

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PETITION OF)	
IDAHO POWER COMPANY FOR)	CASE NO. IPC-E-06-08
MODIFICATION OF THE LOAD GROWTH)	
ADJUSTMENT FACTOR WITHIN THE)	
POWER COST ADJUSTMENT (PCA))	ORDER NO. 30215
<u>METHODOLOGY</u>)	

On April 13, 2006, Idaho Power Company (Idaho Power; Company) filed a Petition to modify the method for determining the Power Cost Adjustment (PCA) load growth adjustment factor. The PCA is an annual rate adjustment mechanism that changes a portion of customer rates to reflect hydro conditions and variations in power supply costs. The PCA methodology was established in 1993 by Order No. 24806, Case No. IPC-E-92-25. Base power supply costs and the various components of the PCA are reviewed and updated in general rate cases. The load growth adjustment factor or Expense Adjustment Rate for Growth (EARG) is included as a component in the PCA's annual true-up computations.

In Idaho Power's recent 2005 rate case settlement Stipulation, the parties agreed "that the PCA load growth rate issue will be addressed contemporaneously with the Company's upcoming PCA" application. Stipulation at ¶ 6(d), Case No. IPC-E-05-28. On May 12, 2006, the Commission issued Order No. 30035 adopting the rate case Stipulation. Idaho Power filed the present case in compliance with the Stipulation.

Petition – PCA Load Growth Adjustment Factor

The Petition states the load growth adjustment "is intended to compensate for additional revenues attributable to load growth that occurs between rate cases." Petition at ¶ 1. Idaho Power explains that the load growth adjustment rate results in a credit during periods of load growth and results in a debit during periods of load decline. *Id.*

Idaho Power states the currently approved load adjustment rate "uses predicted marginal costs of serving load rather than embedded costs of serving load." *Id.* at ¶ 3 (emphasis added). Idaho Power asserts that using "predicted marginal costs" is unfair. Idaho Power argues that it is more appropriate to use current embedded PCA-related costs of serving load to determine the load growth adjustment rate. *Id.* The current load growth adjustment rate approved by the Commission is \$16.84 per MWh. Using the embedded PCA-related costs of

serving load, Idaho Power calculates that the load growth rate should be \$6.81 per MWh. *Id.* at ¶ 4.

Idaho Power maintains that using the current marginal cost methodology to calculate the load growth adjustment multiplier “credits customers with the higher, marginal PCA-related costs of serving new customer loads, even though Idaho Power is only allowed to recover the lower, embedded PCA-related costs of serving new customer loads.” *Id.* The Company asserts this mismatch penalizes Idaho Power when new customers are added. Consequently, Idaho Power claims it “is not afforded a reasonable opportunity to recover its PCA-related expenses associated with serving new customer loads in a timely manner.” *Id.*

On May 18, 2006, the Commission issued Notices of Petition and Intervention Deadline in Case No. IPC-E-06-8. Intervention was granted to the Industrial Customers of Idaho Power (ICIP), NW Energy Coalition (NWECC; Coalition) and the U.S. Department of Energy.

On October 30, 2006, a technical hearing in Case No. IPC-E-06-08 was held in Boise, Idaho. The following parties appeared by and through their respective counsel of record:

Idaho Power Company	Barton L. Kline
Northwest Energy Coalition	William M. Eddie Advocates for the West
Industrial Customers of Idaho Power	Peter Richardson Mark R. Thompson Richardson & O’Leary
Commission Staff	Scott Woodbury Deputy Attorney General

A transcript of proceedings was filed with the Commission on December 8, 2006. The positions of the parties can be summarized as follows:

Idaho Power Company

Idaho Power contends that between rate cases the Company should be permitted to recover the variable power supply expenses associated with serving load growth. Normalized power supply expenses are set in general rate cases using historic data. Because expenses associated with prospective load growth are not used in rate cases, the Company maintains that the PCA is the only way it can recover prudently incurred variable power supply expenses. Tr.

pp. 26, 27, 32, 35, 51 and 66. Idaho Power argues that the appropriate load growth adjustment rate is \$6.81/MWh, the current embedded PCA-related cost of serving load. Reference Case No. IPC-E-05-28; Tr. pp. 9, 16, 19.

The current load growth adjustment multiplier of \$16.84/MWh used in the PCA true-up calculation is a marginal cost based rate determined in 1993 when the PCA was instituted. It was calculated by averaging the fuel costs of the Company's two highest operating cost base-load resources, Boardman and Valmy, which were the Company-owned resources deemed in 1993 most likely to be dispatched to meet additional loads. Reference Order No. 24806, IPC-E-92-25; Tr. pp. 38, 40, 65 and 221.

Idaho Power argues that so long as historical test years are used, even annual rate cases will not allow the Company to recover the additional variable costs attributable to load growth. Tr. p. 51. To correct this outcome the Company proposes that the load growth adjustment rate be equal to the embedded PCA-related cost. Tr. p. 18. This is a change in the approved PCA methodology.

The Company contends it should be afforded a reasonable opportunity to recover the expenses associated with serving new customer loads because it does not have "discretion not to serve new customer loads." Tr. p. 17. However, should the Commission reject the Company's embedded cost approach for determining the load growth adjustment factor, Idaho Power recommends no change in the existing PCA load growth adjustment methodology. The Company's two highest cost Company-owned base-load resources, it states, continue to be Valmy and Boardman. In the IPC-E-05-28 rate case, Valmy cost was \$16.51/MWh and Boardman cost was \$12.62/MWh. The average of these two numbers, the Company states, is \$14.57/MWh. Tr. pp. 39, 92.

Alternatively, the Company proposes a load adjustment factor of \$17.15, a number that reflects the marginal cost of Company-owned resources and the occasional operation of the Company's combustion turbine units. Tr. p. 41; Exhibit 1, p. 2. It is a Company calculated number that results from removing surplus sales (FERC Account 447) and off-system purchases (FERC Account 555) from the marginal cost approach of Staff.

Commission Staff

Staff rejects the embedded cost approach of the Company as not conforming with the stated intent of the Commission regarding the PCA methodology in Order No. 24806, which was

to factor out of the PCA power supply costs associated with changes in load. Order No. 24806 pp. 2, 20; Tr. pp. 220, 221. The PCA, Staff contends, was created not to provide recovery of variable power supply expenses associated with serving new load between rate cases, but to address the problem of fluctuating water conditions that cause widely varying power supply costs and that had resulted in two Company requests for surcharges. Tr. pp. 218, 232. The costs attendant to load growth, Staff contends, should appropriately be addressed in a general rate case where other expenses can be examined and the prudence of all more fully explored. The elimination of power supply expense related to load growth from the PCA, Staff contends, puts the Company in no different position than it was prior to the PCA. The Company assumes a risk for which it is compensated in its return on equity.

Recounting the history of the PCA since its inception, Staff notes that in the Company's 1994 general rate case, IPC-E-94-5, no change in the marginal cost multiplier was requested and no testimony concerning the multiplier was submitted. Tr. pp. 222, 223. In the Company's 2003 and last fully litigated rate case, IPC-E-03-13, Staff proposed use of the "Marginal Cost of Energy" to establish the Expense Adjustment Rate for Growth component of the PCA formula. The amount from the Company's 2003 Marginal Cost Analysis study was \$27.01/MWh that became \$29.41/MWh when 8.9% line losses were included. Tr. p. 223. The Company in the 03-13 case proposed an Expense Adjustment Rate for Growth of either \$7.30/MWh, the embedded cost of serving load or \$13.98/MWh, the marginal cost calculated consistent with prior Orders. Tr. p. 223. The Commission did not decide to change the multiplier in that case but granted the request of Staff, Idaho Power and the Department of Energy to consider adjustments to the EARG in a separate proceeding. Reference Order No. 29505. The multiplier stayed at \$16.84/MWh but was, by agreement and Commission Order, to be re-evaluated in a separate proceeding. Tr. pp. 223, 224.

The Company's 2005 rate case, IPC-E-05-28, was not litigated, but was settled prior to the filing of any Staff or intervenor testimony. The PCA load growth adjustment multiplier issue was by Stipulation agreement and Commission Order to be determined "as part of the Company's 2006 PCA application." Stipulation ¶ 6(d); Order No. 30035. Tr. p. 224. This is that proceeding.

Staff recommends a load growth adjustment factor of \$40.87/MWh. Exhibit 102; Tr. p. 235. Both Company embedded cost and Staff proposed marginal cost numbers are derived

from the Company's IPC-E-05-28 AURORA power supply model. Tr. p. 230. Staff's number is a result of a marginal cost approach that compares two AURORA runs of power supply expenses, one at 2005 base levels, and one with 2005 base levels incremented by 10 MWa. Staff results indicate power supply costs \$3,578,900 higher than the base amount filed in the Company's last rate case (IPC-E-05-28, Exhibit 20), a marginal cost of power supply of \$40.86/MWh (\$3,578,900/\$87,600 MWh). Tr. pp. 146-148. Staff's proposed number, it states, is appropriate if the purpose is not to allow the Company to recover the variable cost of power supply associated with load growth between rate cases and to also prevent the double counting of embedded power supply costs. Tr. p. 229.

Staff notes that the electric PCA of Avista Corporation is similar to Idaho Power's. Its purpose is to track hydro conditions as they affect power supply costs. Tr. p. 224. Avista's PCA removes power supply costs associated with load growth that occur between rate cases by multiplying load growth by the marginal cost of power supply and subtracting that amount from actual power supply costs. In Avista's last general rate case, Case No. AVU-E-04-01 (Order No. 29602, p. 46), Avista's load change revenue requirement adjustment multiplier was set at \$36.38/MWh. Tr. p. 225.

Idaho Power counters that Staff in its derivation of marginal costs is also requesting a change in the PCA load growth adjustment factor methodology, a change from a Valmy/Boardman Company-owned resource fuel cost based number to a power supply model based number that looks beyond just the cost of Company-owned generation fleet to the value of power in the marketplace. Tr. pp. 65, 102. Idaho Power objects to Staff's introduction of marginal surplus sales revenues and marginal purchase power expenses into the marginal cost equation.

The Company contends that surplus sales exist only because it does not have additional loads. The Company also argues that it does not have an obligation to serve those surplus sales customers. It does, however, have an obligation to serve new firm loads. Tr. p. 93. Removing the benefits derived from surplus sales and the expense of purchased power results in a Company calculated load growth adjustment number of \$17.15/MWh. Tr. pp. 93, 95.

Company witness Said stated "my only criticism of the use of the [AURORA] model is that it includes the market value of power at any given time rather than the resource cost that the Company would use." Tr. p. 122. To the extent that the adjustment rate is greater than the

rate that Idaho Power can actually recover, the Company maintains that it is eroding the earnings that would be associated with other rate components. Tr. p. 27.

Industrial Customers of Idaho Power

The Industrial Customers contend that the marginal cost approach of serving new load, consistent with Commission Orders, is the correct method for calculating the load growth adjustment rate used in the true-up portion of the PCA methodology. Tr. p. 146. The PCA, it states, was not intended to substitute for normal prudence review of costs incurred by Idaho Power to serve load growth, a review that occurs in rate cases not the PCA. Reference Order No. 24806, p. 20; Tr. pp. 136, 144.

The PCA, ICIP notes, was approved following two separate drought related surcharges. The PCA was acknowledged as a regulatory method that would provide customers with a reduction in rates during high water years (Order No. 24806, pp. 4, 5). The PCA mechanism, it states, was a limited exception to the usual reliance on normalization procedure (basing power supply costs on multiple hydro years) – the Commission stating, “our decision is limited to the unique circumstances of Idaho Power’s highly variable power supply costs.” Order No. 24806, p. 5; Tr. p. 135. The PCA’s purpose, the Industrial Customers contend, was to create a system where both Idaho Power and its customers would share in the costs and benefits of changes in power supply costs, caused primarily by variations in streamflows that occur between rate filings. Tr. pp. 135, 145.

The Industrial Customers propose three proxy measures for determining the load growth adjustment rate:

1. The marginal cost study that the Company uses in general rate cases for rate design. The Company’s 2005 Marginal Cost Analysis (August 17, 2005) lists “marginal energy cost at service level: power supply” with an annual value of \$40.96/MWh. Tr. p. 147; Exhibit 202, Schedule 1.
2. The AURORA model used to calculate PURPA rates paid to QFs. The adjustable energy portion of the current published avoided cost rates paid to QFs (Case No. IPC-E-04-25) is \$36.42/MWh. The value is derived by using the cost of a Surrogate Avoided Resource – in this case, a natural gas combined cycle combustion turbine. As it is a Commission determined avoided resource for Idaho Power, ICIP contends that its fuel costs are a reasonable proxy for the marginal fuel costs of the Company. Tr. p. 147.

3. The fuel costs of the Company's newest resource, Bennett Mountain. Because Bennett Mountain is the last resource brought online by Idaho Power, it is the marginal unit and its fuel costs are the Company's marginal fuel costs. Based on data provided on page 403 of the Company's 2005 FERC Form 1 which lists the cost and output of the Bennett Mountain plant over the course of 2005, ICIP calculates a marginal fuel cost of \$48.81/MWh. Tr. p. 147.

Because Bennett Mountain is a peaking unit and would run only a few hours a year, Idaho Power contends it is clear that Bennett Mountain would not be the marginal resource utilized by the Company to meet load growth during all hours of the year. A load growth adjustment factor based on Bennett Mountain, it contends, would be inaccurate.

NW Energy Coalition

NW Energy Coalition in its testimony discusses the policy implications of the PCA vis-à-vis conservation and the contemporaneous decoupling proposal in Case No. IPC-E-04-15. All ratemaking regulation, it states, provides utilities with incentives or disincentives to behave in a certain manner. Tr. p. 178. The fact that Idaho Power has disinvested in DSM in the late 1990s in the face of growing loads indicates that the Company is not penalized enough by the load growth adjustment in the PCA. Tr. p. 184. If the Commission wishes to provide an incentive toward conservation by providing a penalty, the Coalition states it should do so directly – not obliquely through the load growth adjustment. Tr. p. 186. The PCA, it contends, provides an incentive for or against load growth depending on the level of the load growth adjustment. Tr. pp. 185, 186.

The Coalition recommends that the load growth PCA adjustment be redesigned to ensure that the PCA is neutral and does not provide any incentive or disincentive regarding load growth. To accomplish this result the Coalition would restructure the PCA to reimburse the Company for 90% of the incremental cost of new power, less the incremental revenues received from the customer, rather than relying on embedded costs that, it contends, have little relation to the actual net revenue impacts. Separate load growth adjustments would be made for existing customers and new customers in each customer class. Tr. p. 186.

As an alternative, the Coalition recommends that the load growth adjustment rate be set so that the PCA includes an adjustment that reflects the average incremental change of load growth for each class, and does not differentiate between new and existing customers. Tr. p. 187.

To provide the Company with a clear incentive to encourage conservation, the Coalition recommends that the decoupling proposal in Case No. IPC-E-04-15 be approved in order to remove the disincentive on the revenue side and either (1) raise the load growth adjustment another \$10 or so from the number determined in the Coalition's primary recommendation or (2) use direct conservation targets and benchmarks with incentives and penalties. Tr. p. 190.

The Commission in its deliberation, the Coalition contends, should consider (1) the 04-15 decoupling case, (2) the Company's line extension policy, and (3) rate design. To make the Company neutral toward load growth and changing customer numbers, neither harmed nor benefited, all three factors, the Coalition contends, have to be taken into account. Tr. pp. 205d-e, 212.

Idaho Power rejected the PCA redesign recommended by the Coalition. Tr. p. 42. The Company believes the incremental revenue it receives (i.e., the embedded power supply cost of \$6.81/MWh) is more appropriately considered than is the incremental cost of serving new load. Tr. pp. 42, 43. A new kilowatt hour of consumption at any specific point in time, the Company states, will have the same incremental variable power supply cost regardless of the customer type (new or existing) or customer class (e.g., residential or commercial) consuming this power. Tr. p. 43.

The Company also rejects the assumption of the Coalition and other witnesses in this case that the Company always benefits from load growth. This suggestion, it states, is incorrect and with the exception of the irrigation class, the incremental fixed costs of serving new loads for every component (distribution, transmission and generation) between the 2003 test year and the 2005 test year were higher than the embedded fixed costs of serving the customers. Tr. pp. 46, 47.

Regarding the Coalition's recommendation that the load growth adjustment rate be increased by \$10 per megawatt hour to provide the Company with a clear incentive to encourage conservation, Idaho Power contends that creation of a PCA load growth penalty is not a means of removing disincentives to DSM activity. Rather, it states, it is an anti-growth position that penalizes the Company for growth trends that are beyond its control. Tr. p. 47. DSM programs identified in its resource plan are not, the Company states, designed with the intent to

consistently eliminate load growth. Instead, the Company's DSM programs, it states, are intended to reshape or reduce consumption in a cost-effective manner. Tr. pp. 47, 48.

Creating PCA credits that are greater than the embedded cost of variable power supply, the Company contends, artificially and unfairly lowers the price customers pay. Creating PCA credits that are greater than the total rate that a customer pays, it contends, creates an incentive for customers to consume more in order to reduce per unit costs. Tr. p. 49.

Commission Findings

The Commission has reviewed and considered the filings of record in Case No. IPC-E-06-08, including the testimony and exhibits included in the hearing transcript. We have also reviewed the underlying PCA methodology in Order No. 24806, Case No. IPC-E-92-25, and our review and treatment of the PCA components in subsequent rate case Order Nos. 29505 (Case No. IPC-E-03-13) and 30035 (Case No. IPC-E-05-28).

The PCA methodology established in 1993 by Order No. 24806 was a rate adjustment mechanism intended to provide earnings stability for the Company in low water years and ratepayer benefits in high water years. Order No. 24806, p. 25. The Company's application for a PCA mechanism followed its request and receipt of two separate drought related surcharges. In each surcharge case the Company's financial condition had deteriorated to the point where additional rate relief was critical.

The PCA adjusts rates annually to reflect hydro related variations in power supply costs. It was the Company's contention that during extended periods of low water it suffered earnings instability and cash flow problems because it was unable to recover its increased net power supply costs, costs that could vary from year to year by more than \$100 million. Order No. 24806, p. 3. Conversely, it was recognized that in years of abundant streamflows with correspondingly low power supply costs, the Company retained the savings for itself and did not share them with ratepayers. *Id.* The PCA design provided symmetry, earnings stability for the Company in low water years with increased rates and ratepayer benefits in high water years through reduced rates. Without the PCA the Company's rates would not reflect the annual difference between actual streamflow conditions and average normalized conditions.

We emphasized in our PCA methodology that our decision was limited to the unique circumstances of Idaho Power's highly variable power supply costs. Order No. 24806, p. 5. The unique circumstances we considered were the variable hydro conditions that affected the

Company's power supply costs. Specifically factored out of the PCA methodology were power supply costs associated with changes in load. Order No. 24806, pp. 2, 20. Idaho Power in this case now seeks to include what was previously specifically excluded. The Company proposes to modify the load growth adjustment factor to capture the power supply costs associated with load growth. The Company contends that with normalization and use of historical test years in rate cases, it has no opportunity between general rate cases, except for the PCA, to recover load growth related variable power supply costs.

The Commission notes that load growth between rate cases is not unique to Idaho Power or electric utilities. The ratemaking process is carefully designed and implemented to match revenues and expenses for a specified time period, i.e., a test year. This snapshot of a company's overall financial position allows the matching of expenses and revenues. It is not appropriate to select and adjust one part of that picture – for example, power supply costs associated with load growth – in a process that does not include all other parts that are impacted, such as revenues associated with growth. The Company presents no compelling reason to alter the traditional and well functioning process and handle load growth outside of general rate cases and the traditional ratemaking process. There is likewise no persuasive reason to include load growth related power costs in the PCA.

Additionally, we are not persuaded to modify the PCA to achieve Coalition objectives. While we are mindful that all ratemaking has built-in incentives and that we need to avoid ratemaking measures that are at cross-purposes, we are not convinced that adjusting the PCA for power supply related costs of load growth is a better vehicle for stimulating the Company's efforts for DSM or conservation than other cases that we will consider soon.

In the PCA methodology case we chose to prevent recovery of load growth related power costs through the PCA mechanism. It should not be necessary to remind Idaho Power that a regulated utility is not guaranteed recovery of all power supply expenses. Expenses must be adjudged to be prudent and must be considered in a process that appropriately matches them with revenues. Unusual or out of ordinary expenses are factored out in the normalized test year. Because this process puts the Company at some business and financial risk, it is awarded a commensurate equity return. Idaho Power's current equity return was set in a process that recognized it would not recover the power supply costs of load growth in the PCA mechanism.

It was demonstrated in this case that continued use of the PCA \$16.84/MWh marginal cost adjustment factor approved in 1993 is not sufficient to factor out the power supply costs associated with changes in load. While the true adjustment rate may approximate the \$40/MWh number recommended by Staff in this case, we are sensitive to the Company's argument as to how such a large and immediate increase might be perceived within the financial community and by utility raters, and we wish to maintain the integrity of the rate case matching principle. We continue to find it reasonable to use a marginal cost based number to establish the expense adjustment rate for the load growth component of the PCA formula for annual true-ups. We adopt the \$29.41/MWh adjustment factor proposed by Staff in the Company's IPC-E-03-13 rate case. We find this number to be derived from the \$27.01 MWh marginal generation cost in the Company's 2003 Marginal Cost Analysis study, adjusted for 8.9% line losses. This number is matched in time with the other rate case revenue and expense levels. We find line loss as calculated by Staff to be a reasonable adjustment factor to generation required to serve new load growth for setting the rate in this case.

In adopting a number derived from the Company's 2003 study, we acknowledge that the power supply numbers included in the IPC-E-05-28 rate case settlement and reflected in current rates were the base numbers derived from studies in the Company's IPC-E-03-13 rate case. We expect the Company in its next general rate case and in all future rate cases to update the load growth adjustment factor utilizing its updated marginal cost analysis study and to provide line loss data. To the extent the Company believes a more accurate line loss calculation is available, it should provide such methodology in the derivation of its next load growth adjustment factor.

NWEC Petition for Intervenor Funding

Idaho Code § 61-617A and Rules 161-165 of the Commission's Rules of Procedure provide the framework for awards of intervenor funding. Section 61-617A(1) declares that it is the "policy of this state to encourage participation at all stages of all proceedings before the commission so that all affected customers receive full and fair representation in those proceedings." Accordingly, the Commission may order any regulated utility with intrastate revenues exceeding \$3,500,000 to pay all or a portion of the costs of one or more parties for legal fees, witness fees, and reproduction costs, not to exceed a total for all intervening parties combined of \$40,000.

Rule 162 of the Commission's Rules of Procedure provides the form and content requirements of a Petition for Intervenor Funding. The petition must contain: (1) an itemized list of expenses broken down into categories; (2) a statement of the intervenor's proposed finding or recommendation; (3) a statement showing that the costs the intervenor wishes to recover are reasonable; (4) a statement explaining why the costs constitute a significant financial hardship for the intervenor; (5) a statement showing how the intervenor's proposed finding or recommendation differed materially from the testimony and exhibits of the Commission Staff; (6) a statement showing how the intervenor's recommendation or position addressed issues of concern to the general body of utility users or customers; and (7) a statement showing the class of customer on whose behalf the intervenor appeared.

On November 14, 2006, the NW Energy Coalition filed a Petition for Intervenor Funding in Case No. IPC-E-06-08. NWECE's filing is in the form required by *Idaho Code* § 61-617A and the Commission Rules of Procedure 161-165, IDAPA 31.01.01.161-165. NWECE requests funding in the total amount of \$6,646.85, representing \$411.20 for airfare, \$55.65 for ground transport and miscellaneous travel costs, and \$6,180 of legal expense (41.2 hours @ \$150 per hour).

NWECE contends that payment of the requested costs would constitute a financial hardship for the Coalition. The Coalition is a non-profit (IRS 501(c)(3)) organization with an annual budget of slightly more than \$600,000. With these limited resources to pay the salaries of 11 staff members, plus overhead, NWECE states that it seeks to influence energy policy decisions in the four northwest states through participation at state, regional and national venues.

NWECE states that its participation in this case differed materially from Commission Staff's with respect to both discussion of issues and specific recommendations. NWECE contends that its witness, Steven Weiss, presented a unique policy discussion and recommendations to the Commission that differed substantially from Staff's testimony and the testimony of all other parties. The Coalition recommended the Commission adopt a load growth adjustment for the PCA, which, as part of an overall rate design, would make Idaho Power neutral to load growth.

To the extent that the Coalition represented a specific Idaho Power customer class, it contends that it is the residential and small commercial customer.

Commission Findings

Pursuant to *Idaho Code* § 61-617A(2) the Commission may order Idaho Power to pay all or a portion of the costs of one or more parties for legal fees, witness fees and reproduction costs not to exceed a total for all intervening parties combined of \$40,000 in any proceeding before the Commission. The total requested by NWECA is \$6,646.85. We find that the Petition of NWECA was filed timely and satisfied all of the procedural requirements set forth in Rules 161-165 of the Commission's Rules of Procedure.

Idaho Code § 61-617A includes a statement of policy to encourage participation by intervenors in Commission proceedings. The Commission determines an award for intervenor funding based on the following considerations:

- (a) A finding that the participation of the intervenor has materially contributed to the decision rendered by the Commission;
- (b) A finding that the costs of intervention are reasonable in amount and would be a significant financial hardship for the intervenor;
- (c) The recommendation made by the intervenor differed materially from the testimony and exhibits of the Commission Staff; and
- (d) The testimony and participation of the intervenor addressed issues of concern to the general body of users or consumers.

We find that NWECA's Petition satisfies these criteria. We find it fair, just and reasonable to award the total request of NWECA in the amount of \$6,646.85 and find that the public interest is well served by such an award. We find that the intervenor funding award to NWECA will further the purpose of encouraging "participation at all stages of all proceedings before the Commission so that all affected customers receive full and fair representation in those proceedings." *Idaho Code* § 61-617A(1).

CONCLUSIONS OF LAW

The Idaho Public Utilities Commission has jurisdiction over Idaho Power Company, an electric utility, and its Petition in this case by virtue of Title 61, *Idaho Code*, and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

In consideration of the foregoing and as more particularly described above IT IS HEREBY ORDERED and the Commission does hereby adopt a load growth adjustment factor


of \$29.41/MWh for use in Idaho Power Company's 2007 PCA filing and in future PCA filings until changed in a general rate case (or other proceeding) by Commission Order.

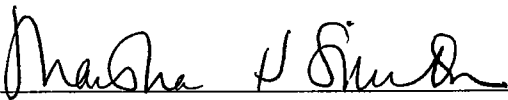
IT IS FURTHER ORDERED and Idaho Power is directed in its next general rate case and in all future rate cases to update the PCA load growth adjustment factor utilizing updated marginal cost analysis studies and line loss data.

IT IS FURTHER ORDERED that the NW Energy Coalition's Petition for Intervenor Funding is granted in the amount of \$6,646.85. Reference *Idaho Code* § 61-617A. Idaho Power is directed to pay said amount to the Advocates of the West, counsel for the Coalition, within 28 days from the date of this Order. Idaho Power shall include the cost of this award of intervenor funding to NWECA as an expense to be recovered in the Company's next general rate case proceeding from the residential and small commercial customer classes.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

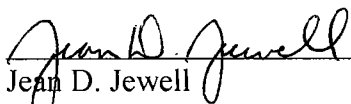
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 9th
day of January 2007.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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