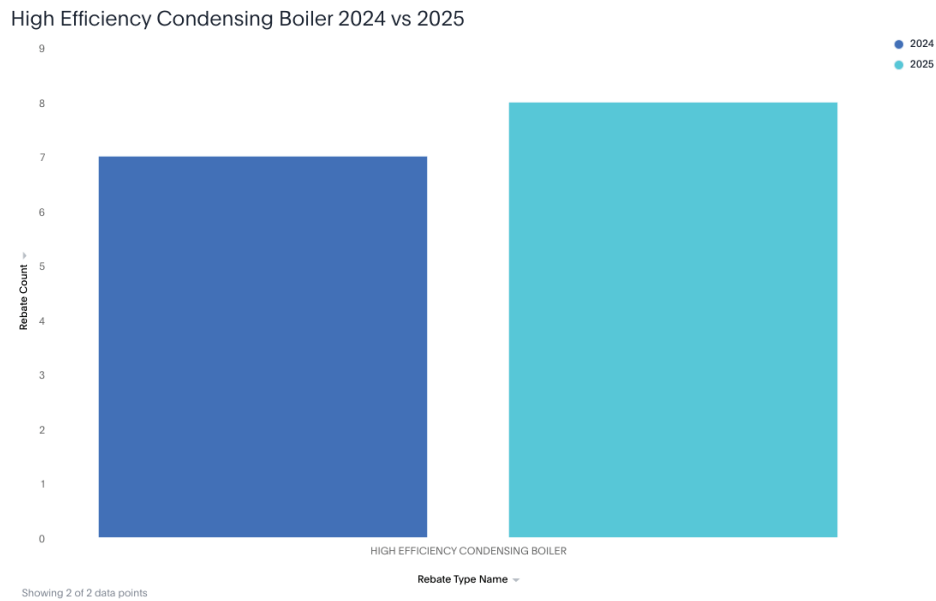


Figure 30 High Efficiency Boiler Rebates 2024 vs. 2025

Fryer – ENERGY STAR Certified Incentive

The Fryer incentive offered customers an \$800 incentive for the installation of an ENERGY STAR Certified Fryer. The Company issued nine rebates during 2025.

The UCT for the fryer was 0.2 and the TRC was 0.2.

Figure 31 is a year over year comparison of the number of incentives issued in 2025 compared to 2024.

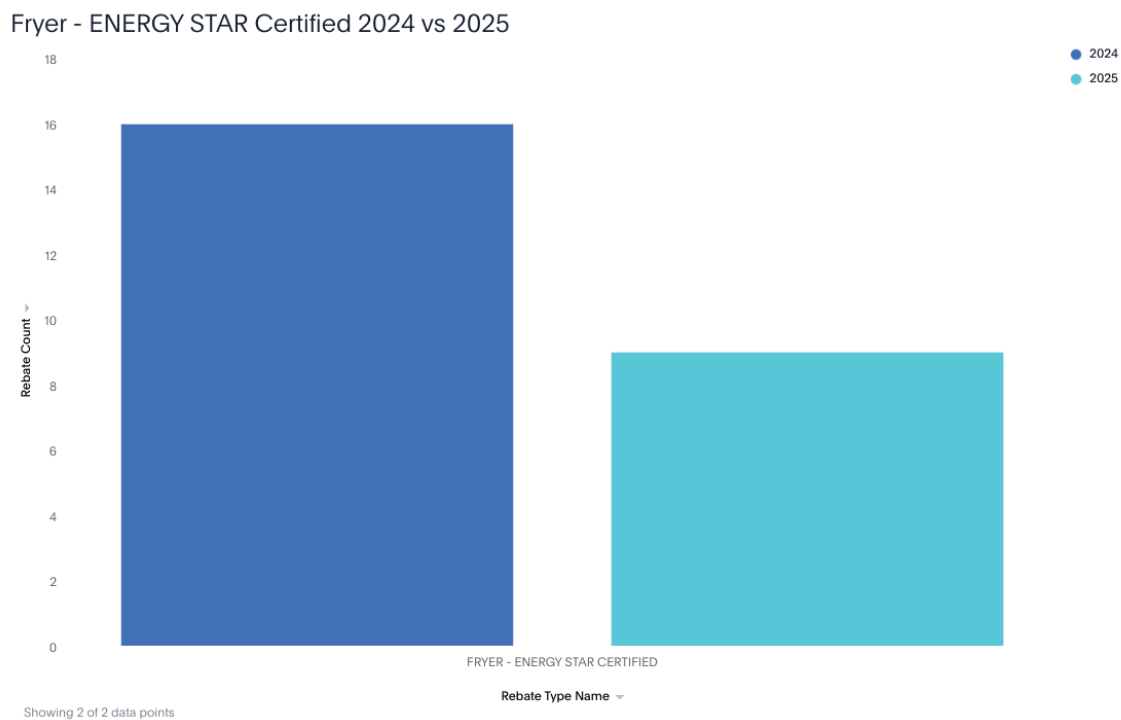


Figure 31 Commercial Fryer Rebates 2024 vs. 2025

Steamer – ENERGY STAR Certified Incentive

The Steamer incentive offered customers a \$1,100 incentive for the installation of an ENERGY STAR Certified Steamer. The Company received no applications for the installation of this piece of equipment in 2025.

Griddle – ENERGY STAR Certified Incentive

The Griddle incentive offered customers a \$200 incentive for the installation of an ENERGY STAR Certified Griddle. The Company received no applications for the installation of this piece of equipment in 2025.

COMMERCIAL ENERGY EFFICIENCY OUTREACH AND EDUCATION

In 2025, the Company prioritized increasing internal and external awareness of the Commercial Energy Efficiency (EE) Program. To support this effort, a Commercial Energy Efficiency Analyst was hired in February to serve as a direct point of contact for commercial EE inquiries. Previously, one full-time analyst and the ESR team were responsible for both Residential and Commercial energy efficiency outreach. Shifting Commercial outreach to a full-time analyst, allowed for more participation in commercial industry groups, personal outreach and visits and more customized communications designed for commercial customers. As a new role in energy efficiency and the Company, the analyst reached out to district managers in all five districts as well as the ESR team to establish direct contact information for all commercial customer inquiries. This team also provided referrals to community organizations like the chamber of commerce and civic organizations for commercial outreach opportunities. To give customers more than a generic email or phone number, all marketing materials were updated with personal direct contact information for all commercial inquiries. To broaden program visibility, the Company implemented a mix of print, digital, and in person outreach targeting commercial customers, business owners, and industry partners, including HVAC and plumbing contractors, architects, and maintenance professionals.

Commercial Customer Outreach

Information about the energy efficiency program starts when they become an Intermountain Gas customer. An Energy Efficiency program brochure is sent to all new customers in their new customer welcome packet. Customers receive an energy efficiency brochure with both residential and commercial energy efficiency information. As reported in the residential section of this report, 31,576 brochures were sent in 2025.

Similar to the residential program, commercial customers receive regular energy efficiency communications throughout the year. Commercial customers received bill inserts which leverage open space on the customer bill for additional messaging. In June 2025, a bill insert regarding general program promotion was included and is provided in Figure 32. The June 2025 bill insert received 564 QR code scans.

In addition to the bill insert, 2025 bill inserts were sent in July, which is provided in Figure 33.

In 2023, the Company developed a commercial customer survey to



Figure 32 Commercial Bill Insert



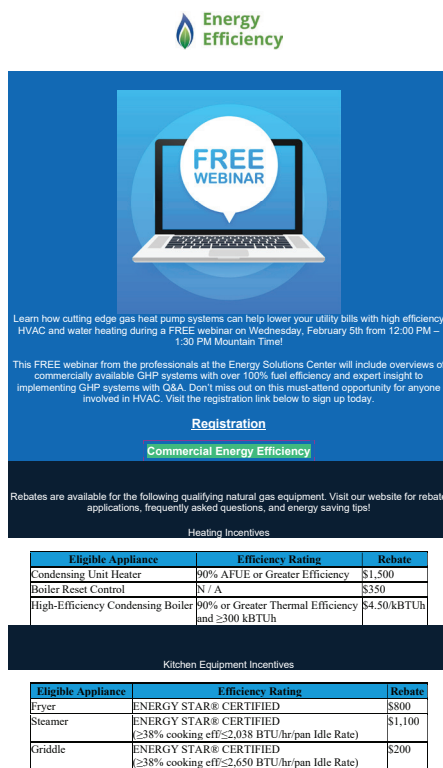
Figure 33 Commercial Bill Insert

promote energy saving opportunities and to learn about the equipment customers use, as well as their interest and knowledge about commercial energy efficiency. That survey is still in use today. In August 2025, the survey was sent to 8,985 commercial customers email subscribers. This resulted in twenty-seven survey responses. Participants who submitted a complete survey were each mailed a \$10 Tango gift card. The responses offered insights into customers' buildings and their natural gas equipment for both space and water heating. The Company reached out directly to survey respondents who expressed an interest in learning more about energy efficiency. The Company also conducted follow up outreach via phone calls to businesses that stated they planned to install new natural gas equipment.

Commercial customers who subscribe, or opt-in, to energy efficiency communications receive a quarterly email. Topics included general program information to raise awareness about money saving opportunities and free training opportunities about gas heat pumps. Statistics from the quarterly emails are provided in Table 5, along with examples of the emails sent provided in Figures 34 and 35. Open and Click Through rates for the 2nd Quarter commercial customer email could not be provided.

Commercial Customer Emails			
Date	# Sent	Open Rate	CTR
1.28.25	11,058	47%	4%
4.28.25	10,529		
8.11.25	8,985	15%	1%
11.18.25	9,073	49%	1%

Table 5 Commercial Email Stats



Energy Efficiency

FREE WEBINAR

Learn how cutting edge gas heat pump systems can help lower your utility bills with high efficiency HVAC and water heating during a FREE webinar on Wednesday, February 5th from 12:00 PM – 1:30 PM Mountain Time!

This FREE webinar from the professionals at the Energy Solutions Center will include overviews of commercially available GHP systems with over 100% fuel efficiency and expert insight to implementing GHP systems with O&A. Don't miss out on this must-attend opportunity for anyone involved in HVAC. Visit the registration link below to sign up today.

Registration

Commercial Energy Efficiency

Rebates are available for the following qualifying natural gas equipment. Visit our website for rebate applications, frequently asked questions, and energy saving tips!

Heating Incentives

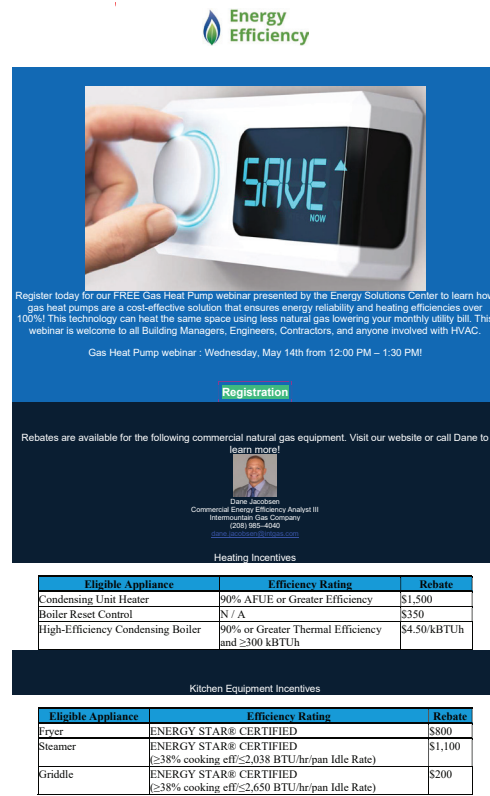
Eligible Appliance	Efficiency Rating	Rebate
Condensing Unit Heater	90% AFUE or Greater Efficiency	\$1,500
Boiler Reset Control	N/A	\$350
High-Efficiency Condensing Boiler	90% or Greater Thermal Efficiency and ≥300 kBtu/h	\$4.50/kBtu/h

Kitchen Equipment Incentives

Eligible Appliance	Efficiency Rating	Rebate
Fryer	ENERGY STAR® CERTIFIED	\$800
Steamer	ENERGY STAR® CERTIFIED (≥38% cooking eff/≤2,038 BTU/hr/pan Idle Rate)	\$1,100
Griddle	ENERGY STAR® CERTIFIED (≥38% cooking eff/≤2,650 BTU/hr/pan Idle Rate)	\$200



Figure 34 Q1 Commercial Email



Energy Efficiency

SAVE NOW

Register today for our FREE Gas Heat Pump webinar presented by the Energy Solutions Center to learn how gas heat pumps are a cost-effective solution that ensures energy reliability and heating efficiencies over 100%! This technology can heat the same space using less natural gas lowering your monthly utility bill. This webinar is welcome to all Building Managers, Engineers, Contractors, and anyone involved with HVAC.

Gas Heat Pump webinar : Wednesday, May 14th from 12:00 PM – 1:30 PM!

Registration

Rebates are available for the following commercial natural gas equipment. Visit our website or call Dane to learn more!

Heating Incentives

Eligible Appliance	Efficiency Rating	Rebate
Condensing Unit Heater	90% AFUE or Greater Efficiency	\$1,500
Boiler Reset Control	N/A	\$350
High-Efficiency Condensing Boiler	90% or Greater Thermal Efficiency and ≥300 kBtu/h	\$4.50/kBtu/h

Kitchen Equipment Incentives

Eligible Appliance	Efficiency Rating	Rebate
Fryer	ENERGY STAR® CERTIFIED	\$800
Steamer	ENERGY STAR® CERTIFIED (≥38% cooking eff/≤2,038 BTU/hr/pan Idle Rate)	\$1,100
Griddle	ENERGY STAR® CERTIFIED (≥38% cooking eff/≤2,650 BTU/hr/pan Idle Rate)	\$200



Figure 35 Q2 Commercial Email

Industry Organizations

As part of the Company's commitment to advancing energy efficiency across the communities we serve, Intermountain Gas Company actively participates in a diverse range of industry organizations that represent those communities. These memberships strengthen our ability to remain informed, collaborative, and innovative by connecting the Commercial EE Analyst with experts in areas such as building design, heating and cooling technologies, commercial energy management, and emerging efficiency standards. The following section highlights each organization the Commercial EE Analyst was engaged with in 2025.

Building Owners and Managers Association (BOMA)

The Commercial Energy Efficiency Program joined BOMA in 2025 to better reach building owners and managers who influence natural gas equipment upgrade decisions. This membership supports the Program's goal of increasing awareness of industry organizations by providing rebate information and direct contact access to individuals responsible for building improvements.

BOMA includes 183 member companies representing construction, trades, property management, real estate, and commercial building ownership. More than 1,000 affiliated contacts participate in events and contribute to eight active committees.

In 2025, the Program sponsored two BOMA events, an HVAC class lunch with a program presentation and the annual golf tournament, to strengthen relationships with industry partners and expand program visibility.

BOMA Golf Tournament

The Program sponsored a themed golf hole at the BOMA Golf Tournament, to share information and distribute IGC Energy Efficiency materials. The event drew over 144 participants and is the largest golf scramble in the Treasure Valley. The Company leveraged the costume event by imitating "Slash" from the rock band Guns N Roses, shown in Figures 36 and 37, to teach and inspire participants to "slash their energy bill with energy efficient equipment." All fun aside; this event was a successful outreach event that provided time to visit with all event participants, including contractors, property managers and building owners, as they proceeded through the tournament.



Figure 36 BOMA Golf Tournament 1



Figure 37 BOMA Golf Tournament 2

American Society of Heating, Refrigeration, and Air-Conditioning Engineers (ASHRAE)

The Company joined ASHRAE in 2025 to target commercial mechanical companies and HVAC contractors who install commercial natural gas equipment. This membership supports providing members with information about energy efficiency rebates since installers can promote energy efficiency with their customers. The Idaho Chapter of ASHRAE has over 195 members all of which are either HVAC engineers, contractors, or other adjacent fields. They also have members from every local engineering firm that is medium-sized or larger.

ASHRAE Golf Tournament

The Program sponsored a golf hole at the ASHRAE Golf Tournament, setting up a promotional table to share information and distribute IGC Energy Efficiency materials. The event attracted seventy-two participants, many of whom were employees of various HVAC companies in the Treasure Valley. Most participants were knowledgeable about the IGC EE Residential rebate program. Many participants were eager to learn about the Commercial EE rebate program. There were many productive conversations with engaged HVAC contractors and installers at this event. See Figure 38.

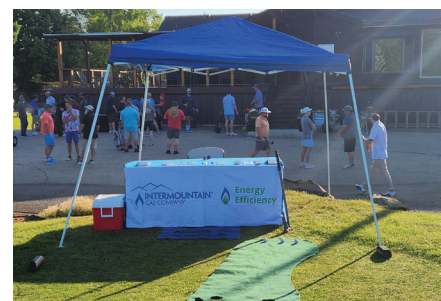


Figure 38 ASHRAE Golf

ASHRAE Technical Conference

The Program sponsored a booth, shown in Figure 39, at the ASHRAE Technical Conference to provide information and distribute IGC Energy Efficiency materials. The event drew over 125 attendees and featured twenty exhibitor booths. Participants attended sessions on HVAC topics ranging from system design to air quality. More than 90% of attendees worked in the HVAC industry, with an even split between those already familiar with the IGC Commercial Energy Efficiency Rebate Program and those learning about it for the first time.

American Institute of Architects (AIA)

The American Institute of Architects (AIA) includes 380 architect members, fifty-five allied members, 100 Idaho legislators, thirty industry partners, and more than 400 city and county building officials, including inspectors, planning, and zoning commissioners, and mayors. In 2025, the Company sponsored the Idaho Design Conference, which hosted 120 attendees, and received logo placement on all



Figure 40 AIA Directory Ad

program and event materials. The

Program also secured a half page advertisement in the AIA Annual Directory. A QR code was provided to direct readers to the commercial energy efficiency webpage, shown in Figure 40. It was scanned twice.

Community Outreach

Event sponsorships were selected to engage key commercial audiences, including HVAC contractors, building owners, building managers, and commercial gas customers. Attendee awareness varied—many were unfamiliar with energy efficiency or the Company's Commercial EE Program, and some explained that they rely on

building managers for equipment decisions. Because organizations like the chamber of commerce serve business-focused audiences across the Company's service territory, sponsoring their events provided meaningful opportunities to increase program visibility and support the communities and businesses IGC serves. The following section summarizes the sponsored events, corresponding attendance, and related promotional activities.

- **Boise Metro Chamber Golf Tournament** - The Company sponsored the refreshment station for the Boise Metro Chamber of Commerce Golf Tournament. There were 144 Participants and the Commercial EE table was centrally located in the middle of the golf course. Every attendee had to pass by the table with many taking part in the putting contest using a custom putter made of gas meter parts. Promotional items were given away at the table to promote the Program.
- **Pocatello Chamber Golf Tournament**- The Program sponsored lunch for the Pocatello Chamber of Commerce Golf Tournament, setting up a promotional table outside the clubhouse, shown in Figures 41 and 42, to share information and distribute IGC Energy Efficiency materials. The event drew 144 participants, many of whom were learning about the Commercial EE Program for the first time.



Figure 39 ASHRAE Tech Conference



Figure 41 Pocatello Chamber Golf 1



Figure 42 Pocatello Chamber Golf 2

- **Eagle Chamber Golf Tournament** - The Program sponsored a golf hole at the Eagle Chamber of Commerce Golf Tournament, setting up a promotional table to share information and distribute IGC Energy Efficiency materials. The event drew 144 participants, many of whom were learning about the Commercial EE Program for the first time and some who knew about residential rebates but were unaware of commercial rebates.
- **Idaho Falls Chamber Golf Tournament** -The Program sponsored a golf hole at the Idaho Falls Chamber of Commerce Golf Tournament, setting up a promotional table next to the clubhouse to share information and distribute IGC Energy Efficiency materials. The event drew 144 participants, many of whom were learning about the Commercial EE Program for the first time, while two companies were aware of the EE Rebate Program due to working with IGC on larger projects in the area.
- **Idaho Facilities Maintenance Expo** -The Program sponsored a booth at the Idaho Facilities Maintenance Expo, positioned at the main entrance to engage attendees and distribute IGC Energy Efficiency materials. The event drew more than seventy-five participants and included forty additional vendor booths. The Commercial EE Analyst delivered a brief presentation on program offerings and rebate incentives, with limited attendance. See Figure 43.

While the Expo shows potential to become a valuable industry event, overall participation remains low and would benefit from increased promotions. Most attendees were building maintenance managers, representing a relevant but still under sized audience for commercial outreach.

The events marked the first opportunity for the Program to expand its social media presence with posts on LinkedIn. Examples of social media posts are shown in Figures 44-48.

Mechanical Contractor Outreach

In person visits were a new outreach method for the commercial program in 2025. The Company conducted visits with commercial HVAC and mechanical contractors in the Boise area. The discussions and feedback provided valuable insights into market needs and program awareness. These visits provided an opportunity to leave behind Commercial Energy Efficiency flyers and to discuss both existing rebate offerings and equipment categories not currently incentivized. A commercial flyer is shown in Figure 49.



Figure 43 Facility Maintenance Expo



Figure 44 BOMA Golf LinkedIn

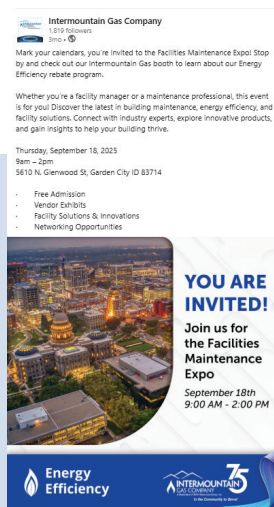


Figure 45 ID Maintenance Expo - LinkedIn



Figure 46 Idaho Maintenance Expo - LinkedIn



Figure 47 Pocatello Chamber Golf - LinkedIn



Figure 48 ASHRAE Tech Conference - LinkedIn

INTERMOUNTAIN GAS COMPANY
In the Community to Serve®

Energy Efficiency

Energy Efficiency just makes sense. Learn how to save money & energy!

Installing high-efficiency natural gas appliances in your business or building is a smart investment that will save you money by making your energy dollars go farther. Intermountain Gas offers rebates on the following energy efficient commercial heating and kitchen equipment:

Eligible Appliance	Efficiency Rating	Rebate
Condensing Unit Heater	90% AFUE or Greater Efficiency	\$1500
Baker Reset Control	N/A	\$350
High-Efficiency Condensing Boiler	90% or Greater Thermal Efficiency and ≥300 MBTU/h	\$4,500/MBTU/h

Eligible Appliance	Efficiency Rating	Rebate
Fryer	ENERGY STAR® Certified	\$600
Stovetop	ENERGY STAR® Certified (≥20% cooling efficiency BTU/therm like Rate)	\$1,100
Griddle	ENERGY STAR® Certified (≥38% cooking efficiency BTU/therm like Rate)	\$200

*** Call BEFORE you install! ***

Find out if your new commercial heating, cooling, and kitchen equipment qualifies for an Energy Efficiency Rebate.

Commercial Energy Efficiency Analyst
Intermountain Gas Company
Dana Jacobsen
dana.jacobsen@intgas.com

Figure 49 2025 - Commercial Flyer

Contractors were selected based on a targeted search for companies performing large commercial installations and repairs. Across the twelve commercial HVAC contractors visited, most were unaware of the Commercial Energy Efficiency Rebate Program and emphasized the need for additional rebates on commonly installed space and water heating equipment. Energy efficient water heaters and furnaces were specifically mentioned. There were nine contractors who were unfamiliar with the program, while three had participated previously. Those newly learning about the rebates expressed strong interest in the program's offerings.

Town Square Marketing Campaign

The Company invested in a digital media campaign using Town Square Media for various online pop-up ads, radio ads, and television ads. Both the Residential and Commercial EE Programs were highlighted. This was the first time this type of advertising was used. The campaign lasted from mid-June

through mid-October. Detailed campaign metrics were reported in the residential section of this report, while campaign expenses were shared by the commercial and residential program.

Social Media & Publication Outreach

The Company placed a full-page ad in the Buy Idaho Annual Directory where there are 30,000 print copies published and distributed shown in Figure 50. The QR code included in this ad was scanned twice. The commercial program was also promoted in a full-page ad in the Idaho Business Review publication with over 12,000 print copies and an online edition shown in Figure 51.

Looking to cut costs and make a difference? Intermountain Gas rebates make it easier for you save money, reduce energy use, and protect the environment—all at once. Whether it's for your home or business, you can start building long-term savings today.

Have questions? Scan the QR code or visit our website to learn more.

INTERMOUNTAIN GAS COMPANY
In the Community to Serve®

Energy Efficiency

www.intgas.com/saveenergy

Facebook, Twitter, LinkedIn, YouTube icons

Figure 50 - Buy Idaho Directory ad

Web traffic on the Company's commercial energy efficiency pages is also tracked. There were 1,475 visits to the Commercial EE web page. This was an increase from 974 visits in 2024 after a redesign to the webpage in 2025.

Commercial rebate applications include a voluntary question asking customers how they learned about the Commercial Energy Efficiency Program. In 2025, responses indicated that word of mouth remained the most frequently cited source of program awareness, followed by the Company's website. A smaller number of respondents referenced bill inserts or email communications.

Helping you do business... better.

Choose Natural Gas – your bottom line is our top priority.

Let natural gas help your bottom line by providing safe, reliable, and affordable solutions to your energy needs. Energy efficient natural gas equipment can help increase comfort while lowering energy bills. Learn more about rebates for the installation of high efficiency natural gas equipment at www.intgas.com/commercialEE

Scan this QR code to take our survey and tell us how your business uses natural gas!

INTERMOUNTAIN GAS COMPANY
In the Community to Serve®

Energy Efficiency

www.intgas.com

Facebook, Twitter, LinkedIn, YouTube icons

ENERGY STAR PARTNER

Figure 51 - ID Business Review ad

Word of mouth awareness in 2025 was supported by increased participation in community and industry events, as well as in person outreach with mechanical and HVAC contractors. These efforts are inherently longer term in nature, as contractors and industry partners may continue to promote energy efficiency opportunities to customers beyond the initial point of contact. The planned launch of the Trade Ally Program is expected to further strengthen this channel by formalizing contractor engagement and ongoing promotion of available rebates.

Approximately one third of commercial customers are currently opted in to receive energy efficiency email communications, and 39,645 commercial emails distributed in 2025. The limited number of responses citing bill inserts and email communications suggests these channels may primarily reach administrative or billing contacts rather than building operators or decision makers responsible for equipment upgrades. The Company will continue to build a database of building operators, decision makers, and contractors in order promote the commercial energy efficiency program directly to the target audience.

Website traffic increased significantly in 2025 compared to 2024 following a webpage redesign, indicating growing use of digital resources to learn about energy efficiency offerings. Additional growth is anticipated in 2026 with the rollout of Contractor Central and expanded Trade Ally outreach.

Next steps

The Company will continue the successful pathways to commercial energy efficiency outreach conducted in 2025, while pursuing additional outreach and education avenues:

- The development of a trade ally and contractor central will allow for more robust contractor relationships and streamline contractors' ability to assist customers with rebate applications.
- As recommended in the Commercial Process evaluation, the Company filed to expand the commercial energy efficiency rebate offering. The revision would add incentives for new measures and update existing incentives. At the writing of this report the Company is awaiting a final ruling in this case.
- The Company is also investigating additional self-directed resources to assist customers in making the decision to pursue high-efficiency options. The Company currently hosts a commercial kitchen savings calculator. The Company is exploring creating and promoting a tutorial for a publicly available, comprehensive commercial tool created by GTI Energy, which will assist customers and contractors with the operational cost benefits of energy efficiency equipment.

ENERGY EFFICIENCY STAKEHOLDER COMMITTEE

Intermountain held one EESC meeting in 2025. EESC meeting transcripts are provided in Exhibit 1.

SECURING AN ENERGY EFFICIENT FUTURE

Intermountain is continually exploring cost-effective energy saving solutions that can be implemented today, in addition to seeking energy saving measures of tomorrow.

- The Emerging Technology Program (ETP) is a membership-based utility collaboration governed by GTI Energy. The collaboration works to "accelerate the commercialization and adoption of energy efficient technologies," and "provides expertise for program planning, implementation and assessment as well as tailoring initiatives to meet regional needs, support pilots and custom programs."¹

¹Emerging Technology Program • GTI Energy

- MDU Resources Group is a corporate member of the Energy Solutions Center (ESC). ESC is a non profit organization that promotes energy-efficiency natural gas solutions for use by residential, commercial, and industrial energy users. ESC also creates educational and marketing materials, case studies and training manuals to “enhance the success of those utility customer service professionals responsible for enhancing customer productivity, efficiency, reliability and comfort.”² Through corporate membership, the Energy Efficiency team is an active member of the Gas Heat Pump Consortium, a member driven group whose objective is to “prepare communication and marketing outreach materials as well as studies and tools to alert and educate end users, engineers architects, consultants, installers, contractors and trade allies about higher efficiency, lower carbon HVAC options.”

The Intermountain Energy Efficiency team participated in the Spring and Fall ETP meetings. These sessions are dedicated to updates on the market readiness of emerging technologies, as well as the status and outcomes of equipment pilots and demonstrations for residential and commercial HVAC, water heating, and commercial food service.

The EE team is an active member of the ESC Gas Heat Pump Consortium (Consortium). Participation in the Consortium is available to EE staff through the MDU Resources corporate membership. Participation in the Consortium provides the Company access to member-only resources, like updates directly from gas heat pump manufacturers, case studies and reports, and member utility success stories.

The Technology and Market Assessment Forum (TMAF) is an additional member-only resource utilized by the Company. This conference is held twice a year, focused on the latest gas solutions, marketing, customer outreach and energy efficiency topics for utility professionals.

ENERGY EFFICIENCY: NEXT STEPS

The Company remains committed to providing customers with cost effective opportunities to save energy and money, as well as education and awareness regarding the benefits of energy efficiency. In recent years, the Program has experienced a period of uncertainty, reflecting the timing associated with prudency filings and the issuance of related Commission orders, most notably in the 2023 case. Order No. 36797 from that case, issued in October 2025, provided important clarity regarding how the Program will be evaluated and establishes a more definitive framework to inform future program planning. The Company has outlined some initial steps for the next round of program planning.

An important first step will be to re-convene the Avoided Cost Subcommittee to re-examine and update the avoided cost formula. In addition, the Company intends to leverage the 2027 Integrated Resource Planning process to commission a comprehensive conservation potential assessment, with program design incorporated as part of that effort. Historically, the identification of savings potential and program design have been conducted as separate activities. Integrating these efforts is expected to create a more streamlined and effective process for both estimating achievable savings and translating those estimates into well designed programs that deliver realized savings for customers.

Consistent with the direction provided in Order No. 36989, the Company will continue to work collaboratively with Idaho Public Utilities Commission Staff and the Energy Efficiency Stakeholder Committee “for ongoing improvement so that customer funded EE programs can provide meaningful and lasting benefits.”

²Energy Solutions Center | Accelerating Gas Fuel Technologies



Intermountain Gas Company

555 S Cole Road
Boise, ID 83709

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Fax: 208-377-6081



EXHIBIT NO. 1

CASE NO. INT-G-26-06 INTERMOUNTAIN GAS COMPANY

2025 Cost Effectiveness

(19 Pages)

Introduction

Intermountain's Energy Efficiency Program (EE Program) offers customers, both residential and commercial, a way to lower their usage and monthly energy bills. Additionally, the Program promotes the efficient use of resources, ensuring resources are used efficiently, keeping costs low for all customers. Cost-effectiveness testing is vital to ensuring the Company's EE Program is in fact a least-cost resource, providing meaningful and lasting benefits.

Cost-Effectiveness and Methodology

Intermountain's objective is for all rebates to have benefit/cost ratios of one or greater for the Utility Cost Test (UCT). The UCT measures cost-effectiveness from the utility company's perspective and takes into consideration avoided supply costs, program administration costs and incentives paid by the utility.

Rebates undergo cost tests at several stages: preliminary design, implementation, and an annual review. For a different perspective, cost-effectiveness of rebates is also evaluated based on the customer's perspective using avoided supply costs, program administration costs and net participant costs, or the Total Resource Cost Test (TRC). However, the TRC is not the primary cost test used for decisions regarding the inclusion or exclusion of rebate offerings. In calculating the UCT and TRC, Intermountain relies on the calculations outlined in the *California Standard Practice Manual* and the National Action Plan for Energy Efficiency's (NAPEE) *Understanding Cost Effectiveness of Energy Efficiency Programs: Best Practices, Technical Methods, and Emerging Issues for Policy-Makers*.

Cost-effectiveness of EE Program rebates are reviewed annually. The results are reported in the annual report and reviewed with the Energy Efficiency Stakeholder Committee (EESC). Rebate performance, cost-effectiveness, market insights, and lessons learned are taken into consideration when deciding whether to continue, revise or retire a rebate.

Assumptions

In calculating cost-effectiveness for each rebate and for the Program as a whole, the Company relied upon several assumptions as well as studies provided by independent third-party

sources. The section below discusses the key inputs used in calculating cost-effectiveness and the assumptions and sources used.

Energy Savings

Energy savings for each rebate are calculated by multiplying each rebate's gross annual therm savings by the total number of rebates issued. The Residential therm savings used are evaluated based on the deemed savings evaluation methodology from the 2024 EM&V study. The Commercial therm saving used are from the Dunksy DEEP model as filed in Case No. INT-G-20-04, Order No. 34941. The energy savings are then valued based on the Company's Avoided Cost. The Avoided Cost is used both to economically evaluate the present value of the therms saved over the life span of the measure and to track the performance of the EE Program. A more in-depth discussion of the Avoided Cost calculation and its components can be found in Case No. INT-G-22-03, Exhibit No. 1 which was originally filed as Exhibit No. 5 in Intermountain's Integrated Resource Plan (Case No. INT-G-21-06).

Rebate Costs

Total rebate costs are calculated by multiplying the value of each rebate by the number of rebates issued for the year.

Equipment & Installation Cost

The incremental equipment and installation costs are inputs to the TRC cost test and were provided by the CPA. These costs represent the incremental purchase, and installation costs the participant will pay between a base case measure and a higher efficient alternative. These costs are not offset by the amount of the rebate received by the participant.

Program Delivery & Administration

Program delivery and administration costs are directly assigned to their respective program, either residential or commercial.

Real Discount Rate

The real discount rate is used to account for the time-value of money and accurately compare costs. The real discount rate is based on the Company's tax-affected weighted average cost of capital. The calculation of the real discount rate can be found in Case No. INT-G-22-03, Exhibit No. 1, Page 11. Per Case No. INT-G-22-03, Order No. 35663, the Company will update the discount rate and inflation rate within the avoided cost filing in the IRP.

Inflation Rate

An inflation assumption is used in cost-effectiveness testing to convert nominal, forward- looking costs into real dollars. The company assumes an inflation rate of 2.0%.

Net-to-Gross

Net-to-gross (NTG) is a ratio that adjusts the therm savings of rebates and/or programs, so they solely reflect energy efficiency gains that are the direct result of energy efficiency programs. The NTG deducts therm savings resulting from free-ridership, or savings that would have occurred regardless of the program. It also increases therm savings to account for spillover, or savings that occurred but were not counted by the program, as well as therm savings resulting from market transformation. Unfortunately, estimates of net savings require making sweeping assumptions to model a theoretical scenario where the EE Program did not exist. Because of the difficulty in accurately calculating NTG percentages, the Company used an NTG of 100% for all rebate and program cost-effectiveness analysis. Intermountain also performs a sensitivity analysis for each rebate that determines the minimum allowable NTG ratio where the rebate would remain (or become) cost effective under the Utility Cost Test.

Results

The Company performed cost-effectiveness testing at the program level and the individual measure level. The Company acknowledges the Commission's rejection of the "use of the deemed savings approach as the primary methodology for evaluating cost-effectiveness," per Order No. 36797. Since the order was received on October 14, 2025, more than halfway through the 2025 program year, the Company conducted 2025 cost-effectiveness testing consistent with the methodology used in the 2024 filing using the 2024 EM&V evaluated savings based on modeling evaluation for the Whole Home Tier I and II and the deemed savings methodology for the rest of the residential measures. Cost-effectiveness testing was also conducted with unit energy savings based on the most current billing analysis when available.

Under the deemed savings methodology, the Residential Program cost testing resulted in a UCT ratio of 1.3. The smart thermostat measure was not cost effective with UCT ratios of 0.9. The Commercial Program had a UCT ratio of 0.5. Neither the Fryer or Griddle were cost effective with UCT ratios of 0.7 and 0.2, respectively.

Savings estimates based on the most current billing analysis was used for Cost effectiveness testing where available. Results from the 2024 EM&V billing analysis were used for the Whole Home Tier I and II, and smart

thermostat measures. The 2026 furnace study was used for the furnace measure, and savings were separated into three categories: new construction, early replacement, and replace on burnout. Based on billing the Residential portfolio achieved a UCT of 1.1, although Whole Home Tier I and II were not cost effective. These measures in addition to the storage water heater, the Tier II Tankless water heater and the smart thermostat were retired in 2026.

EM&V

The 95% AFUE furnace EM&V study to separate savings for new construction, retrofit and replacement categories is included with this case in compliance with Order No. 36797.

2025 UCT Results

*Evaluated savings are based on deemed savings and modeling methodology.

INTERMOUNTAIN GAS COMPANY

Residential Energy Efficiency Program
Whole Home Tier I - 2025 Cost-Effectiveness Results*

Benefits			Cost-Effectiveness Tests			
Energy Savings	Value	Test	Benefits	Costs	Ratio	
Annual Energy Savings (therms)	23,607	Utility Cost	\$ 258,945	#REF!		
Lifetime Energy Savings (therms)	590,175	Total Resource Cost	\$ 258,945	#REF!		
Present Value of Energy Savings	S \$ 258,945					

Costs			Equations & Assumptions			
Rebate Costs	Value	Utility Cost Test				= S x NTG ÷ (R + A)
Rebate Amount	\$ 900	Total Resource Cost Test				= S x NTG ÷ (I x NTG + A)
Rebate Count	129					
Total Rebate Costs	R \$ 116,100	Real Discount Rate				3.51%
		Inflation Rate				3.15%
Equipment & Installation Costs		Net-to-Gross (NTG)				100%
Incremental Cost Per Unit	\$ 2,117	Net-to-Gross Sensitivity ^[2]				
Total Equipment & Installation Costs	I \$ 273,093					
NOTES						
Program Delivery & Administration						
Overhead Expenses ^[1]	#REF!					^[1] Allocated based on percentage of portfolio rebate count.
Direct Costs	\$ 6,882					^[2] Minimum NTG value where rebate remains cost-effective under UCT.
Total Program Delivery & Administration Costs	A #REF!					

*2024 Evaluated Savings

INTERMOUNTAIN GAS COMPANY

Residential Energy Efficiency Program

Whole Home Tier II - 2025 Cost-Effectiveness Results*

Benefits			Cost-Effectiveness Tests		
Energy Savings	Value	Test	Benefits	Costs	Ratio
Annual Energy Savings (therms)	229,020	Utility Cost	\$ 2,512,120	#REF!	
Lifetime Energy Savings (therms)	5,725,500	Total Resource Cost	\$ 2,512,120	#REF!	
Present Value of Energy Savings	S \$ 2,512,120				
Costs			Equations & Assumptions		
Rebate Costs	Value	Utility Cost Test			= S x NTG ÷ (R + A)
Rebate Amount	\$ 700	Total Resource Cost Test			= S x NTG ÷ (I x NTG + A)
Rebate Count	2,082				
Total Rebate Costs	R \$ 1,457,400	Real Discount Rate			3.51%
		Inflation Rate			3.15%
Equipment & Installation Costs		Net-to-Gross (NTG)			100%
Incremental Cost Per Unit	\$ 2,117	Net-to-Gross Sensitivity ^[2]			
Total Equipment & Installation Costs	I \$ 4,407,594				
			NOTES		
Program Delivery & Administration					
Overhead Expenses ^[1]	#REF!	^[1] Allocated based on percentage of portfolio rebate count.			
Direct Costs	\$ 111,077	^[2] Minimum NTG value where rebate remains cost-effective under UCT.			
Total Program Delivery & Administration Costs	A #REF!				

*2024 Evaluated Savings

INTERMOUNTAIN GAS COMPANY

Residential Energy Efficiency Program
Furnace - 95% AFUE - 2025 Cost-Effectiveness Results*

Benefits			Cost-Effectiveness Tests		
Energy Savings	Value	Test	Benefits	Costs	Ratio
Annual Energy Savings (therms)	139,040	Utility Cost	\$ 1,323,278	#REF!	
Lifetime Energy Savings (therms)	2,780,800	Total Resource Cost	\$ 1,323,278	#REF!	
Present Value of Energy Savings	S \$ 1,323,278				

Costs		Equations & Assumptions	
Rebate Costs	Value	Utility Cost Test	= S x NTG ÷ (R + A)
Rebate Amount	\$ 350	Total Resource Cost Test	= S x NTG ÷ (I x NTG + A)
Rebate Count	3,160		
Total Rebate Costs	R \$ 1,106,000	Real Discount Rate	3.51%
		Inflation Rate	3.15%
Equipment & Installation Costs		Net-to-Gross (NTG)	100%
Incremental Cost Per Unit	\$ 1,307	Net-to-Gross Sensitivity ^[2]	
Total Equipment & Installation Costs	I \$ 4,130,120		
NOTES			
Program Delivery & Administration			
Overhead Expenses ^[1]	#REF!	^[1] Allocated based on percentage of portfolio rebate count.	
Direct Costs	\$ 168,589	^[2] Minimum NTG value where rebate remains cost-effective under UCT.	
Total Program Delivery & Administration Costs	A #REF!		

*2024 Evaluated Savings

INTERMOUNTAIN GAS COMPANY

Residential Energy Efficiency Program

Combination Boiler - 95% AFUE - 2025 Cost-Effectiveness Results*

Benefits			Cost-Effectiveness Tests		
Energy Savings	Value	Test	Benefits	Costs	Ratio
Annual Energy Savings (therms)	672	Utility Cost	\$ 6,803	#REF!	
Lifetime Energy Savings (therms)	14,784	Total Resource Cost	\$ 6,803	#REF!	
Present Value of Energy Savings	S \$ 6,803				
Costs			Equations & Assumptions		
Rebate Costs	Value	Utility Cost Test	= S x NTG ÷ (R + A)		
Rebate Amount	\$ 800	Total Resource Cost Test	= S x NTG ÷ (I x NTG + A)		
Rebate Count	4				
Total Rebate Costs	R \$ 3,200	Real Discount Rate			3.51%
		Inflation Rate			3.15%
Equipment & Installation Costs		Net-to-Gross (NTG)			100%
Incremental Cost Per Unit	\$ 3,522	Net-to-Gross Sensitivity ^[2]			
Total Equipment & Installation Costs	I \$ 14,088				
			NOTES		
Program Delivery & Administration					
Overhead Expenses ^[1]	#REF!	^[1] Allocated based on percentage of portfolio rebate count.			
Direct Costs	\$ 213	^[2] Minimum NTG value where rebate remains cost-effective under UCT.			
Total Program Delivery & Administration Costs	A #REF!				

*2024 Evaluated Savings

INTERMOUNTAIN GAS COMPANY

Residential Energy Efficiency Program
Boiler - 95% AFUE - 2025 Cost-Effectiveness Results*

Benefits			Cost-Effectiveness Tests		
Energy Savings	Value	Test	Benefits	Costs	Ratio
Annual Energy Savings (therms)	1,030	Utility Cost	\$ 11,298	#REF!	
Lifetime Energy Savings (therms)	25,750	Total Resource Cost	\$ 11,298	#REF!	
Present Value of Energy Savings	S \$ 11,298				

Costs		Equations & Assumptions	
Rebate Costs	Value	Utility Cost Test	= S x NTG ÷ (R + A)
Rebate Amount	\$ 800	Total Resource Cost Test	= S x NTG ÷ (I x NTG + A)
Rebate Count	10		
Total Rebate Costs	R \$ 8,000	Real Discount Rate	3.51%
		Inflation Rate	3.15%
Equipment & Installation Costs		Net-to-Gross (NTG)	100%
Incremental Cost Per Unit	\$ 1,166	Net-to-Gross Sensitivity ^[2]	
Total Equipment & Installation Costs	I \$ 11,660		
NOTES			
Program Delivery & Administration			
Overhead Expenses ^[1]	#REF!	^[1] Allocated based on percentage of portfolio rebate count.	
Direct Costs	\$ 534	^[2] Minimum NTG value where rebate remains cost-effective under UCT.	
Total Program Delivery & Administration Costs	A #REF!		

*2024 Evaluated Savings

INTERMOUNTAIN GAS COMPANY

Residential Energy Efficiency Program

Storage Water Heater (≤ 55 Gallon) 2025 Cost-Effectiveness Results*

Benefits			Cost-Effectiveness Tests		
Energy Savings	Value	Test	Benefits	Costs	Ratio
Annual Energy Savings (therms)	925	Utility Cost	\$ 6,622	#REF!	
Lifetime Energy Savings (therms)	12,025	Total Resource Cost	\$ 6,622	#REF!	
Present Value of Energy Savings	S \$ 6,622				
Costs			Equations & Assumptions		
Rebate Costs	Value	Utility Cost Test	$= S \times NTG \div (R + A)$		
Rebate Amount	\$ 115	Total Resource Cost Test	$= S \times NTG \div (I \times NTG + A)$		
Rebate Count	37				
Total Rebate Costs	R \$ 4,255	Real Discount Rate			3.51%
		Inflation Rate			3.15%
Equipment & Installation Costs		Net-to-Gross (NTG)			100%
Incremental Cost Per Unit	\$ 390	Net-to-Gross Sensitivity ^[2]			
Total Equipment & Installation Costs	I \$ 14,430				
NOTES					
Program Delivery & Administration					
Overhead Expenses ^[1]	#REF!	^[1] Allocated based on percentage of portfolio rebate count.			
Direct Costs	\$ 1,974	^[2] Minimum NTG value where rebate remains cost-effective under UCT.			
Total Program Delivery & Administration Costs	A #REF!				

*2024 Evaluated Savings

INTERMOUNTAIN GAS COMPANY

Residential Energy Efficiency Program

Storage Water Heater (> 55 Gallons) 2025 Cost-Effectiveness Results*

Benefits			Cost-Effectiveness Tests			
Energy Savings		Value	Test	Benefits	Costs	Ratio
Annual Energy Savings (therms)		-	Utility Cost	\$ -	#REF!	
Lifetime Energy Savings (therms)		-	Total Resource Cost	\$ -	#REF!	
Present Value of Energy Savings	S	\$ -				
Costs			Equations & Assumptions			
Rebate Costs		Value	Utility Cost Test			= S x NTG ÷ (R + A)
Rebate Amount	\$	115	Total Resource Cost Test			= S x NTG ÷ (I x NTG + A)
Rebate Count		-				
Total Rebate Costs	R	\$ -	Real Discount Rate			3.51%
			Inflation Rate			3.15%
Equipment & Installation Costs			Net-to-Gross (NTG)			100%
Incremental Cost Per Unit	\$	390	Net-to-Gross Sensitivity ^[2]			
Total Equipment & Installation Costs	I	\$ -				
NOTES						
Program Delivery & Administration						
Overhead Expenses ^[1]		#REF!	^[1] Allocated based on percentage of portfolio rebate count.			
Direct Costs	\$	-	^[2] Minimum NTG value where rebate remains cost-effective under UCT.			
Total Program Delivery & Administration Costs	A	#REF!				

*2024 Evaluated Savings

INTERMOUNTAIN GAS COMPANY

Residential Energy Efficiency Program

Tankless Water Heater Tier I - 2025 Cost-Effectiveness Results*

Benefits			Cost-Effectiveness Tests		
Energy Savings	Value	Test	Benefits	Costs	Ratio
Annual Energy Savings (therms)	77,290	Utility Cost	\$ 847,794	#REF!	
Lifetime Energy Savings (therms)	1,932,250	Total Resource Cost	\$ 847,794	#REF!	
Present Value of Energy Savings	S \$ 847,794				
Costs			Equations & Assumptions		
Rebate Costs	Value	Utility Cost Test	$= S \times NTG \div (R + A)$		
Rebate Amount	\$ 325	Total Resource Cost Test	$= S \times NTG \div (I \times NTG + A)$		
Rebate Count	1,310				
Total Rebate Costs	R \$ 425,750	Real Discount Rate			3.51%
		Inflation Rate			3.15%
Equipment & Installation Costs		Net-to-Gross (NTG)			100%
Incremental Cost Per Unit	\$ 1,800	Net-to-Gross Sensitivity ^[2]			
Total Equipment & Installation Costs	I \$ 2,358,000				
NOTES					
Program Delivery & Administration					
Overhead Expenses ^[1]	#REF!	^[1] Allocated based on percentage of portfolio rebate count.			
Direct Costs	\$ 69,890	^[2] Minimum NTG value where rebate remains cost-effective under UCT.			
Total Program Delivery & Administration Costs	A #REF!				

*2024 Evaluated Savings

INTERMOUNTAIN GAS COMPANY

Residential Energy Efficiency Program
Tankless Water Heater Tier II - 2025 Cost-Effectiveness Results*

Benefits			Cost-Effectiveness Tests			
Energy Savings	Value	Test	Benefits	Costs	Ratio	
Annual Energy Savings (therms)	48	Utility Cost	\$ 527	#REF!		
Lifetime Energy Savings (therms)	1,200	Total Resource Cost	\$ 527	#REF!		
Present Value of Energy Savings	S \$ 527					
Costs			Equations & Assumptions			
Rebate Costs	Value	Utility Cost Test				= S x NTG ÷ (R + A)
Rebate Amount	\$ 300	Total Resource Cost Test				= S x NTG ÷ (I x NTG + A)
Rebate Count	1					
Total Rebate Costs	R \$ 300	Real Discount Rate				3.51%
		Inflation Rate				3.15%
Equipment & Installation Costs		Net-to-Gross (NTG)				100%
Incremental Cost Per Unit	\$ 1,152	Net-to-Gross Sensitivity ^[2]				
Total Equipment & Installation Costs	I \$ 1,152					
NOTES						
Program Delivery & Administration						
Overhead Expenses ^[1]	#REF!	^[1] Allocated based on percentage of portfolio rebate count.				
Direct Costs	\$ 53	^[2] Minimum NTG value where rebate remains cost-effective under UCT.				
Total Program Delivery & Administration Costs	A #REF!					

*2024 Evaluated Savings

INTERMOUNTAIN GAS COMPANY

Residential Energy Efficiency Program
Smart Thermostat - 2025 Cost-Effectiveness Results*

Benefits			Cost-Effectiveness Tests		
Energy Savings	Value	Test	Benefits	Costs	Ratio
Annual Energy Savings (therms)	81,837	Utility Cost	\$ 522,618	#REF!	
Lifetime Energy Savings (therms)	900,207	Total Resource Cost	\$ 522,618	#REF!	
Present Value of Energy Savings	S \$ 522,618				
Costs			Equations & Assumptions		
Rebate Costs	Value	Utility Cost Test	= S x NTG ÷ (R + A)		
Average Rebated Amount ^[1]	\$ 99	Total Resource Cost Test	= S x NTG ÷ (I x NTG + A)		
Rebate Count	3,897				
Total Rebate Costs	R \$ 387,475	Real Discount Rate			3.51%
		Inflation Rate			3.15%
Equipment & Installation Costs		Net-to-Gross (NTG)			100%
Incremental Cost Per Unit	\$ 208	Net-to-Gross Sensitivity ^[3]			
Total Equipment & Installation Costs	I \$ 810,576				
Program Delivery & Administration		NOTES			
Overhead Expenses ^[2]	#REF!	^[1] Rebates pay the full cost of the individual thermostat up to a maximum of \$100.			
Direct Costs	\$ 207,908	^[2] Allocated based on percentage of portfolio rebate count.			
Total Program Delivery & Administration Costs	A #REF!	^[3] Minimum NTG value where rebate remains cost-effective under UCT.			

*2024 Evaluated Savings

INTERMOUNTAIN GAS COMPANY

Commercial Energy Efficiency Program

2025 UCT Results

Rebate	Therm	Annual Therm	UCT Benefits		UCT Costs	UCT Ratio
	Savings*	Savings				
Condensing Unit Heater	409	-	\$	-	\$	-
Boiler Reset Control	1,212	-	\$	-	\$	-
High-Efficiency Condensing Boiler	1,655	13,239	\$	145,219	\$	193,686
Fryer	508	4,572	\$	30,995	\$	195,248
Steamer	1,054	-	\$	-	\$	-
Griddle	76	-	\$	-	\$	-
		17,811	\$	176,215	\$	388,933
						0.5

INTERMOUNTAIN GAS COMPANY

Commercial Energy Efficiency Program

High Efficiency Condensing Boiler - 2025 Cost-Effectiveness Results

Benefits			Cost-Effectiveness Tests			
Energy Savings	Value	Test	Benefits	Costs	Ratio	
Annual Energy Savings (therms)	13,239	Utility Cost	\$ 145,219	\$ 193,686	0.7	
Lifetime Energy Savings (therms)	238,303	Total Resource Cost	\$ 145,219	\$ 213,134	0.7	
Present Value of Energy Savings	S \$ 145,219					

Costs			Equations & Assumptions			
Rebate Costs	Value		Utility Cost Test	$= S \times NTG \div (R + A)$		
Rebate Amount	\$ 3,317		Total Resource Cost Test	$= S \times NTG \div (I \times NTG + A)$		
Rebate Count	8					
Total Rebate Costs	R \$ 26,532		Real Discount Rate			3.51%
			Inflation Rate			3.15%
Equipment & Installation Costs			Net-to-Gross (NTG)			100%
Incremental Cost Per Unit	\$ 5,748		Net-to-Gross Sensitivity ^[2]			133%
Total Equipment & Installation Costs	I \$ 45,981					
NOTES						
Program Delivery & Administration			^[1] Allocated based on percentage of portfolio rebate count.			
Overhead Expenses ^[1]			^[2] Minimum NTG value where rebate remains cost-effective under UCT.			
Direct Costs	\$ 167,154					
Total Program Delivery & Administration Costs	A \$ 167,154					

INTERMOUNTAIN GAS COMPANY

Commercial Energy Efficiency Program
Fryer - 2025 Cost-Effectiveness Results

Benefits			Cost-Effectiveness Tests			
Energy Savings	Value	Test	Benefits	Costs	Ratio	
Annual Energy Savings (therms)	4,572	Utility Cost	\$ 30,995	\$ 195,248	0.2	
Lifetime Energy Savings (therms)	82,296	Total Resource Cost	\$ 30,995	\$ 188,498	0.2	
Present Value of Energy Savings	S \$ 30,995					

Costs		Equations & Assumptions			
Rebate Costs	Value	Utility Cost Test	= S x NTG ÷ (R + A)		
Rebate Amount	\$ 800	Total Resource Cost Test	= S x NTG ÷ (I x NTG + A)		
Rebate Count	9				
Total Rebate Costs	R \$ 7,200	Real Discount Rate			3.51%
		Inflation Rate			3.15%
Equipment & Installation Costs		Net-to-Gross (NTG)			100%
Incremental Cost Per Unit	\$ 50	Net-to-Gross Sensitivity ^[2]			630%
Total Equipment & Installation Costs	I \$ 450				
NOTES					
Program Delivery & Administration					
Overhead Expenses ^[1]		^[1] Allocated based on percentage of portfolio rebate count.			
Direct Costs	\$ 188,048	^[2] Minimum NTG value where rebate remains cost-effective under UCT.			
Total Program Delivery & Administration Costs	A \$ 188,048				

INTERMOUNTAIN GAS COMPANY

Residential Energy Efficiency Program

2025 UCT Results Billing

Rebate	Therm Savings	Annual Therm Savings	UCT Benefits	UCT Costs	UCT Ratio
Whole Home Tier I*	63	8,082	\$ 88,650	\$ 122,982	0.7
Whole Home Tier II*	38	79,116	\$ 867,823	\$ 1,568,477	0.6
Furnace - 95% AFUE - Early Replacement**	63	51,690	\$ 491,948	\$ 331,151	1.5
Furnace - 95% AFUE - New Construction**	60	107,766	\$ 1,025,636	\$ 724,822	1.4
Furnace - 95% AFUE - Replace on Burnout**	55	29,956	\$ 285,102	\$ 218,616	1.3
Combination Boiler - 95% AFUE	168	672	\$ 6,803	\$ 3,413	2.0
Boiler - 95% AFUE	103	1,030	\$ 11,298	\$ 8,534	1.3
Water Heater (< 55 gallons)	25	925	\$ 6,622	\$ 6,229	1.1
Water Heater (> 55 gallons)	2	-	\$ -	\$ -	-
Tankless Water Heater Tier I	59	77,290	\$ 847,794	\$ 495,640	1.7
Tankless Water Heater Tier II	48	48	\$ 527	\$ 353	1.5
Smart Thermostat*	28	109,116	\$ 696,824	\$ 595,383	1.2
		465,691	\$ 4,329,026	\$ 4,075,600	1.1

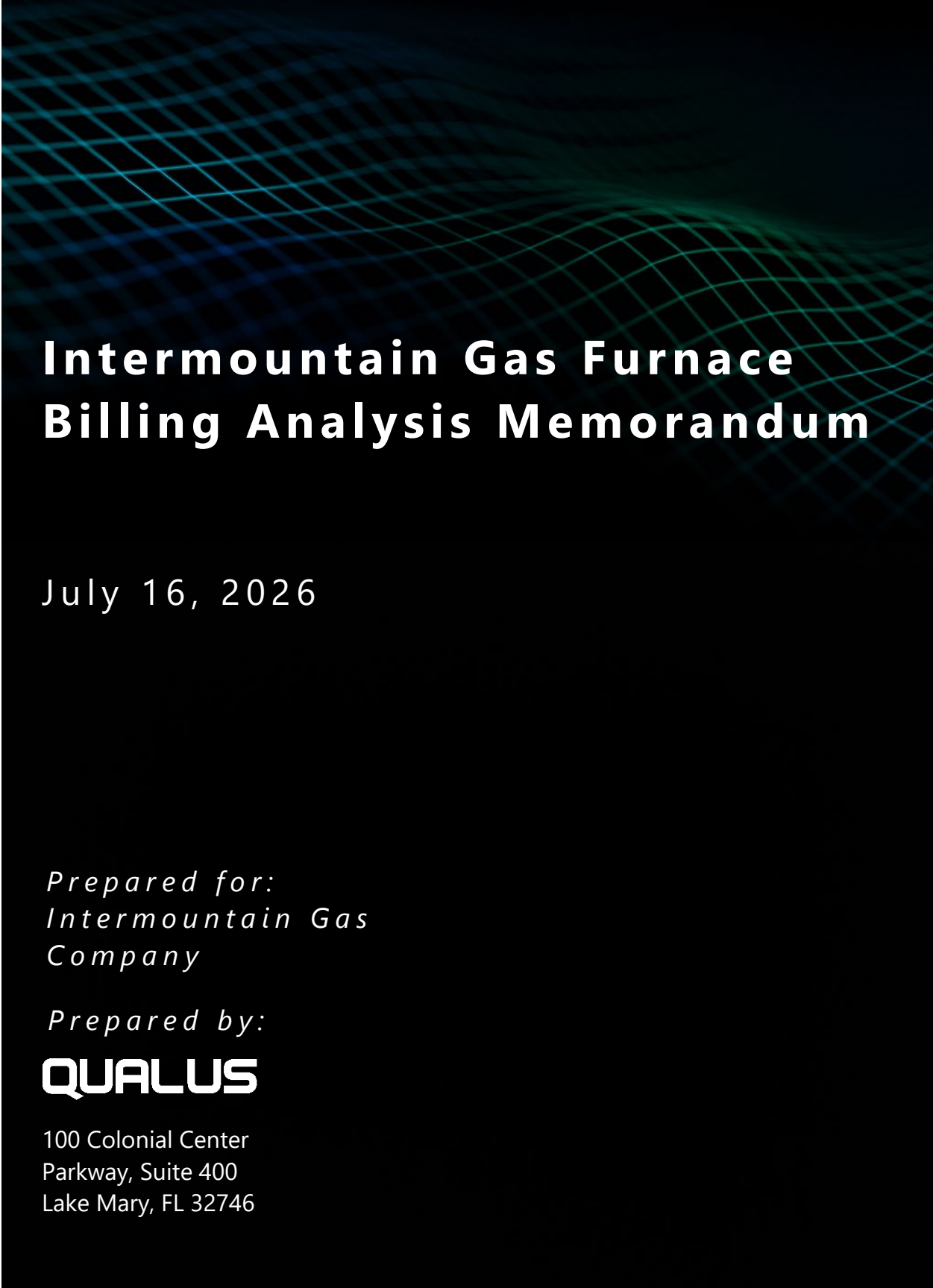
*Evaluated savings are based on 2024 billing analysis.

**Evaluated savings are based on 2026 furnace billing analysis.

EXHIBIT NO. 2

CASE NO. INT-G-26-06 INTERMOUNTAIN GAS COMPANY

**Furnace Billing Analysis
(13 Pages)**



Intermountain Gas Furnace Billing Analysis Memorandum

July 16, 2026

Prepared for:
Intermountain Gas
Company

Prepared by:

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Introduction

Qualus LLC (Qualus) conducted a billing analysis to assess the natural gas savings associated with the Intermountain Gas Company's (IGC) residential furnace energy efficiency program operating between January 2024 and May 2025. The goal of this analysis was to develop separate unit energy savings (UES) estimates for IGC's new construction (NC), replace on burnout (ROB), and early replacement (ER) 95% AFUE furnace measures which can be applied to future program cycles. These estimates were developed in response to a prudence request from the Idaho Public Utilities Commission (IPUC) in Order No. 36797 to develop separate savings estimates for these three different installation types based on metered billing data. For NC furnaces, billing data were used to calculate participant heating load which was in turn used as an input to a standard engineering algorithm to calculate gas savings. This method aligns with the International Performance Measurement and Verification Protocol (IPMVP) Option A. Replace on burnout and ER furnace savings were calculated using a treatment vs. control, Post Program Regression (PPR) model consistent with IPMVP Option C. This memorandum presents Qualus' savings analysis methodology, and UES estimates for each furnace installation type. The following sections detail Qualus' methodology along with key definitions and final furnace savings estimates.

1 Savings Methodology

This methodology section is split into two key subsections: Measure Definitions and Technical Approach. The measure definitions subsection differentiates the New Construction (NC), Replace on Burnout (ROB), and Early Replacement (ER) furnace installation types while the technical approach subsection outlines the specific steps Qualus took to calculate furnace gas savings.

Measure Definitions

Intermountain Gas Company's (IGC) 95% AFUE Natural Gas Furnace measure offers incentives for residential customers that purchase and install qualifying high-efficiency natural gas furnaces in an existing or new construction home. The measure requires the participant to be served on the residential rate schedule and to use natural gas exclusively for space heating. New Construction (NC), replacement on burnout (i.e., replacement at end-of-life), and early retirement (i.e., retrofit) furnaces are all eligible for rebate provided the installed furnace has an AFUE of 95% or greater. Per the Regional Technical Forum's (RTF's) Methodology for Estimating Energy Efficiency Savings in the Northwest¹, measure installation types can be differentiated as follows:

- **Lost opportunity measures** = measures replacing a product on failure or new load on the system
 - The RTF uses a *current practice baseline* for these measures, which is represented by either the efficiency required by codes or market-average efficiency, whichever is more efficient.
- **Retrofit measures** = discretionary measures that may be purchased at any time
 - The RTF uses a *pre-conditions baseline* to estimate savings for these measures, for example the existing insulation levels in a home if insulation is being upgraded.
 - **Early replacement measures** = These are a subset of retrofit measures that represent a voluntary change prior to the unit or system naturally requiring replacement
 - The RTF uses a *dual baseline* approach. The first baseline is a *pre-conditions baseline* which is used for the remaining useful life of the baseline equipment and the second baseline is a *current practice baseline* that is applied to the remaining balance of the installed measure life.

In the context of the IGC gas furnace measure, Qualus would categorize the three different furnace installation types as follows:

- **New Construction** = Lost opportunity measure

¹https://www.nwcouncil.org/media/filer_public/75/22/75227368-dae7-4fd3-9cd2-48ebd103fc08/C2018-17_Final_MethodologyEESavings_Paper.pdf

Intermountain Gas Furnace Billing Analysis Memorandum

- **Replace on Burnout** (i.e., "Replacement" in other IGC materials) = Lost opportunity measure
- **Early Replacement** (i.e., "Retrofit" in other IGC materials) = Early replacement subcategory of a retrofit measure

Having defined these three measure installation types in the context of the RTF's standards, Qualus then evaluated available data based on conversations with IGC to determine the best available savings methodology. For ROB and ER measures, IGC was able to source at least 12 months of billing data prior to and after measure installation for nearly all customers installing furnaces. In contrast, given that NC furnaces were installed as or soon after households began receiving gas bills, IGC could only reliably provide 12 months of billing data after measure installation. Based on these data limitations, Qualus determined that a pre vs. post regression analysis methodology could be used for ROB and ER, while a post-only analysis methodology would be required for NC. More specifically, Qualus decided to employ a pre vs. post, treatment vs. control PPR analysis methodology for ROB and ER analyses given that it is a robust, industry-standard regression analysis methodology that the IPUC has specifically requested for previous furnace savings analyses. For the NC analysis, Qualus' decided to employ a heating load analysis, as it integrates actual IGC customer gas usage data into an RTF- and IPMVP-approved savings methodology for new construction energy efficiency measures.

Specific details on the models employed are provided in the following subsection, but at a high level, a pre vs. post regression model estimates the impact of efficient furnace installation by comparing an individual home's natural gas use in the pre period (i.e., the 12 months prior to furnace installation) to natural gas use in the post period (i.e., the 12 months after furnace installation). The treatment vs. control aspect of the regression methodology Qualus employed adds an additional layer of complexity by incorporating usage matched non-participant customers into the regression analysis to control for changes in energy usage unrelated to furnace installation. Lastly, the PPR portion of this analysis (also referred to as a post-only model with pre-period controls) is a specific type of pre vs. post, treatment vs. control regression. A PPR analysis includes pretreatment energy consumption as an independent variable in the regression to account for differences between subjects in their post-treatment consumption. Collectively, this pre vs. post, treatment vs. control PPR approach is robust and reliable when applied to scenarios where pre-period billing data is available.

For new construction scenarios, where no pre period exists, Qualus employed a post-only heating load analysis methodology. In a post-only heating load analysis, a home's first year of billing data after measure installation is analyzed and the furnace's heating load is isolated. The heating load is the amount of natural gas energy used to heat that home throughout the year. This estimate, along with the known AFUE of the installed furnace and a current practice baseline AFUE, is used in an engineering algorithm to determine the home's energy savings.

1.1 Technical Approach

This subsection details the specific methodologies and equations Qualus employed to calculate furnace gas savings for NC, ROB, and ER installation scenarios.

1.1.1 General Billing Analysis Steps

For the purposes of this analysis, a household is considered a treatment household if it has received a program incentive. To isolate measure impacts, treatment households are eligible to be included in the billing analysis if they installed only one measure during the 24-month analysis period (i.e., the pre period and post period combined). Isolation of individual measures is necessary to provide valid measure-level savings. Households that installed more than one measure may display interactive energy savings effects across multiple measures that are not feasibly identifiable. Therefore, instances where households installed isolated measures are used in the billing analyses. In the following subsections, Qualus provides additional details on the data preparation steps and regression analyses used in this evaluation.

Data Collection

Prior to running the regression billing analyses, Qualus collected the following raw data:

1. Monthly billing data from January 2023 – March 2026 for program participants who only installed a 95% AFUE furnace between January 2024 and May 2025
2. Measure and home characteristics data, including pre and post furnace AFUE, furnace capacity (Btu/h) and household zip code
3. Monthly billing data for a cohort of 20,000 IGC non-participants who had not installed other energy efficiency measures during the relevant 51-month period
4. National Oceanic and Atmospheric Administration (NOAA) weather data between January 1, 2023, and May 31, 2026)
5. Typical Meteorological Year (TMYx) data²

Billing and weather data were obtained for the entire evaluation period and for one year prior to measure install dates (beginning January 1, 2023). Qualus mapped customer zip codes to the nearest weather station and extracted temperature data from those weather stations via NOAA's Global Historical Climatology Network hourly database.³ TMY weather stations were assigned to each zip code in a similar manner, and TMYx weather data was used to extrapolate savings to a long-run, 30-year average weather. After collecting these key datasets, Qualus conducted the following data preparation steps.

Data Preparation

In June 2026, IGC shared raw data with Qualus that contained monthly bills from January 2023 through March 2026 for 7,812 customers installing gas furnaces between January 2024 and May 2025. The raw tracking data that Qualus received differentiated between "equipment replacement" (i.e., either ER or ROB) and "new construction" and also contained a "prior operational" column that allowed Qualus to distinguish between ER and ROB for equipment

² Typical Meteorological Year (TMY) is a set of weather data synthesized by NREL representing the long-term climatic conditions for specific locations. The TMYx dataset was constructed using historical weather data collected from 1976-2005, typically obtained from weather stations in the vicinity of the location of interest.

³ <https://www.ncei.noaa.gov/products/global-historical-climatology-network-hourly>

Intermountain Gas Furnace Billing Analysis Memorandum

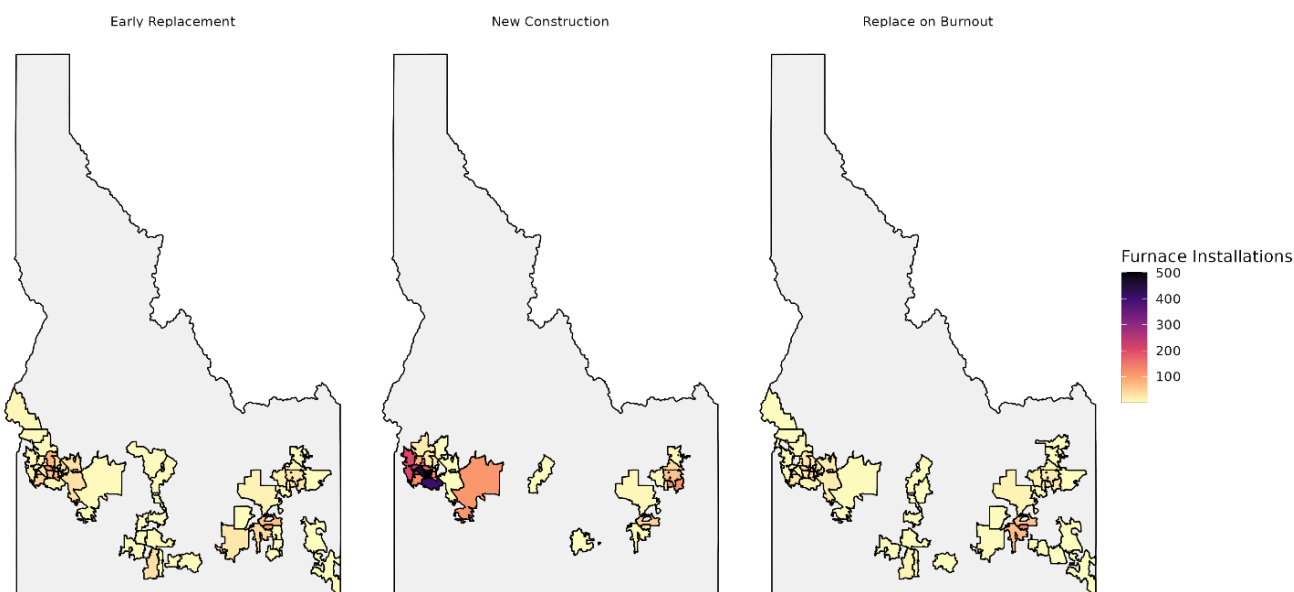
replacement furnaces. Of note, if IGC’s tracking data did not include information on whether a non-New Construction furnace was previously operational (i.e., the “prior operational” column was “NA”), Qualus assumed the measure was ER not ROB. In addition, Qualus shared monthly billing data for a cohort of 20,000 non-participants who, to IGC’s knowledge, had not installed energy efficiency measures during the relevant 51-month period. The following table outlines customer counts by furnace installation type in the original billing data IGC shared with Qualus.

Table 1-1. Intermountain Gas January 2024 – March 2025 Furnace Customer Counts

Furnace Installation Type	Analysis Group	IGC Customer Count
New Construction	Treatment	4,874
Replace on Burnout	Treatment	1,719
Early Replacement	Treatment	1,219
Non-Participant	Control	20,000

As highlighted in *Figure 1-1*, the distribution of zip codes across Idaho was relatively similar between different furnace installation type groups. New construction households seemed to be slightly more concentrated in urban zip codes, while ER and ROB furnace installations were spread more broadly across IGC’s service territory in Southern Idaho.

Figure 1-1. Intermountain Gas Furnace Program Participation by ZIP Code and Install Type



The following steps were taken to prepare the billing data for regression analyses:

1. Exclude any bills missing address information.
2. Clean billing data and tracking data address information by converting addresses to lowercase and removing whitespace.
3. Subset billing data to only include customers included in the tracking data.
4. Remove any bills missing fuel type/Unit of Measure (UOM).
5. Remove any bills missing usage, billing start date, or billing end date.

Intermountain Gas Furnace Billing Analysis Memorandum

6. Merge baseline and efficient equipment efficiency as well as household zip code from the tracking data with the billing data by premise ID.
7. Remove any duplicates from tracking and billing data.
8. Calendarize bills; this involves recalculating bill dates, usage, and total billed days such that bills begin and end at the start and end of each month.
9. Obtain weather data from nearest NOAA weather station using 5-digit zip code per household.
10. Compute Heating Degree Days (HDD) for a range of setpoints. The Evaluators employed a setpoint of 65°F for HDD calculations.
11. Subset billing data to only include customers with one measure installed during the analysis years and merge customer measure install dates with billing data (to define pre- and post-periods).
12. Conduct propensity score matching (PSM) with replacement to match ROB and ER customers to non-participant customers based on pre-period energy usage. After matching customers, verify the statistical similarity of the treatment and control groups via Student's t-tests.
13. Subset customer billing data to only include 12 months of pre-period and 12 months of post-period billing data for each treatment and control customer.
14. Remove customers with incomplete post-period bills (<10 months total).
15. Remove customers with incomplete pre-period bills (<10 months total); this condition was ignored for the NC cohort as no pre-period bills were required for the post-only analysis.

1.1.2 Regression Models

After preparing the billing data as detailed in the previous section, Qualus conducted regression analyses to identify the impact of furnace installation on customer natural gas usage as described in the following subsections.

Treatment vs. Control PPR Model

The following equation displays the model specification to estimate the average daily savings associated with furnace installation. This model specification was run once for ROB furnaces and once for ER furnaces.

Equation 1-1: Post-Program Regression (PPR) Updated Model Specification

$$\begin{aligned} ADC_{it} = & \alpha_0 + \beta_1(Treatment)_i + \beta_2(PreUsage)_i + \beta_3(PreUsageSpring)_i \\ & + \beta_4(PreUsageSummer)_i + \beta_5(PreUsageFall)_i + \beta_6(PreUsageWinter)_i \\ & + \beta_7(Month)_t + \beta_8(Month \times PreUsage)_{it} + \beta_9(Month \times PreUsageSpring)_{it} \\ & + \beta_{10}(Month \times PreUsageSummer)_{it} + \beta_{11}(Month \times PreUsageFall)_{it} \\ & + \beta_{12}(Month \times PreUsageWinter)_{it} + \beta_{13}(HDD)_{it} + \beta_{14}(Treatment \times HDD)_{it} \\ & + \varepsilon_{it} \end{aligned}$$

Intermountain Gas Furnace Billing Analysis Memorandum

Where:

- i = the i th household
- t = the first, second, third, etc. month of the post-treatment period
- ADC_{it} = Average daily usage in therms for reading t for household i during the post-treatment period
- $Treatment_i$ = A dummy variable indicating treatment status of home i
- $Month_t$ = Dummy variable indicating month of month t
- $PreUsage_i$ = Average daily usage across household i 's available pre-treatment billing reads
- $PreUsageSpring_i$ = Average daily usage in the spring months across household i 's available pre-treatment billing reads
- $PreUsageSummer_i$ = Average daily usage in the summer months across household i 's available pretreatment billing reads
- $PreUsageFall_i$ = Average daily usage in the fall months across household i 's available pretreatment billing reads
- $PreUsageWinter_i$ = Average daily usage in the winter months across household i 's available pre-treatment billing reads
- HDD_{it} = Average heating degree days (with 65 °Fahrenheit setpoint) during period t at home i
- ε_{it} = Customer-level random error
- α_0 = The model intercept for home i
- β_{1-14} = Coefficients determined via regression

The coefficient β_1 represents the average change in consumption between the pre-period and post-period for the treatment group and β_{14} represents the change in weather-related daily consumption in the post-period between the groups. Average savings per regression analysis were estimated by extrapolating the β_1 coefficient and the β_{14} coefficient with Typical Meteorological Year (TMYx) HDD data. The equation below displays how savings were extrapolated for a full year utilizing the coefficients in the first regression model and TMYx data.

Equation 1-2: Regression Savings Extrapolation

$$Annual\ Therm\ Savings = \beta_1 * 365.25 + \beta_{10} * TMY\ HDD$$

Heating Load Analysis

A heating load estimate provides a way to calculate therms savings for space heating measures using TRM-based engineering equations, under various scenarios for pre- and post-efficiency factors and space heating capacities. This approach complies IPMVP Option A, as maintained by the EVO with sponsorship by the U.S. DOE⁴. It is often used to calculate deemed savings for new construction measures.

⁴ Core Concepts: International Measurement and Verification Protocol. EVO 100000 – 1:2016, October 2016.

Heating Load Estimation Methodology

The first step in heating load estimation is calculating TMYx weather normalized average daily consumption. To do so, customer-specific regressions are run to determine the effect of daily HDD on average daily consumption. This is a straightforward regression of the following form.

Equation 1-3. Heating Load Regression

$$ADC_i = \alpha_0 + \beta_1(HDD)_i$$

Where:

- i = the i th household
- ADC_i = Average daily usage in therms for household i during the post-treatment period
- HDD_i = Average heating degree days at home i
- β_1 = Coefficient determined via regression

This regression is run separately for each customer to determine β_1 , the impact of HDD on average daily consumption (i.e., the change in therms usage per HDD). From there, β_1 multiplied by HDD is subtracted from ADC and β_1 multiplied by TMY_HDD is added back to ADC to calculate TMYx weather normalized average daily consumption. The actual HDD attributable therms usage is subtracted from average daily consumption, and the TMY_HDD attributable therms are added back in, as outlined in the following equation.

Equation 1-4. Normalized Average Daily Consumption

$$NADC_i = ADC_i - \beta_1 * (HDD)_i + \beta_1 * (TMY_HDD)_i$$

Where:

- i = the i th household
- $NADC_i$ = TMYx normalized average daily usage for household i during the post-period
- β_1 = Customer-specific therms usage per HDD
- ADC_i = Average daily usage for household i during the post-treatment period
- HDD_i = Average heating degree days at home i
- TMY_HDD_i = Average TMY heating degree days at home i

Once TMY normalized average daily usage (NADC) is calculated, Qualus performed the following calculations to determine customer heating load savings:

- Calculated post-period normalized baseload usage (therms) for each participant, where baseload is equal to average NADC in June, July, and August.
- Calculated TMYx weather normalized average daily heating load (NHL) for each participant in the post-period by taking the difference between NADC and normalized baseload usage.
- Set any negative heating loads to zero (assumed to be deviations from average baseload).

Intermountain Gas Furnace Billing Analysis Memorandum

- Merged average NHL back into tracking data.

With weather normalized heating load included in the tracking data for customers installing NC furnaces, the Evaluators calculated annual therms savings as follows. This equation is outlined in page 43 of the Arkansas TRM version 9.1.⁵ but is an industry-standard engineering algorithm for determining gas furnace savings across the nation.

Equation 1-5. Heating Load Annual Savings

$$Savings = NHL * 365.25 * \left(\frac{1}{BaseEff} - \frac{1}{InstallEff} \right)$$

Where:

- *Savings* = Annual therms savings associated with gas space heating measure
- *NHL* = Average TMYx normalized daily heating load usage for IGC customers installing a NC furnace in the post period. Per Qualus' analysis the average normalized daily heating load was 1.62 therms which equates to an average annual heating load of 593.18 therms.
- 365.25 = Average number of days per year
- *BaseEff* = The baseline efficiency standard for furnaces at the time of measure installation. Intermountain Gas' tracking data included baseline AFUE (i.e., the efficiency of the pre-retrofit furnace), which Qualus used to calculate an assumed current practice baseline efficiency value. Of customers with sufficient data to be included in the billing analysis, 1,895 had data on baseline AFUE. Qualus used these customers' data to calculate an average baseline AFUE of 87.6%. While this value is slightly lower than the 88.5% baseline AFUE that the RTF's Furnace UES workbook⁶ assumes, Qualus determined that it was most appropriate to reference IGC-specific data for this savings calculation, as opposed to the Pacific Northwest-wide RTF estimates.
- *InstallEff* = The installed furnace AFUE per tracking data. New construction customers had an average efficient furnace AFUE of 96.17%.

The following section details IGC furnace gas savings results by installation type as well as key conclusions from this analysis.

⁵ https://apsc.arkansas.gov/wp-content/uploads/AR_TRM_V9.1_Volume_1_2_and_3_on_8-31-22.pdf

⁶ <https://rtf.nwccouncil.org/measure/residential-gas-furnaces/>

2 Results and Conclusions

As detailed in the previous section, Qualus employed two different methodologies to calculate the gas savings associated with IGC's NC, ROB, and ER furnace installations. New construction savings were calculated using a post-only heating load analysis, while ROB and ER savings were calculated using pre vs. post, treatment vs. control post program regression (PPR) analyses. Results from these analyses are presented below.

Table 2-1. Intermountain Gas January 2024 – March 2025 Furnace Billing Analysis Results

Furnace Installation Type	Model	Treatment Customers in Analysis	Control Customers in Analysis	Estimated Annual Savings (therms)	p-value	Adjusted R-squared
New Construction	Heating Load Analysis	2,209	N/A	59.97	N/A	N/A
Replace on Burnout	Post Program Regression	482	467	55.27	<0.001	0.923
Early Replacement	Post Program Regression	735	708	62.96	<0.001	0.932

This billing analysis suggests that gas furnaces rebated by Intermountain Gas and installed between January 2024 and March 2025, were associated with savings between 55.27 and 62.96 therms annually depending on the furnace installation type. Replace on burnout furnaces were found to be associated with the lowest annual gas savings with an average of 55.27 therms per household, followed by NC furnaces at 59.31 therms, and ER furnaces at 62.96 therms. The savings values calculated via PPR analyses were statistically significant at the 0.05 alpha with ROB and ER analyses yielding a p-value <0.001. Both these treatment vs. control regression analyses also yielded an adjusted R-squared value above 0.920, suggesting an excellent model fit. The following table outlines the average annual usage in therms by furnace installation type during the pre- and post-period.

Table 2-2. Average Annual Household Pre- and Post-Period Usage by Furnace Install Type

Furnace Installation Type	Average Pre-Period Usage (therms)	Average Post-Period Usage (therms)
New Construction⁷	N/A	595.00
Replace on Burnout	841.74	780.65
Early Replacement	890.63	828.32

These findings seem to suggest that participating NC households use substantially less gas than ROB and ER households, while ROB households use slightly less gas than ER households. This difference in gas usage could be explained by a variety of factors. The most likely driver is that NC households are built to stricter energy codes, requiring less energy to be used to keep them heated during cold season. Furthermore, per *Figure 1-1*, NC households seem to be in more urban areas than ROB/ER households. Households in more urban areas could have slightly warmer winters due to the urban heat island effect, which could contribute to less gas being used

⁷ New construction pre-period usage is set to "N/A" because almost no pre-period billing data was provided for NC households.

Intermountain Gas Furnace Billing Analysis Memorandum

on household heating. Similarly, differences in the geography and demographics of ROB and ER households could contribute to the difference in annual household gas usage highlighted above.

In addition to differences in annual household usage, this analysis also identified slight differences in estimated furnace gas savings. As highlighted in the previous paragraph, new urban NC households may have fewer gas appliances than older more rural ER/ROB households, which could contribute to the higher percentage savings for NC detailed in the following table. Meanwhile, differences in energy use patterns and/or the geography of ROB and ER households may have contributed to slight differences in savings between these two equipment replacement installation types. Furthermore, uncontrolled differences between these two groups could have contributed to differences in savings. For example, a small proportion of ROB customers could have installed additional gas appliances along with their gas furnace (unknown to IGC) or increased their household occupancy, which could have contributed to a reduction in ROB post-period savings as compared to ER households. Ultimately, the estimated annual savings across all three furnace installation types are relatively similar, suggesting 95% AFUE gas furnaces in IGC's service area are an effective gas-saving measure.

In *Table 2-1* and following table, *Table 2-3*, regression-related metrics like p-value and 95% confidence interval (CI) lower bound are set to "N/A" for the NC analysis due to the fact that savings were calculated via an engineering equation as opposed to a PPR analysis. The following table outlines the annual percentage savings and 95% CI lower and upper bounds of these billing analyses.

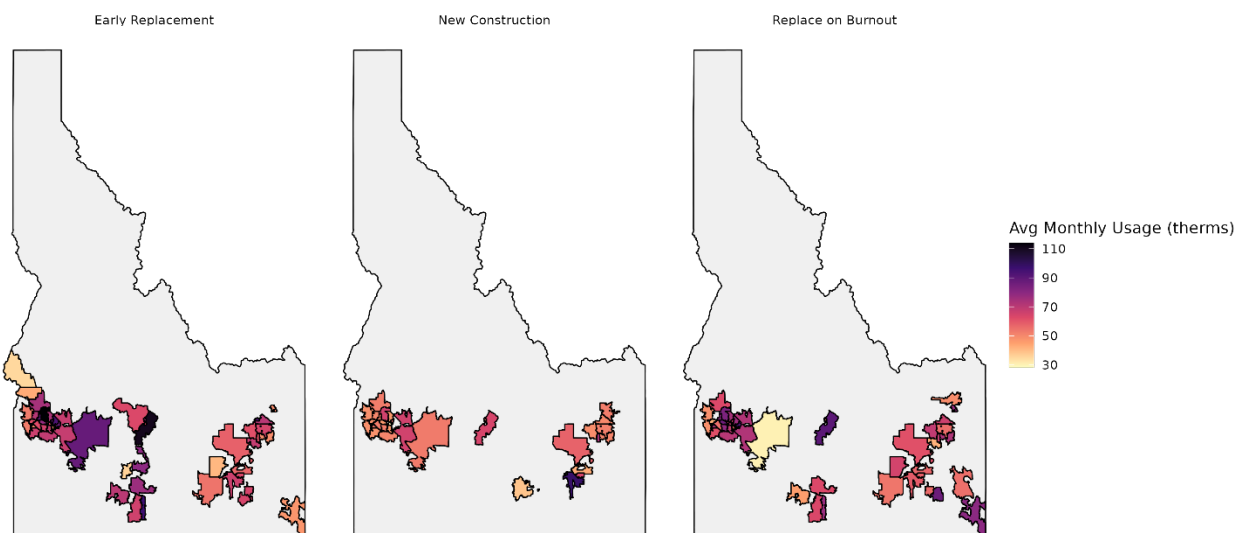
Table 2-3. Idaho Furnace PPR Billing Analysis Percentage Savings and 95% CI Bounds

Furnace Installation Type	Model	Estimated Annual Savings (therms)	Percentage Savings	95% CI Lower Bound (therms)	95% CI Upper Bound (therms)
New Construction	Heating Load Analysis	59.97	10.08%	N/A	N/A
Replace on Burnout	Post Program Regression	55.27	6.81%	47.61	62.93
Early Replacement	Post Program Regression	62.96	7.44%	56.60	69.33

The relatively large sample sizes of the ROB and ER analysis cohorts seem to have contributed to a relatively narrow 95% confidence interval for both analyses. Across all three furnace installation types, percentage gas savings were also consistent, ranging from 6.81% to 10.08%. The following figure outlines the average monthly usage of customers included in billing analyses by ZIP code and furnace installation type (i.e., ER, NC, and ROB).

Intermountain Gas Furnace Billing Analysis Memorandum

Figure 2-1. Customers in Billing Analyses Average Monthly Usage by ZIP Code and Install Type



All IGC customers included in billing analyses, who installed furnaces between January 2024 and May 2025, resided in Southern Idaho along relatively similar latitudes. Furthermore, average monthly customer usage by zip code was relatively consistent, with a mean of 63.55 therms, a median of 63.13 therms, and a standard deviation of 15.57 therms. This geographic consistency likely contributed to the relatively consistent gas savings across all three evaluations, with annual savings only varying by 7.69 therms between ROB and ER.

Ultimately, this analysis suggests that as of 2024 and early 2025, furnace installations by IGC residential customers yielded gas savings between 55.27 and 62.96 therms annually. These annual savings estimates are substantially higher than the single-family household deemed savings estimates between 36.3 and 44.9 therms included in the RTF Residential Gas Furnace UES workbook v3.1.⁸ Based on this analysis, in the future it may be most pragmatic for IGC to calculate furnace gas savings based on a billing analysis as opposed to a deemed savings method per RTF data. Given that baseline conditions and residential gas usage have the potential to dramatically change as customers install increasingly efficient measures, Qualus would recommend IGC reassess furnace savings on a regular basis to ensure the continued accuracy of these UES estimates.

⁸ <https://rtf.nwncouncil.org/measure/residential-gas-furnaces/>