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IDAHO PUBLIC
UTILITIES COMMISSION

LISA D. NORDSTROM
Attorney II

March 14, 2008

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-08-03
Energy Efficiency Rider, Tariff Schedule 91

Dear Ms. Jewell:

Please find enclosed for filing an original and nine (9) copies of the Company's Application requesting an increase to the Energy Efficiency Rider, Tariff Schedule 91, effective June 1, 2008.

Enclosed are nine (9) copies of the testimony and exhibits of Timothy E. Tatum in support of the Application, with one copy of each designated as the "Reporter's Copy." A compact disk containing the direct testimony and exhibits of the above-named Idaho Power Company witness is also enclosed.

Also enclosed are the original and three (3) copies of the tariff schedules for the Application in Case No. IPC-E-08-03 that the Company proposes become effective on June 1, 2008. For the convenience of the Commission, I have also enclosed a copy of the proposed tariff schedules in legislative format.

Three (3) copies of the Company's press release are also enclosed.

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

Very truly yours,


Lisa D. Nordstrom

BLK:sh
Enclosures

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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Idaho Power Company

Street Address for Express Mail:

1221 West Idaho Street
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)
APPLICATION OF IDAHO POWER) CASE NO. IPC-E-08-03
COMPANY FOR AUTHORITY TO)
REVISE THE ENERGY EFFICIENCY) APPLICATION
RIDER, TARIFF SCHEDULE 91)
)
)
)

Idaho Power Company ("Idaho Power" or "the Company"), in accordance with RP 052 and RP 201, et. seq., hereby respectfully makes Application to the Idaho Public Utilities Commission (the "Commission") for an order approving an increase to the Energy Efficiency Rider, Tariff Schedule 91, from 1.5 percent to 2.5 percent of base revenues effective June 1, 2008. The Company also requests that the Commission remove the current funding caps for residential and irrigation customers, and expand the scope of Energy Efficiency Rider-funded activities to include small-scale renewable energy programs.

In support of this Application, Idaho Power represents as follows:

BACKGROUND

1. In Order No. 28722 issued in Case Nos. IPC-E-01-07 and IPC-E-01-11, the Commission directed Idaho Power to develop and file a comprehensive Demand-Side Management ("DSM") program to provide customers with opportunities to reduce their electric consumption. In filings that became part of Case No. IPC-E-01-13, the Company identified a number of potential DSM programs that could be implemented to assist customers in reducing their bills and proposed that the expenditures for the analysis and implementation of energy conservation programs be funded through a charge known as the Energy Efficiency Rider ("Rider").

2. On November 21, 2001, the Commission issued Order No. 28894 that directed the Company to implement limited DSM programs for the 2001-2002 winter heating season but postponed consideration of funding of DSM programs until the Company's 2002-2003 PCA filing was made in the spring of 2002. The Commission also instructed Idaho Power to organize an Energy Efficiency Advisory Group (EEAG) comprised of members from the Company's customer groups, special interest groups, Commission Staff, and Company personnel to advise the Company on the implementation of long-term DSM programs.

3. The Commission issued Order No. 29026 on May 13, 2002, authorizing the implementation of the Energy Efficiency Rider as a means to fund DSM programs. The Rider amount targeted for each customer class was approximately equal to .5 percent of overall class revenue. It was imposed as a flat \$0.30 per-month charge to residential customers and as a cents-per-kilowatt-hour charge for all other customer

classes. The Rider for irrigation customers was capped at a maximum of \$15.00 per meter.

Although the Rider would provide approximately \$2.6 million annually for DSM measures, the Commission recognized "that this initial amount of funding may not be adequate to support some programs that could be very beneficial" and stated "this amount may be increased in the future if necessary to take advantage of other cost-effective DSM measures as circumstances warrant." Order No. 29026 at 20-21.

4. In Case No. IPC-E-04-29 filed in December 2004, the Company requested authority to increase the Rider to 1.5 percent of base revenue applied uniformly to all customer classes. The Commission issued Order No. 29784 on May 13, 2005, authorizing the current Rider amount of 1.5 percent of base revenues with a monthly funding cap of \$1.75 for residential customers and a cap of \$50 per meter per month for irrigation customers. The Commission stated that "implementing these two caps will moderate the Rider increases for residential and irrigation customers, while providing significant funds to the Company's DSM programs for the next 12 months." Order No. 29784 at 5.

5. To date, the Energy Efficiency Rider has appeared as the "Conservation Program Funding Charge" line item on customers' bills. As of June 1, 2008, Idaho Power intends to combine the Energy Efficiency Rider and Fixed Cost Adjustment into a single line item pursuant to Order No. 30267 entitled "Energy Efficiency Services."

PROPOSED RIDER INCREASE

6. Since the Rider was instituted in 2002, Idaho Power has implemented and/or managed a broad array of cost-effective DSM programs and energy efficiency initiatives. DSM programs are considered to be cost-effective when energy savings and/or

demand reduction can be achieved at a lower cost than the next best resource alternative.

These programs benefit customers two-fold with opportunities to lower individual bills and also reduce the Company's collective rates by minimizing the need to generate additional power or buy power from the market. In 2007 Idaho Power offered the following Rider-funded programs to specific customer classes, achieving annual energy savings of approximately 10 aMW.

2007 DSM Programs, Sectors, and Operational Type

Program	Sector	Operational Type
A/C Cool Credit	Residential	Demand Response
Energy House Calls	Residential	Energy Efficiency
ENERGY STAR® Homes Northwest	Residential	Energy Efficiency
ENERGY STAR® Lighting	Residential	Energy Efficiency
Heating and Cooling Efficiency	Residential	Energy Efficiency
Rebate Advantage	Residential	Energy Efficiency
Residential Education Initiative	Residential	Other Programs and Activities
Building Efficiency Program	Commercial/Industrial	Energy Efficiency
Custom Efficiency	Commercial/Industrial	Energy Efficiency
Easy Upgrades	Commercial/Industrial	Energy Efficiency
Commercial Education Initiative	Commercial	Other Programs and Activities
Irrigation Efficiency Rewards	Irrigation	Energy Efficiency
Irrigation Peak Rewards	Irrigation	Demand Response
Local Energy Efficiency Funds	All	Other Programs and Activities
NEEA	All	Market Transformation

7. Since 2002, Idaho Power has been expanding its DSM programs and other energy efficiency initiatives. Idaho Power's DSM programs and energy efficiency initiatives are expected to cost approximately \$53 million for 2008 through 2010. As set forth in Exhibit No. 3, Table I of Timothy E. Tatum's testimony, the expected annual program expenditures for 2008 through 2010 are \$19,293,284, \$16,787,116 and \$17,028,738, respectively.

8. The current Rider collects approximately \$8.8 million per year to fund Idaho Power's DSM programs and other energy efficiency initiatives. At the current 1.5

percent funding level, the Rider balancing account is expected to accumulate a deficit of nearly \$3.2 million by June 1, 2008. Based on the Company's DSM program targets for 2008, the deficit is expected to grow to an estimated \$8.8 million by year-end 2008 at the current 1.5 percent funding level.

9. To support expected program expenditures, Idaho Power proposes that the Rider be increased from 1.5 percent to 2.5 percent of base revenue beginning June 1, 2008. In support of this request, Idaho Power has included with this Application the testimony and exhibits of Timothy E. Tatum and its proposed Schedule 91 tariff (Attachment 1). Exhibit No. 3, Table II of Mr. Tatum's testimony, details the expected annual program costs, the anticipated Rider funding at the recommended levels, and the Rider fund balance remaining at the end of each year, 2008 through 2010. Even at the proposed 2.5 percent Rider funding level, Idaho Power projects a deficit of approximately \$4.2 million at the end of 2010.

10. Because DSM has become increasingly more integrated into Idaho Power's business operationally and strategically, the Company plans to make a request in its next general rate case filing for authorization to include in its operations and maintenance expenses the approximately \$3.5 million in ongoing labor and administrative expenses required to support its planned DSM efforts currently funded by the Rider. Recovery of these ongoing expenses for labor, Northwest Energy Efficiency Alliance (NEEA) contributions and DSM departmental costs not directly related to specific DSM program through base rates will allow the 2.5 percent Rider to adequately fund the Company's planned DSM efforts beyond 2010. However, the Company plans to continue funding these costs through the Rider until they are included in base rates. Should these

costs not be included in base rates, the Company will continue to monitor the Rider account to ensure that the funding percentage adequately supports the ongoing labor and administrative expenses.

11. Rather than setting a date upon which the proposed 2.5 percent Rider will expire, Idaho Power requests that the 2.5 percent Rider become effective on June 1, 2008 and remain in place until it is determined that a different funding level is appropriate as a result of a proceeding before the Commission.

REMOVAL OF FUNDING CAPS

12. Idaho Power requests that the Commission authorize removal of the current funding caps for residential and irrigation customers. Since the time when the caps were first authorized, Idaho Power has instituted a broad offering of cost-effective DSM programs available to all of the major customer classes including residential and irrigation customers. Each of the Company's DSM programs listed above in Paragraph 5 is detailed in the 2007 DSM Annual Report, which is Exhibit 1 to Mr. Tatum's testimony.

13. As Idaho Power acquires cost-effective DSM and the benefit of avoiding higher resource costs is reflected in rates, all customers benefit from the savings in proportion to their energy usage. Therefore, it is fair and reasonable to require residential and irrigation customers to fund the Company's DSM programs in the same manner as all other customer classes without artificial funding caps.

SMALL-SCALE RENEWABLE ENERGY PROGRAMS

14. Idaho Power also requests the Commission approve revised language in Schedule 91 expanding the scope of Rider-funded activities to include small-scale renewable energy programs. The Company proposes that it use Rider funds to provide

financial incentives to customers who install photovoltaic systems to supplement their own energy usage if the program is shown to be cost-effective from the utility cost perspective. That is, Idaho Power favors the use of Rider funds to support such an endeavor as long as its financial commitment is at or below the cost of the next best resource alternative.

MODIFIED PROCEDURE

15. Idaho Power believes that a technical hearing is not necessary to consider the issues presented herein, and respectfully requests that this Application be processed under Modified Procedure, i.e., by written submissions rather than by hearing. RP 201 *et seq.* If, however, the Commission determines that a technical hearing is required, the Company stands ready to present its testimony and support the Application in such hearing.

COMMUNICATIONS AND SERVICE OF PLEADINGS

16. This Application has been and will be brought to the attention of Idaho Power's affected customers by means of news releases to media in the Company's service area. The news release, a copy of which accompanies this Application, also describes recently proposed rate changes associated with the new power plant located at the Evander Andrews Power Complex and the Fixed Cost Adjustment. The Company is currently preparing a customer bill insert and will file a copy with the Commission once it has been finalized. Idaho Power will also keep its Application, testimony, and exhibits open for public inspection at its offices throughout the State of Idaho.

17. Communications and service of pleadings with reference to this Application should be sent to the following:

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REQUEST FOR RELIEF

18. Idaho Power Company respectfully requests that the Commission issue an order authorizing: 1) an increase in the Energy Efficiency Rider Tariff from 1.5 percent to 2.5 percent of base revenues effective June 1, 2008, 2) removal of funding caps for residential and irrigation customers, and 3) expansion of Rider-funded activities to include small-scale renewable energy programs.

Respectfully submitted this 14th day of March 2008.



LISA D. NORDSTROM
Attorney for Idaho Power Company

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-08-03

IDAHO POWER COMPANY

ATTACHMENT NO. 1

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-08-03

IDAHO POWER COMPANY

ORIGINAL TARIFF

SCHEDULE 91
ENERGY EFFICIENCY RIDER

APPLICABILITY

This schedule is applicable to all retail Customers served under the Company's schedules and special contracts. This Energy Efficiency Rider is designed to fund the Company's expenditures for the analysis and implementation of energy conservation and demand response programs.

MONTHLY CHARGE

The Monthly Charge is equal to the applicable Energy Efficiency Rider percentage times the sum of the monthly billed charges for the base rate components. The Monthly Charge will be separately stated on the Customer's regular billing.

<u>Schedule</u>	<u>Energy Efficiency Rider</u>
Schedule 1	1.5 %, but not to exceed \$1.75 per meter per month
Schedule 4	1.5 %, but not to exceed \$1.75 per meter per month
Schedule 5	1.5 %, but not to exceed \$1.75 per meter per month
Schedule 7	1.5 %
Schedule 9	1.5 %
Schedule 15	1.5 %
Schedule 19	1.5 %
Schedule 24	1.5 %, but not to exceed \$50.00 per meter per month
Schedule 39	1.5 %
Schedule 40	1.5 %
Schedule 41	1.5 %
Schedule 42	1.5 %
Schedule 26	1.5 %
Schedule 29	1.5 %
Schedule 30	1.5 %

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-08-03

IDAHO POWER COMPANY

PROPOSED TARIFF

SCHEDULE 91
ENERGY EFFICIENCY RIDER

APPLICABILITY

This schedule is applicable to all retail Customers served under the Company's schedules and special contracts. This Energy Efficiency Rider is designed to fund the Company's expenditures for the analysis and implementation of programs and initiatives that promote energy conservation, demand response and renewable energy options.

MONTHLY CHARGE

The Monthly Charge is equal to the applicable Energy Efficiency Rider percentage times the sum of the monthly billed charges for the base rate components.

<u>Schedule</u>	<u>Energy Efficiency Rider</u>
Schedule 1	2.5 %
Schedule 4	2.5 %
Schedule 5	2.5 %
Schedule 7	2.5 %
Schedule 9	2.5 %
Schedule 15	2.5 %
Schedule 19	2.5 %
Schedule 24	2.5 %
Schedule 39	2.5 %
Schedule 40	2.5 %
Schedule 41	2.5 %
Schedule 42	2.5 %
Schedule 26	2.5 %
Schedule 29	2.5 %
Schedule 30	2.5 %

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-08-03

IDAHO POWER COMPANY

LEGISLATIVE TARIFF

SCHEDULE 91
ENERGY EFFICIENCY RIDER

APPLICABILITY

This schedule is applicable to all retail Customers served under the Company's schedules and special contracts. This Energy Efficiency Rider is designed to fund the Company's expenditures for the analysis and implementation of programs and initiatives that promote energy conservation, and demand response programs and renewable energy options.

MONTHLY CHARGE

The Monthly Charge is equal to the applicable Energy Efficiency Rider percentage times the sum of the monthly billed charges for the base rate components. ~~The Monthly Charge will be separately stated on the Customer's regular billing.~~

<u>Schedule</u>	<u>Energy Efficiency Rider</u>
Schedule 1	1.52.5 % , but not to exceed \$1.75 per meter per month
Schedule 4	1.52.5 % , but not to exceed \$1.75 per meter per month
Schedule 5	1.52.5 % , but not to exceed \$1.75 per meter per month
Schedule 7	1.52.5 %
Schedule 9	1.52.5 %
Schedule 15	1.52.5 %
Schedule 19	1.52.5 %
Schedule 24	1.52.5 % , but not to exceed \$50.00 per meter per month
Schedule 39	1.52.5 %
Schedule 40	1.52.5 %
Schedule 41	1.52.5 %
Schedule 42	1.52.5 %
Schedule 26	1.52.5 %
Schedule 29	1.52.5 %
Schedule 30	1.52.5 %