

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

FROM: DONOVAN E. WALKER

DATE: DECEMBER 23, 2004

**SUBJECT: THE APPLICATION OF IDAHO POWER COMPANY FOR AUTHORITY
TO REVISE THE ENERGY EFFICIENCY RIDER, TARIFF SCHEDULE
91, CASE NO. IPC-E-04-29**

On December 6, 2004, Idaho Power Company filed an Application for an order approving an increase to the Energy Efficiency Rider, effective June 1, 2005, with a subsequent increase to the Rider effective June 1, 2007. The Application also seeks authorization to provide a self-directed option to Schedule 19 (industrial) customers and special contract customers for implementation of DSM programs and projects. Additionally, the Application requests authority to change the method through which the Rider is assessed on customer bills from a cents-per-kilowatt-hour charge to a percentage of base revenue charge. The Company requests that its Application be processed by Modified Procedure.

THE APPLICATION

According to the Application the current Rider of .5% of the base revenue generates approximately \$2.6 million annually. The Company states that since implementation of the Rider in May 2002, it has funded numerous Demand-Side Management (DSM) programs, training seminars, research studies, education workshops, and pilot programs. Input from the Energy Efficiency Advisory Group (EEAG) formed in May 2002 has been instrumental in the implementation of the various DSM programs and studies.

The Company has identified six DSM programs in its 2004 Integrated Resource Plan (IRP) as part of the preferred portfolio of resources to meet the Company's resource needs over the ten-year IRP planning horizon. According to the Application the expected cost of implementing these six programs over the 2005-2009 time period increases from \$5,503,040 in

2005 to \$10,843,547 in 2009. The Company also estimates an expected cost for its other various DSM programs, administrative costs, research and studies, as well as continued involvement in the Distribution Efficiency Initiative to cost \$4,375,000 over the 2005-2009 time period. Additionally, Idaho Power has entered into a new agreement with the Northwest Energy Efficiency Alliance for the period of 2005 through 2009. (Idaho Power joined the Alliance in 1996, as part of its DSM efforts, to support regional energy efficiency market transformation, and its existing contract expires on December 31, 2004.) The expected cost for the Idaho jurisdiction share of the Alliance funding over the five-year contract period is \$4,392,800.

The Application also states that as a result of the Company's work with its Schedule 19 (Industrial) customers and Commission Staff that it is requesting authorization to provide a "self-directed" option to Schedule 19 customers whereby funds assessed through the Rider would be tracked by customer with 100 percent of the funds made available to the customer for implementation of DSM programs and projects. Additionally, Idaho Power proposes this same "self-directed" option also be made available to the Company's special contract customers.

In order to provide the funding necessary to support these DSM programs Idaho Power is requesting authorization to collect additional funds equivalent to 1.5 percent of base revenues effective June 1, 2005 and an additional increase in the Rider to 2.4 percent of base revenues effective June 1, 2007. The Company is also requesting authority to change the method through which the Rider is assessed on customers' bills from a cents-per-kilowatt-hour charge to a percentage of base revenue charge. The Company requests this change be assessed uniformly for all customers taking retail service.

STAFF RECOMMENDATION

Staff recommends that the Company's Application be processed by Modified Procedure setting forth a comment period as well as a deadline for intervention.

COMMISSION DECISION

Does the Commission wish to process this Application by Modified Procedure setting forth a comment period and deadline for intervention?



Donovan E. Walker