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IDAHO PUBLIC  
UTILITIES COMMISSION  
December 18, 2004

BARTON L. KLINE  
Senior Attorney

**HAND DELIVERED**

Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
472 West Washington Street  
P. O. Box 83720  
Boise, Idaho 83720-0074

Re: Case No. IPC-E-04-15  
In the Matter of the Investigation of Financial incentives to Investment  
in Energy Efficiency by Idaho Power Company

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of the following documents for filing with the Commission:

- 1) Stipulation;
- 2) Joint Motion for Approval of Stipulation; and
- 3) Supplemental Direct Testimony of John R. (Ric) Gale.

I would appreciate it if you would return a stamped copy of this transmittal letter to me in the self-addressed, stamped envelope enclosed.

Very truly yours,

Barton L. Kline

BLK:sh  
Enclosures

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IDAHO PUBLIC  
UTILITIES COMMISSION

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Attorneys for Idaho Power Company

Express Mail Address

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Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE INVESTIGATION	)	CASE NO. IPC-E-04-15
OF FINANCIAL INCENTIVES TO	)	
INVESTMENT IN ENERGY EFFICIENCY BY	)	STIPULATION
IDAHO POWER COMPANY	)	
	)	
	)	
	)	

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This Stipulation ("Stipulation") is entered into by and among Idaho Power Company ("Idaho Power" or the "Company"), the Staff of the Idaho Public Utilities Commission ("Staff") and the NW Energy Coalition ("Coalition"). These entities may individually be referred to as a "Party" and collectively referred to as the "Parties".

## **I. INTRODUCTION**

1. The terms and conditions of this Stipulation are set forth herein. The Parties agree that this Stipulation represents a fair, just and reasonable compromise of the issues raised in this proceeding and that this Stipulation is in the public interest. The Parties maintain that the Stipulation and its acceptance by the Idaho Public Utilities Commission ("IPUC" or the "Commission") represents a reasonable resolution of multiple issues identified in this matter. The Parties, therefore, recommend that the Commission, in accordance with RP 274, approve this Stipulation and all of its terms and conditions without material change or condition.

## **II. BACKGROUND**

2. On August 10, 2004, the IPUC in Order No. 29558 established Case No. IPC-E-04-15 to investigate financial disincentives to investment in energy efficiency by Idaho Power. In its Order, the Commission directed the parties to participate in a series of workshops and to provide a written report to the Commission no later than December 15, 2004 to update the Commission on the status of the workshop.

3. On December 15, 2004, the workshop participants filed a status report with the Commission. The final report on the workshop proceedings was filed on February 14, 2005. The final report called for two action items: (1) the development of a true-up simulation to track what might have occurred if a decoupling or true-up mechanism had been implemented for Idaho Power at the time of the last general rate case; and (2) advocacy for filing of a pilot energy efficiency program that would incorporate both performance incentives and fixed cost recovery adjustments. A final order was not issued and the case remained open.

4. On January 27, 2006, Idaho Power filed an Application in this case requesting authority to implement a rate adjustment mechanism that would adjust the Company's rates upward or downward to recover the Company's fixed costs, independent of the volume of Company energy sales ("FCA Mechanism"). With its Application the Company filed the direct testimony of witnesses Ric Gale, Mike Youngblood and Ralph Cavanagh. In its Application the Company also indicated its belief that consideration of the proposed FCA mechanism would be facilitated by resuming the workshop process that was conducted earlier in the case. Idaho Power requested that the Commission issue its order reinitiating the workshop process and ultimately authorizing the Company to implement the FCA Mechanism for residential and small general service customers with an initial rate change to occur on June 1, 2007.

5. On March 3, 2006, the Commission issued a Notice of Application and acknowledged the intention of the Company and the Staff, together with other parties of record, to initiate and engage in settlement discussions.

6. Based on the settlement discussions among the parties, as a compromise of the Parties' respective positions in this case and for other consideration as set forth below, the Parties agree to the following terms:

### **III. TERMS OF THE STIPULATION**

7. The Parties agree that it would be in the public interest for the Company to implement, as a pilot program, the FCA mechanism proposed by the Company in its Application with the following conditions and provisions.

- a. Any differences between Schedule 1 and 7 class revenue requirements and the corresponding fixed cost per customer approved by the Commission in

Case No. IPC-E-05-28 (2005 general rate case) must be reconciled with the fixed cost per customer and fixed cost per energy utilized in the approved FCA mechanism.

- b. To determine the actual number of customers determined by class on a monthly basis, the Company will utilize the same customer count methodology used in the Company's 2005 rate case filing.
- c. The methodology used to weather-normalize actual monthly energy used in the FCA will be the same weather normalization methodology used in the Company's filing in the 2005 rate case.
- d. The FCA mechanism will be implemented on a pilot basis for a three-year period beginning January 1, 2007 and running through December 31, 2009 plus any carryover. The first rate adjustment will occur June 1, 2008, coincident with the 2008-2009 PCA and subsequent rate adjustment will occur on June 1 of each year during the term of the pilot.
- e. Calculation of the monthly FCA deferral will be recorded as a separate line item in the monthly PCA report provided to the Commission. The Commission approved FCA adjustment will be combined with the Conservation Program Funding Charge for purposes of customer bill presentation. There will be no separate line item for the FCA on customers' billing statements.
- f. The Company will file its FCA adjustment request on March 15<sup>th</sup> of each year. Staff's audit of the FCA adjustment request will include review of deferral balances, comparison of actual energy savings to DSM energy

savings estimates as normally provided in the DSM Annual Report and load growth forecasts and verification of the resulting FCA adjustment.

- g. Either Staff or the Company can request the Commission to authorize discontinuance of the pilot program during the three-year period. Requests to discontinue the pilot program, with supporting justification must be filed with the Commission during the March 15 to June 1 review period.

8. The Company will provide with its annual March 15<sup>th</sup> filing a detailed summary of DSM activities that demonstrate an enhanced commitment to DSM resulting from implementation of the FCA mechanism and removal of the financial disincentive to DSM. Evidence of enhanced commitment will include, but not be limited to, a broad availability of efficiency and load management programs, building code improvement activity, pursuit of appliance code standards, expansion of DSM programs, pursuit of energy savings programs beyond peak shaving/load shifting programs and third party verification. As part of this commitment, the 2008 Integrated Resource Plan will include an evaluation of the costs and potential for energy savings that would occur if the appliance and equipment efficiency standards adopted by the State of Oregon were applicable in the State of Idaho. In addition, the Company will make the following specific commitments in regard to building code improvements, and enforcement of such standards:

- a. The Company will promote the adoption of energy codes to achieve improved levels of efficiency in new commercial and residential construction and appliance standards in Idaho consistent with the Model Conservation Standards released by the Northwest Power and

Conservation Council or that exceed the 2003 IECC and ASHRAE 90.1 codes.

- b. As part of its enhanced commitment to DSM described above, the Company will promote and support appropriate energy code training programs and advocate the enforcement of energy codes. Idaho Power will identify ways to support energy code implementation and enforcement in all jurisdictions in Idaho Power's service territory.

9. The Parties agree that this Stipulation represents a compromise of the positions of the parties in this case. As provided in RP 272, other than any testimony filed in support of the approval of this Stipulation, and except to the extent necessary for a Party to explain before the Commission its own statements and positions with respect to the Stipulation, all statements made and positions taken in negotiations relating to this Stipulation shall be confidential and will not be admissible in evidence in this or any other proceeding.

10. The Parties will submit this Stipulation to the Commission and recommend approval in its entirety pursuant to RP 274. Parties shall support this Stipulation before the Commission, and no Party shall appeal a Commission Order approving the Stipulation or an issue resolved by the Stipulation. If this Stipulation is challenged by any person not a party to the Stipulation, the Parties to this Stipulation reserve the right to file testimony, cross-examine witnesses and put on such case as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlements embodied in this Stipulation. Notwithstanding this reservation of rights, the Parties to this Stipulation agree that they will continue to

support the Commission's adoption of the terms of this Stipulation.

11. If the Commission rejects any part or all of this Stipulation, or imposes any additional material conditions on approval of this Stipulation, each Party reserves the right, upon written notice to the Commission and the other Parties to this proceeding, within 14 days of the date of such action by the Commission, to withdraw from this Stipulation.

12. The Parties agree that this Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.


13. The obligations of the Parties under this Stipulation are subject to the Commission's approval of this Stipulation in accordance with its terms and conditions and upon such approval being upheld on appeal by a court of competent jurisdiction.

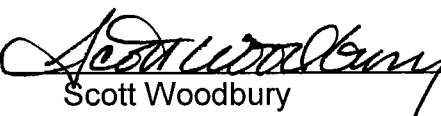
14. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

Dated this 1<sup>st</sup> day of December, 2006.

Idaho Power Company

Idaho Public Utilities Commission Staff

By   
Barton L. Kline  
Attorney for Idaho Power Company

By   
Scott Woodbury  
Attorney for IPUC Staff

Northwest Energy Coalition

By \_\_\_\_\_  
William M. Eddie  
Attorney for NW Energy Coalition



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Dated this 1<sup>st</sup> day of December, 2006.


Idaho Power Company

Idaho Public Utilities Commission Staff

By \_\_\_\_\_  
Barton L. Kline  
Attorney for Idaho Power Company

By \_\_\_\_\_  
Scott Woodbury  
Attorney for IPUC Staff

Northwest Energy Coalition

By  \_\_\_\_\_  
William M. Eddie  
Attorney for NW Energy Coalition

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 18<sup>th</sup> day of December, 2006, I served a true and correct copy of the within and foregoing upon the following named parties by the method indicated below, and addressed to the following:

Scott Woodbury  
Deputy Attorney General  
Idaho Public Utilities Commission  
472 West Washington Street  
Post Office Box 83720  
Boise, Idaho 83720-0074

☐ U.S. Mail, Postage Prepaid  
☒ Hand Delivered  
☐ Overnight Mail  
☐ Facsimile  
☒ Email Scott.woodbury@puc.idaho.gov

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Richardson & O'Leary PLLC  
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Boise, Idaho 83702

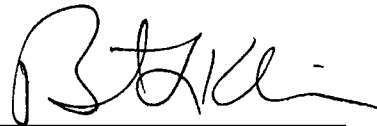
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