



2008 OCT -8 PM 4: 46

IDAHO PUBLIC
UTILITIES COMMISSION

10/08/2008

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

RE: Performance-Based Demand-Side Management Incentive Pilot Quarterly Progress
Update, Case No. IPC-E-06-32

Dear Ms. Jewell:

Pursuant to Order No. 30268, please find the attached Performance-Based Demand-Side Management
Incentive Pilot Quarterly Progress Update for the first three quarters of 2008.

If you have any questions regarding this update , please feel free to contact me at 388-5515.

Sincerely,

Tim Tatum
Pricing Analyst

cc: Ric Gale
Pete Pengilly
Theresa Drake
Becky Arte-Howell
P&RS/Legal Files

Pricing & Regulatory Services
Voice: 208-388-5515
Fax: 208-388-6449
ttatum@idahopower.com

P.O. Box 70 (83707)
1221 W. Idaho St.
Boise, ID 83702

Idaho Power Company
Performance-Based Demand-Side Management Incentive Pilot
Quarterly Progress Update
Year-To-Date September 30, 2008

Market Share Estimate

ENERGY STAR® Homes Completed ¹	165
Estimated Total New Single-Family Homes ²	2,756
<hr/>	
3 rd Quarter Market Share Estimate	6.0%

Notes:

- (1) The number of ENERGY STAR Homes completed is based on the number of incentive payments Idaho Power has issued year-to-date, September 30, 2008.
- (2) The estimate of total new homes is based on a combination of data from the most recent Wells Fargo Idaho Construction Report dated July 2008 and Idaho Power's records of new residential service points added during the period.

Quarterly Incentive/Penalty Assessment. Under the Performance-Based Demand-Side Management Incentive pilot approved by the Commission on March 12, 2007 (Order No. 30268), Idaho Power is eligible to receive an incentive payment if the market share of homes constructed under the ENERGY STAR Homes Northwest program in 2008 exceeds 9.8 percent of new single-family homes completed in Idaho Power's service area in that year. Also under the pilot, a financial penalty would be levied if Idaho Power's ENERGY STAR Homes Northwest program fails to reach its 2006 market share achievement of 5.0 percent. An annual market share achievement between 5.0 percent and 9.8 percent is considered to be within the "market share dead-band" under the pilot where Idaho Power is neither eligible for an incentive nor subject to a penalty.

As can be seen in the table above, the market share estimate for the third quarter of 2008 is 6.0 percent. Idaho Power is taking measures to maximize its market share achievement for ENERGY STAR homes in 2008. However, based upon the program's performance during the first three quarters of 2008, it is expected that the program will achieve an annual market share level 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 2008.

Preliminary Program Costs

<u>Expense Category</u>	<u>Year-To-Date Sept. 30, 2008</u>
Incentives	\$ 115,150
Evaluation	4,660
Labor	56,160
Marketing	40,310
Other Expense	(13,562)
Training	(323)
<u>Staff Expense</u>	<u>3,659</u>
Total	\$ 206,054