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Lisa D. Nordstrom
Senior Attorney

May 22, 2007

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
P. O. Box 83720
Boise, Idaho 83720-0074

Re: Case No. IPC-E-07-12
In the Matter of the Joint Petition of Idaho Power Company and C-Squared Development, LLC for an Exemption from Rules 102 and 103 of the Commission's Master Metering Rules for Electric Utilities

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of Idaho Power Company's Joint Petition in the above-referenced matter.

I would appreciate it if you would return a stamped copy of this transmittal letter in the enclosed self-addressed, stamped envelope.

Very truly yours,



Lisa D. Nordstrom

LDN:sh
Enclosures

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE JOINT PETITION) CASE NO. IPC-E-07-12
OF IDAHO POWER COMPANY AND C-)
SQUARED DEVELOPMENT, LLC FOR AN) JOINT PETITION OF IDAHO
EXEMPTION FROM RULES 102 AND 103) POWER COMPANY AND C-
OF THE COMMISSION'S MASTER-) SQUARED DEVELOPMENT, LLC
METERING RULES FOR ELECTRIC)
UTILITIES)

COMES NOW, Idaho Power Company (Idaho Power" or "the Company") and C-Squared Development, LLC ("C-Squared"), and pursuant to RP 053, hereby requests the Idaho Public Utilities Commission (the "Commission") issue an order granting Idaho Power an exemption from Rules 102 and 103 of the Commission's Master-Metering Rules for Electric Utilities for the mixed use development to be built at Sixth and Front Streets (the "Development") by C-Squared in Boise, Idaho. In support of this Petition, Idaho Power and C-Squared represent as follows:

I. Background

To further national energy conservation goals, Congress passed the Public Utility Regulatory Policies Act of 1978 (PURPA) requiring state public utility commissions to consider adoption of federal standards limiting or restricting the master-metering of electric service in new multi-occupant buildings. The Commission's subsequent inquiry in Case No. P-300-15 resulted in the issuance of Order No. 15556, which adopted Master-Metering Rules for Electric Utilities effective July 1, 1980 (codified at IDAPA 31.26.01 et. seq).

The Master-Metering Rules prohibit the master-metering of multi-occupant residential and commercial buildings if the units "contain an electric space heating, water heating or air-conditioning (space cooling) unit that is not centrally controlled and for which the unit's tenants individually control electric usage." IDAPA 31.26.01.102 - .103. The Commission's decision to adopt the Master-Metering Rules was based upon the premises that:

- 1) individually-metered tenants who are responsible for paying their own electric bills use less and waste less electric energy than master-metered tenants who are not,
- 2) the ultimate consumers of electric energy are better served by a direct customer relationship with the utility than by discussing utility costs in the rent or by the landlord paying the role of the public utility,
- 3) it is inequitable for electric consumers to pay more or less than the cost of electricity which they consume themselves, and

- 4) the adoption of easily understood rules capable of immediate application without lengthy or costly studies or analysis is a better means of drawing reasonable lines allowing or disallowing master-metering than rules based upon complex cost/benefit analyses that ignore unquantifiable benefits of individual metering. (Order No. 15556 at 2.)

However, the Commission did not flatly prohibit master-metering in newly constructed multi-occupant residential or commercial buildings. It recognized that “there are significant economies in centrally supplied space heating, water heating or air-conditioning for multi-occupant buildings, and that tenants have only limited ability to affect their share of that electric consumption.” (Order No. 15556 at 3.) However, master-metering of multi-occupant residential or commercial buildings is inappropriate if the tenant has individually regulated electric space heating, or water heating, or air conditioning over which the tenant can control a significant amount of the unit’s electric consumption. (Order No. 15556 at 3-5.)

The Commission has previously granted exemptions from the general prohibition against master-metering of multi-occupant residential buildings. In Case Nos. IPC-E-91-21, IPC-E-96-7 and WWP-E-96-5, the Commission granted requested exemptions for retirement and assisted living facilities where utility costs would be covered in the fees paid by residents and where the facility was designed to be energy efficient. The Commission found that the nature of the congregate living structure in both design and operation did not lend itself well to providing the conservation signals that would otherwise be provided through individual metering and billing. (Orders Nos. 23936, 26451 and 26512.) In 2005, the Commission also granted Idaho Power a waiver of

Master-Metering Rule 103 (and the tariff found in Section 4 of Rule E) for metering of commercial mall facilities owned by the Sun Valley Company where Sun Valley agreed to retrofit the individual thermostats to be centrally controlled and operating efficiencies would occur. (Order No. 29864.)

II. Sixth and Front Mixed Use Development

C-Squared's proposed Sixth and Front mixed use Development in downtown Boise consists of a 103-unit residential tower with 75,000 square feet in offices and about 20,000 square feet of retail usage. While Mr. Christensen designed downtown Boise's Banner Bank Building to use 50% less energy than is allowable under current energy codes, the proposed mixed use Development aims to reduce energy usage to 75% below the American Society of Heating, Refrigerating and Air-Conditioning Engineers' (ASHRAE) standards. The plans for the Development, which the City of Boise refers to as "Sustainable Community #1", include:

- A geothermal heat source for the building provided by the City of Boise Geothermal Heating District.
- Hot water in the residential tower will be provided by a central system using solar energy to preheat the water and geothermal energy to bring it to a suitable temperature.
- A central indirect evaporative cooling air system and heat pumps should reduce energy use for cooling the office portion of the development by approximately 75%.

- A central hydronic loop system which will provide both heating and cooling energy to the residential portion of the building, reducing the overall energy consumption of the individual heat pumps in the residential units.
- Location of transformers and bus ducts closer to the end use will eliminate more than 2.5 miles of large diameter wire and conduit in the building, resulting in both power and material cost savings.
- Up to 200kW of solar power electricity will be integrated into the buildings. The Development plans also include other energy-efficiency efforts such as more effective insulation, glass glazing, etc.

III. Requested Exemption

Central systems are not generally conducive to individual metering, and the Master-Metering Rules only allow master-metering in multi-occupant residential or commercial buildings with centrally controlled systems if the users cannot individually control electric usage. The proposed Development envisions a hybrid heating/cooling system; the buildings will have centrally heated water and central space heating/cooling, but each unit will have its own thermostat and heat pump. Consequently, Idaho Power and C-Squared request the Commission exempt the residential and office space portions of the Development from its Master-Metering Rules. Because the retail spaces on the first level are expected to have usage that is non-typical of residential or office customers, the Company intends to individually meter each of the first level units.

In light of the ends the Master-Metering Rules were intended to achieve, Idaho Power and C-Squared believe the requested exemption for the residential and office space portions of the Development is reasonable for the following reasons:

- Because the Development strives to get as close to a zero net energy building as possible and will far exceed current energy efficiency standards, master-metering is unlikely to foster an increase in individual energy consumption. Also, the efficiencies of these central systems may exceed any potential efficiency benefits derived from individual metering.
- The central systems improve the overall Development's energy efficiency and are engineered to reduce the ability of individual users to materially affect energy usage. This will result in greater uniformity of usage between occupants, thus mitigating concerns that customers will pay more or less than the cost of electricity which they consume themselves.
- Additional monitoring and sub-metering will be installed to provide information on usage, and to control customer appliances and lighting when not in use. While the condominium/office association could not use the sub-metering information for direct rebilling of customers, the information may be used to adjust the annual association fees to reflect relative energy consumption.

IV. Modified Procedure

The Company and C-Squared request that this Petition be processed under RP 201, et seq., allowing for consideration of issues to be processed under Modified Procedure, i.e., by written submissions rather than by an evidentiary hearing. Because the Commission's determination in this matter is required to finalize the development's electrical design, Idaho Power and C-Squared request that this Petition be processed in a timely manner so that the project may progress on schedule.

V. Notices

Communications with reference to this Petition should be sent to the following:

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VI. Conclusion

WHEREFORE, Idaho Power Company and C-Squared respectfully request that the Commission issue an order granting Idaho Power an exemption from Rules 102 and 103 of the Master-Metering Rules for Electric Utilities for the mixed use Development to be built at Sixth and Front Streets in Boise, Idaho.

DATED this 22nd day of May, 2007.


LISA D. NORDSTROM
Attorney for Idaho Power Company

DATED this 22nd day of May, 2007.


GARY CHRISTENSEN
C-Squared Development, LLC