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7/10/2007

Ms. Jean D. Jewell, Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074

IPC-E-06-32

RE: Performance-Based Demand-Side Management Incentive Pilot Quarterly Progress Report

Dear Ms. Jewell:

Pursuant to Order No. 30268, please find the attached Performance-Based Demand-Side Management Incentive Pilot progress report for the second quarter of 2007. According to preliminary program results, the company expects to achieve a market share within the market share dead-band under the pilot. Therefore, the ENERGY STAR[®] Homes Northwest program is not currently expected to have a financial impact to the company for 2007.

Sincerely,

Tim Tatum
Pricing Analyst

cc: Ric Gale
Greg Said
Doug Jones
Pete Pengilly
P&RS/Legal Files

Pricing & Regulatory Services
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Idaho Power Company
Performance-Based DSM Incentive Pilot
Quarterly Progress Update
Year-To-Date June 30, 2007

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Market Share Estimate

ENERGY STAR® Homes Completed ¹	158
Estimated Total New Single-Family Homes ²	3,169
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1st Quarter Market Share Estimate	5.0%

Notes:

- (1) The number of ENERGY STAR Homes completed is based on the number of incentive payments Idaho Power has issued during the period.
- (2) The Wells Fargo Idaho Construction Report for the 1st half of 2007 was not available at the time of this update. As a result, the estimate of total new homes is based on a combination of data from the most recent Wells Fargo Idaho Construction Report dated March 2007 and Idaho Power's records of new residential service points added during the period.

Quarterly Incentive/Penalty Assessment. According to Order No. 30268, Idaho Power is eligible to receive an incentive payment provided the "market share of homes constructed under the ENERGY STAR Homes Northwest program exceeds: (1) 7% of the total number of homes for which construction permits are issued in Idaho Power's service area in 2007..." Furthermore, under the pilot program, the company is subject to a penalty if the "ENERGY STAR Homes Northwest program fails to reach a market share of 4.9%..." If the market share of homes constructed under the ENERGY STAR Homes Northwest program in 2007 is at least 4.9% and is not greater than 7%, Idaho Power is not eligible for an incentive or penalty ("market share dead-band").

Based on the market share estimate for the first half of 2007, the company expects to achieve a market share within the market share dead-band under the pilot. Therefore, the ENERGY STAR Homes Northwest program is not currently expected to have a financial impact to the company for 2007.

ENERGY STAR Homes Northwest
Preliminary Program Costs

<u>Expense Category</u>	<u>1st Half of 2007</u>
Incentives	\$ 117,850
Evaluation	6,820
Labor	60,393
Marketing	42,850
Other Expense	4,689
Training	1,991
<u>Travel</u>	<u>2,837</u>
Total	\$ 237,430