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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Weldon B. Stutzman, Deputy Attorney General, and in response to the Notice of Joint Petition and Notice of Modified Procedure issued in Order No. 30326 on May 31, 2007, submits the following comments.

BACKGROUND

On May 22, 2007, Idaho Power Company and C-Squared Development, LLC filed a Joint Petition asking the Commission to approve a limited exemption from the Commission's Master-Metering Rules. C-Squared is planning to construct a large mixed use building in downtown Boise consisting of 103 residential units, 75,000 square feet of office space and approximately 20,000 square feet of retail space. The project is planned to reduce energy usage to 75% below the American Society of Heating, Refrigerating and Air Conditioning Engineers standards for buildings of this size by using a geothermal heat source and a central system using solar energy

to preheat water. A central indirect evaporative cooling air system and heat pumps will also reduce energy use. The building will have centrally heated water and central space heating/cooling, and 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 building from the Commission's Master-Metering Rules. The retail spaces on the first level will be individually metered.

The Commission's 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 has granted exemptions from the general prohibition against master-metering of multi-occupant buildings where the particular project did not lend itself well to individual metering and billing. Idaho Power and C-Squared assert that the multi-use building, in this case, is appropriate for an exemption of the Master-Metering Rules for the residential and office space portions of the building.

STAFF REVIEW

The limits on master-metering were originally established in the late 1970's to encourage energy conservation. The rationale was that if customers were individually metered, they would get the benefits from their energy conserving actions on their energy bills. That concept and goal still remain valid for most customers, including most multi-tenant structures. For those buildings that are at the leading edge of energy conserving design however, electrical energy usage can be reduced enough that most actions of the individual occupant will have minimal impact upon the overall electrical energy usage. In these cases, individual metering produces little if any energy savings, and imposes additional costs that may not be justified. In some cases, such as the design of the building that is the subject of this Application, individual metering may impose conditions on the design that could actually increase total energy consumption estimates over the estimates for the design without master-metering.

The design of the building in this Application includes many innovative features to achieve its extraordinarily low electrical energy usage projections, including the use of alternative energy sources, innovative heating/cooling systems and energy conserving structural features. The heating and cooling systems are hybrid systems that include a centrally controlled,

geothermal-based, hydronic heating/cooling system, supplemented with individual geothermal-source heat pump units that are individually controlled with thermostats in each unit.

Central heating/cooling systems are not generally conducive to individual metering, and the Commission's rules only require individual metering of such systems if the users have independent control of their electrical usage. In this case, the hybrid system provides a combination of central and individual control. However, the bulk of the energy requirements for heating and cooling are expected to be provided by the centrally controlled hydronic system. This leaves individual users with control over only the smaller portion of total projected energy usage provided by the heat pumps, and since the heat pumps will use a geothermal source as the primary energy input, only a portion of the energy usage under the users' control will be electrical energy. Therefore, the actions of any individual user will have minimal impact on total electrical energy usage, negating the primary objective of individual metering.

Domestic hot water is also to be provided by a central system, which is also expected to use minimal electrical energy. Solar energy will be used to preheat the water and geothermal energy will be used to bring it up to a suitable temperature.

The design also includes an innovative control system that will allow for control and monitoring of many of the electrical circuits used for appliances and lighting. The Application indicates this system could be used to identify tenants that might be using significantly more or less energy for appliances and lighting, and adjust tenant association fees to reflect energy consumption.

Staff notes that sub-metering of master-metered multi-tenant buildings and rebilling of tenants for measured energy usage is not permitted under the Company's tariff. While the Application indicates that the monitoring system would not provide sufficient information to use for the purposes of rebilling of customers, using this information to adjust association dues does raise some concerns. While Staff does not oppose using the information from this monitoring system to make adjustments in association dues of users with extreme variations in electrical energy usage, basing a portion of all tenants' association dues upon usage information available from the monitoring system would appear to be a violation of the Company's tariff.

Staff notes that this monitoring may provide very useful information about customer behavior when electrical usage is not metered for billing purposes. As buildings become more energy efficient, the plug load, or electrical usage of appliances and other consumer devices becomes one of the largest factors in overall electrical usage. Current data on plug load usage,

especially with modern appliances such as home computers and big screen televisions, is not readily available. In conjunction with its recommendation for master-metering in this case, Staff encourages Idaho Power and C-Squared development to develop a plan for gathering and evaluating whatever energy consumption information can be made available from this monitoring and control system. Staff further requests that Idaho Power consolidate this information into a public releasable format and share it with the Commission.

The net impact of all of these innovative design features is a reduction in the amount of expected electrical energy usage that is subject to individual user control to levels that are so low, master-metering of electrical energy is unlikely to have a significant influence on consumer behavior, and is even less likely to have even a minimal impact on electrical energy usage. Therefore, Staff supports this request for a waiver of the Commission's master-metering rules.

Staff believes that other energy efficient and innovative buildings will be designed for which master-metering would no longer be appropriate. Obtaining an exemption to the Commission Rules for each individual case could become an administrative burden, not only for the developers, but the Company and Commission as well. In an effort to reduce this burden, Staff is working with the Company to develop a methodology or criteria that would generically define building designs for which individual metering would not be expected to provide additional savings, and an exemption to the Commission's Rules would be appropriate. The goal is to develop language that could be added to the Company's tariff and allow an exemption from master-metering for any multi-tenant building that meets this criteria. Staff believes such a process would save the Commission, the Company and building developers the time and effort required for individual exemptions, without jeopardizing the energy conservation goals behind the master-metering restrictions.

STAFF RECOMMENDATION

Staff recommends the Commission approve the request of Idaho Power Company and C-Squared Development, LLC for an exemption from the Commission's master-metering rules.

Respectfully submitted this 21st day of June 2007.



Weldon B. Stutzman
Deputy Attorney General

Technical Staff: Wayne Hart

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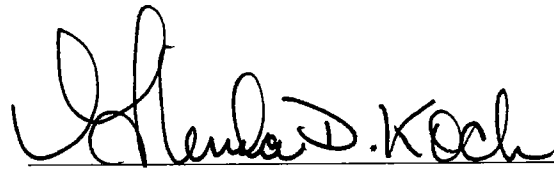
CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 21ST DAY OF JUNE 2007, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-07-12, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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