

## **IDAHO PUBLIC UTILITIES COMMISSION**

**Case No. IPC-E-04-29, Order No. 29784**

**May 13, 2005**

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### **Commission approves increase in efficiency rider**

Boise – The Idaho Public Utilities Commission today approved a change in the way a charge on Idaho Power’s customer bills for energy conservation programs is calculated.

The Energy Efficiency Rider was set in 2002 at the equivalent of 0.5 percent of each customer’s base bill or an averaged flat fee of 30 cents per month for the residential class. Beginning June 1, the rider increases to 1.5 percent of each customer’s base bill, but the amount of the rider will vary by consumption. The commission turned down Idaho Power’s request to increase the rider again on June 1, 2007, to 2.4 percent of base revenue.

For a residential customer who uses 1200 kWh per month, the rider will be about 97 cents from September through May and \$1.05 under the company’s higher summer rate from June through August. For customers who use under 330 kWh per month, the charge will stay about the same or decrease slightly.\* The rider increases with consumption, but is capped to go no higher than \$1.75 per month. For the irrigation class, the rider also increases with use but is capped to go no higher than \$50 per month per meter.

All the money generated from the rider goes to fund demand-side management (DSM) programs designed to offset the growth in demand for new power plants and to reduce the need for the company to acquire power from more expensive sources to meet growing customer demand. The money does not go to increase the company’s earnings. Successful DSM and energy efficiency programs can delay the construction of new power plants and reduce the company’s generation costs during times of peak use, thus slowing the increase in customer rates.

The commission said the adjustments are in the public interest. “Those customers who use more electricity will pay a larger contribution through the rider, but will also benefit more from DSM programs, and are the customers with the most potential for cost-effective energy savings,” the commission said.

The current rider generates about \$2.6 million annually for DSM programs. Costs for implementing the DSM programs from this year through 2009 increase from \$6.5 million to \$12.8 million, the company claims. To meet the \$12.8 million projected for 2009, Idaho Power said it needed to increase the rider to 2.4 percent of base revenues effective June 1, 2007. However, the commission denied that request to allow it time to assess the success of the current program before expanding it.

The Northwest Energy Coalition and the Snake River Alliance filed comments supporting the increased rider. Although sensitive to the economic impact of increasing rates, both

organizations asserted that DSM resources are cost-effective and will result in lower customer bills and reduced high-cost peak power needs. Both organizations said Idaho Power's level of DSM program implementation is low and should be increased to even more than proposed. About 13 Idaho Power customers filed comments, most opposed to the energy efficiency rider.

The commission commended Idaho Power for its efforts in procuring cost-effective energy efficiency programs. It quoted an earlier order that said, "Given the continuation of drought conditions in Idaho, we believe that speedy implementation of the DSM and energy efficiency programs are critical to serving Idaho customers."

Today's order also allows large industrial customers, in cooperation with the company, to devise their own energy efficiency programs with the rider fees they pay.

The programs funded by the rider include installing energy efficiencies in new residential and commercial construction and including efficiencies in existing irrigation and industrial facilities. The company has also instituted two direct load-control programs, one that cycles residential air conditioning away from peak times and another that clips irrigation load during peak periods.

A full text of the commission's order is available on the commission's Web site at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on "File Room" and then on "Recent Orders and Notices," and scroll down to Order No. 29784.

Interested parties may petition the commission for reconsideration by no later than June 3. Petitions for reconsideration must set forth specifically why the petitioner contends that the order is unreasonable, unlawful or erroneous. Petitions should include a statement of the nature and quantity of evidence the petitioner will offer if reconsideration is granted.

Petitions can be delivered to the commission at 472 W. Washington St. in Boise, mailed to P.O. Box 83720, Boise, ID, 83720-0074, or faxed to 208-334-3762.

(\*A chart showing the amount of the rider at various stages of use from 200 kWh to 5000 kWh is available for those requesting it.)