

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE INVESTIGATION)	CASE NO. IPC-E-04-15
OF FINANCIAL DISINCENTIVES TO)	
INVESTMENT IN ENERGY EFFICIENCY BY)	NOTICE OF APPLICATION
IDAHO POWER COMPANY.)	
)	NOTICE OF
)	INTERVENTION DEADLINE
)	

BACKGROUND

On August 10, 2004, the Idaho Public Utilities Commission (Commission) in Order No. 29558 established Case No. IPC-E-04-15 for an investigation of financial disincentives to investment in energy efficiency by Idaho Power Company (Idaho Power; Company). In its Order the Commission approved a series of workshops and directed the participating parties to provide a written report to the Commission no later than December 15, 2004 to update the Commission on the status of the workshops.

On December 15, 2004, workshop participants in Case No. IPC-E-04-15 filed a status report with the Commission. A final report on 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 a pilot energy efficiency program that would incorporate both performance incentives and "lost revenue" adjustments.

APPLICATION

YOU ARE HEREBY NOTIFIED that on January 27, 2006, Idaho Power filed an Application in Case No. IPC-E-04-15 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 from the volume of the Company's energy sales. This type of ratemaking mechanism is commonly referred to as a "decoupling mechanism." However, Idaho Power in its Application believes that a more accurate description of what the Company is proposing is a "true-up mechanism." The true-up mechanism, entitled "Fixed-Cost Adjustment"

(FCA) would be applicable only to Residential Service (Schedule 1, Schedule 4 and Schedule 5) and Small General Service (Schedule 7) customers.

As reflected in the Company's decoupling proposal, the fixed-cost recovery portion of the Company's revenue requirement allowed for recovery in rates would be established for these two customer classes at the time of a general rate case. Thereafter, the FCA would provide the mechanism to true-up the collection of fixed costs to recover the difference between the fixed costs actually recovered through rates and the fixed rates that were allowed to be recovered. Accounting for the FCA would be effective as of January 1, 2006, and the first FCA rate change would occur on June 1, 2007.

For both the residential and small commercial classes, the FCA would work identically. For each class, the actual number of customers would be multiplied by the fixed cost per customer rate (established as a part of determining the Company's allowed revenue requirement in a general rate case). This product would represent the "allowed fixed-cost recovery" amount. This amount would be compared with the amount of fixed costs actually recovered by the Company. To determine this "actual fixed-cost recovered amount," the Company would take weather-normalized sales for each class and multiply that by the fixed-cost per kilowatt-hour rate (again, established in the Company's general rate case). The difference between these two numbers (the "allowed fixed-cost recovery" amount minus the "actual fixed-cost recovered" amount) would be the fixed-cost adjustment for each class. The FCA could be either positive or negative.

The FCA is proposed to change rates coincidentally with Idaho Power's Power Cost Adjustment (PCA) and Idaho Power's seasonal rates. Although the FCA would be timed to adjust on the same schedule as the PCA, the accounting for the FCA will be completely separate from the PCA. Additionally, the Company proposes to include a discretionary cap of 3% as a potential rate mitigation tool for the Commission's use.

The purpose of the FCA, the Company contends, is to remove the financial disincentive to the Company's investing fully in energy efficiency activities embedded in current rate design. Limiting implementation to only residential and small general service customers, the Company states, allows for an incremental approach for evaluating a new type of mechanism for the Company and its customers.

The Company in its Application details proposed FCA accounting entries for monthly deferrals plus interest. The Company in its Application has filed the supporting testimony and exhibits of Ralph Cavanagh, Michael J. Youngblood, and John R. Gale.

The Company believes that consideration of the proposed FCA mechanism would be facilitated by resuming the workshop process that was conducted earlier in this case. This, the Company contends, will allow the parties to discuss both the merits and the specific implementation issues associated with the FCA based on the progress already made in this case. The Company believes that such a workshop process could culminate in a settlement stipulation that would provide a consensus agreement on the technical details necessary to the operation of a tracking adjustment, such as the specifics of deferral methodology, the weather normalization process, and specific provisions to be included in implementing the FCA.

Idaho Power requests that the Commission issue an Order re-initiating the workshop process and ultimately authorizing the Company to implement the fixed-cost adjustment mechanism for residential and small general service customers with an initial rate change to occur on June 1, 2007.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the Company's decoupling proposal and acknowledges the intention of the Company and Commission Staff (together with other parties of record) to initiate and engage in settlement discussions. Reference Commission Settlement Rules of Procedure, IDAPA 31.01.01.272-276.

YOU ARE FURTHER NOTIFIED that **persons desiring to intervene** in this case for the purpose of becoming a party, i.e., to present evidence, to acquire rights of cross-examination, to participate in settlement or negotiation conferences, and to make and argue motions **must file a Petition to Intervene** with the Commission pursuant to Rules 72 and 73 of the Commission's Rules of Procedure, IDAPA 31.01.01.072 and -.073. Persons desiring to acquire intervenor rights of participation must file a Petition to Intervene **on or before Friday, March 17, 2006**. Persons seeking intervenor status shall also provide the Commission Secretary with their electronic mail addresses to facilitate future communications in this matter.

YOU ARE FURTHER NOTIFIED that persons desiring to present their views without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or to other parties.

YOU ARE FURTHER NOTIFIED that discovery is available pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.221-234.

YOU ARE FURTHER NOTIFIED that the Company's Application in Case No. IPC-E-04-15 (together with supporting testimony) can be reviewed during regular business hours at the Commission's office in Boise, Idaho and at the principal office of Idaho Power, 1221 West Idaho Street, Boise, Idaho. The Application is also available for public inspection on the Commission's homepage at www.puc.idaho.gov under the "File Room" icon and "Electric Cases."

YOU ARE FURTHER NOTIFIED that all filings concerning Case No. IPC-E-04-15 should be mailed to the Commission and the Company at the addresses reflected below and to all parties granted intervenor status. (Please contact the Commission Secretary for a list of intervenors.)

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5983

Barton L. Kline, Senior Attorney
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All filings should contain the case caption and case number shown on the first page of this document.

Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to Idaho Power at the e-mail addresses listed above.

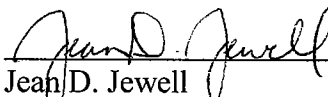
YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over Idaho Power Company, an electric utility, pursuant to the authority and power granted it under Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

YOU ARE FURTHER NOTIFIED that all hearings, prehearing and settlement conferences in this matter will be held in facilities meeting the accessibility requirements of the

Americans with Disabilities Act (ADA). Persons needing the help of a sign language interpreter or other assistance in order to participate in or to understand testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing. The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

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DATED at Boise, Idaho this 3rd day of March 2006.



Jean D. Jewell
Commission Secretary

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