

DECISION MEMORANDUM

TO: COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSIONER KEMPTON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: WELDON STUTZMAN
DEPUTY ATTORNEY GENERAL

DATE: MARCH 20, 2008

SUBJECT: CASE NO. IPC-E-08-03
IDAHO POWER'S APPLICATION FOR AUTHORITY TO INCREASE
THE ENERGY EFFICIENCY RIDER

On March 14, 2008, Idaho Power Company filed an Application asking the Commission to approve an increase to its Energy Efficiency Rider from 1.5% to 2.5% of base revenues effective June 1, 2008. The rider is a charge on customers' bills to fund demand-side management (DSM) programs implemented by the Company. The Commission initially approved a rider in May 2002, and targeted an amount for collection at .5% of overall class revenue. The charge for residential customers was \$.30 per month, and for irrigation customers it was capped at \$15 per meter per month. At that rate, the energy rider provided approximately \$2.6 million annually for DSM programs.

In May 2005, the Commission approved the Company's request to increase the rider to 1.5% of base revenue applied uniformly to all customer classes. The Commission put a monthly cap on the residential customer charge at \$1.75 and a cap of \$50 per meter per month for irrigation customers.

THE CURRENT APPLICATION

The Application states that Idaho Power has been expanding its DSM programs and other energy efficiency initiatives since 2002, and anticipates that its DSM programs and initiatives will cost approximately \$50 million for the years 2008-2010. The current Energy Efficiency Rider collects approximately \$8.8 million per year. Idaho Power proposes to increase the rider from 1.5% to 2.5% of base revenue beginning June 1, 2008 to support expected

program expenditures. At that level, the Company projects a deficit of approximately \$4.2 million in its DSM expenditures at the end of 2010. Accordingly, the Company also plans to request in its next general rate case authorization to include approximately \$3.5 million in labor and administrative expenses related to its planned DSM programs in its regular operations and maintenance expenses. If approved, the Company would use this \$3.5 million increase in base rates to pay for labor, contributions to the Northwest Energy Efficiency Alliance, and DSM departmental costs not directly related to specific DSM programs. The Company also proposes to remove the current rate caps for residential and irrigation customers. Finally, the Company requests in its Application to approve revised language in the Energy Efficiency Rider tariff expanding the scope of rider funded activities.

Idaho Power requests that its Application be processed by Modified Procedure. Staff recommends that the Commission process Idaho Power's Application in Case No. IPC-E-08-03 by Modified Procedure. Staff believes that this Application can be processed by June 1, 2008.

COMMISSION DECISION

Does the Commission desire to process this by Modified Procedure? Does the Commission wish to set a comment deadline between May 12-16?


Weldon Stutzman
Deputy Attorney General

b1s/M:IPC-E-08-03_ws