IDAHO POWER®
An IDACORP Company

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Corporate Counsel

June 12, 2009

VIA HAND DELIVERY

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-08-16
Advanced Metering Infrastructure ("AMI") Technology
Compliance – Order No. 30726 – Meter Report

Dear Ms. Jewell:

Enclosed for filing please find an original and seven (7) copies of Idaho Power Company's Compliance Report on Disposition of Removed Meters in the above matter.

Very truly yours,

Donovan E. Walker

DEW:csb
Enclosures

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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO INSTALL ADVANCED METERING INFRASTRUCTURE ("AMI") TECHNOLOGY THROUGHOUT ITS SERVICE TERRITORY	)	CASE NO. IPC-E-08-16
	)	IDAHO POWER COMPANY'S COMPLIANCE REPORT ON DISPOSTIION OF REMOVED METERS

I. INTRODUCTION

On August 4, 2008, Idaho Power Company ("Idaho Power" or "Company") filed an Application seeking the issuance of a Certificate of Public Convenience and Necessity, authorizing it to move forward with a three-year, system wide AMI implementation plan. On February 12, 2009, the Idaho Public Utilities Commission ("Commission") issued its Order granting the Company's request. Order No. 30726. The Commission also ordered the Company to "submit a report containing a detailed evaluation of the types of measures considered and/or utilized by the Company in order to facilitate the resale, recycle or prudent disposal of its existing metering equipment."

Id., at 10. Idaho Power respectfully submits this report in compliance with the Commission's prior order.

II. BACKGROUND

Idaho Power has approximately 440,000 meters in service across its system. The meters are made up of two types: (1) electromechanical meters (approximately 80 percent) and (2) solid-state meters (approximately 20 percent). Electromechanical meters have dials, gears, and moving parts. They are the "oldest" type of meter technology. Solid-state meters have no moving parts, are read by a digital readout, and have self-diagnostic functions. They are a much "newer" technology than electromechanical meters. The Company's last purchase of electromechanical meters was in 2002. Since 2003, only solid-state meters have been purchased, except for AMI meters.

All new meters come with certified test results from the manufacturer. Pursuant to the Company's standard operating procedure, it tests a minimum of 4 percent of a particular model's shipment to verify the manufacturer's test results before the new meters are initially placed into service. All meters (100 percent) are inspected and tested prior to being returned to service. Any meter that does not meet specific accuracy requirements will not be returned to service. Meters that continue to function properly and pass the Company's testing procedures will remain in, or be placed back into, service. In-service meter testing is divided into three categories: (1) demand, (2) transformer rated, and (3) non-demand meters. In-service non-demand meters are subject to annual "statistical sample testing programs." Depending on the results of the annual statistical sample tests, the Company may pursue additional testing

requirements for that meter model, meter model removal programs, and/or meter retirement programs. Demand and transformer rated meters are subject to "periodic testing schedules." The schedule for testing is determined by the meter make and model. The current schedules are 12 years for electromechanical and 16 years for solid-state meters. A third category for in-service meter testing is for industrial meters. Industrial meters are on a four-year test schedule, or as specified by a specific contract. These meters are installed for customers with greater than 1 megawatt ("MW") of demand, cogeneration over 1 MW, special contract customers, and utility interconnection points. Industrial meters are not part of the current AMI deployment.

The Company has active meters on its system that were first put into service as far back as 1947. Roughly 115,000 meters, or approximately 25 percent of the total meters on the system, are pre-1978 meters. Approximately 290,000 meters, about 66 percent of the total meters on the system, were installed prior to 1998 and are more than 10 years old. The chart included as Attachment No. 1 shows all non-AMI meters by purchase year that are still in service on Idaho Power's system.

III. AMI DEPLOYMENT STATUS

The AMI deployment has been moving along at a rapid pace and on schedule. Through the month of May 2009, a total of 18 substations have been completed with the required AMI upgrades, 52,790 meters served by those substations have been exchanged, and the Company is currently averaging about 750 meter exchanges per day. Returns and failure rates have been at or below the expected and acceptable levels. Finally, approximately 35,200 meters, or 75 routes, have been moved from manual to remote meter reading (year to date).

IV. CURRENT PLAN FOR NON-AMI METERS

The AMI deployment will replace 99 percent of the meters on Idaho Power's system with AMI meters. The Company's current plan for the disposition of its non-AMI meters is: (1) to recycle all electromechanical meters, (2) to reuse all of the solid-state meters that it possibly can to replace inventory (in lieu of buying new, non-AMI meters), and to deploy elsewhere on the system where needed, (3) to evaluate the periodic sale of groups of solid-state meters not needed for reuse on the system and sell them if the price is better than recycling, and (4) to recycle the solid-state meters that cannot be sold. After careful consideration and investigation of how to obtain the best value for the removed meters that AMI will replace, the Company determined that a carefully managed program for the reuse of the meters on its own system was the most effective. There is very little, if any value to be obtained from the resale of used meters. Beyond the reuse and sale of used meters, recycling will allow some recovery of investment for those meters that cannot be reused or sold.

Because the old electromechanical meters essentially have no resale value they will all be recycled. There are approximately 345,000+ old mechanical meters on the system. The Company will receive $0.10 per pound for recycling meters. The cardboard boxes and shipping materials accompanying the new AMI meters will also be recycled with the old non-AMI meters. The Company will reuse approximately 20,000 of the solid-state meters to support new business and maintenance in non-AMI areas in 2009 and 2010. Additionally, solid-state meters will be reused to upgrade all of the meters that make up the 1 percent of the system that will not currently be upgraded to AMI. There are approximately 91,000+ solid-state meters on the system. Because

there may occasionally be demand for the purchase of used solid-state meters, the remaining solid-state meters will be evaluated for sale as the deployment moves forward. If the solid-state meters cannot be sold in an economical manner, they will be recycled.

V. MEASURES CONSIDERED AND/OR UTILIZED

The Company attempts to maximize the value it receives both for itself and for its customers from all utility equipment that is removed from service. Idaho Power's Investment Recovery department specializes in recovering as much value for these items as possible; for example, to name a few, such things as company vehicles, equipment, metals, wire, poles, tools, and meters.

In anticipation of the AMI deployment, the Company over the last several years has carefully managed its inventory of meters in an attempt to minimize the amount of new non-AMI meters it must purchase. The Company's inventory of meters has dramatically ramped down in preparation for the AMI deployment. The chart included as Attachment No. 2 shows the amounts of non-AMI meters that have been reused and/or reduced inventories of new non-AMI purchases since the AMI pilot program began in 2004. Additionally, in 2009 the Company has thus far returned approximately 4,500 non-AMI solid-state meters to service or stock as a result of the AMI deployment. These returns have met all of the Company's internal non-AMI meter needs to date, and no new non-AMI meters have been purchased in 2009. Prior to and during the deployment, inventories that would normally be stocked with the purchase of new non-AMI meters have been maintained with solid-state meters that were removed during AMI deployment, and ultimately placed back into service elsewhere on the system.

The Company evaluated and investigated the possibility of selling the meters on the "market" and/or to other utilities. Investment Recovery has made at least four different attempts at offering used meters for sale, all of which have been unsuccessful. Unfortunately, there is very little interest or demand for what the Company has to sell.

There are several problems, or considerations, that devalue the sale of used meters. One problem is that overall demand for non-AMI meters is down everywhere. This is partially attributable to economics and partially attributable to AMI deployments. While demand for non-AMI meters is down, demand for AMI is up. This compounds the decreasing demand for non-AMI meters as more and more flood the market with the increasing number of AMI deployments across the country. A large meter wholesaler that Idaho Power has done business with in the past informed the Company that it is seeing used meters in volumes around 2,000,000 per month.

Another related problem is that all of the meters that Idaho Power has to dispose of are used meters. There are some utilities that have large inventories of unused non-AMI meters for sale because of their own AMI deployments. Because Idaho Power did a very good job managing its inventory and re-using non-AMI meters rather than buying new ones it has no "new-in-the-box" meters to offer for sale. There is virtually no demand whatsoever for the used mechanical meters, especially when buyers for these types of meters have access to "new-in-the-box" solid-state meters to purchase on the used market, and even then there is little demand.

Another consideration is that the Company's meters have the Company's name, and in some cases, the logo engraved on the meter's nameplate. This nameplate is manufactured into the meter and also contains the make, model, serial number, and

other identifying attributes for that particular meter that cannot be removed. This in itself somewhat devalues the used meter to start with and, additionally, has legal issues involving trademark and liability to contend with.

Additionally, wholesalers are interested in large lots of meters of the same type, make, and model – and they want them immediately, not at some future date or spread out over three years. Because of the varied nature of the year, make, and model of meters throughout Idaho Power's system, and the logistical deployment of AMI and the accompanying removal of old meters, it is difficult for the Company to offer its used meters in the manner required by those in the market to purchase them. The AMI deployment takes place based upon the initial need to have the communications and other AMI equipment set up at the substation. Then meter exchanges take place along each meter reading route served by that particular AMI-converted substation. The AMI installation, and accompanying removal of old meters, then goes route by route in order to enable remote meter reading along the entire route formerly served by manual meter readers. This is the most cost-effective way to deploy, as it enables the cost savings associated with remote meter reads to take effect as soon as possible. Because of this method of deployment, the Company gets a cross-section of many different meter types, models, and ages, spanning from 1947 to the present, as they install along any given meter reading route. This deployment method adds an additional complication, and cost, to the resale of the used non-AMI meters as the Company must sort and store meters by meter type and model.

Because the solid-state meters are a much newer technology, occasionally there may be a better demand for these meters, even on the used market. For this reason,

the Company has determined that as it accumulates groups of removed solid-state meters that it will not need to reuse elsewhere on its own system, that it will periodically check the market and offer them for sale prior to recycling. Utilities and wholesalers do not buy meters one-by-one, they buy in lots, typically a "truckload." A truckload is approximately 3,000 to 4,000 meters. Consequently, the Company must sort the meter models into pallets, and store them until there is a "truckload" of pallets available, and then offer them for sale. Because there is not unlimited and free storage, if it is not economical to sell the "lots" at that point, they will then be recycled. Although the Company has not currently found a willing buyer for the used meters, it will continue to make a good faith effort to do so prior to recycling.

VI. CONCLUSION

The Company's non-AMI meters have a great deal of value to the Company as long as they are in service and operating properly on the system. Once they are removed from service, they have very little, if any, value on the secondary market. Idaho Power has been very diligent and prudent in the management of its metering system. Through the years it has successfully coordinated the addition of new meters and technology while at the same time keeping costs low and maximizing the value and use of old meters that still function properly. Prior to the deployment of AMI, the Company managed a system of nearly 500,000 meters, almost a quarter of which date back to 1947 through 1978, with 2/3 of the total meters being at a minimum 10 years old or more.

Because of the nature of Idaho Power's system and the considerations discussed above, the Company will first reuse all the meters that it can within its own

system. Secondly, it will sell those that it can and recycle what cannot be sold or reused. The Company has successfully reinserted non-AMI meters that have been displaced by AMI installations into its meter inventory since 2004, when Phase 1 AMI deployment, the AMI pilot program, was initiated. The Company has made numerous offers and continues to make periodic offers for the sale of its used meters. The Company has also contracted for the recycling of those meters that it cannot reuse or sell, and will recover $0.10/pound from the recycled meters. This multipart approach to the disposal of the Company's non-AMI meters continues Idaho Power's long tradition of the prudent and vigilant management of its metering system.

DATED at Boise, Idaho, this 12th day of June 2009.

DONOVAN E. WALKER
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 12th day of June 2009 I served a true and correct copy of IDAHO POWER COMPANY'S COMPLIANCE REPORT ON DISPOSTIION OF REMOVED METERS upon the following named parties by the method indicated below, and addressed to the following:

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Donovan E. Walker

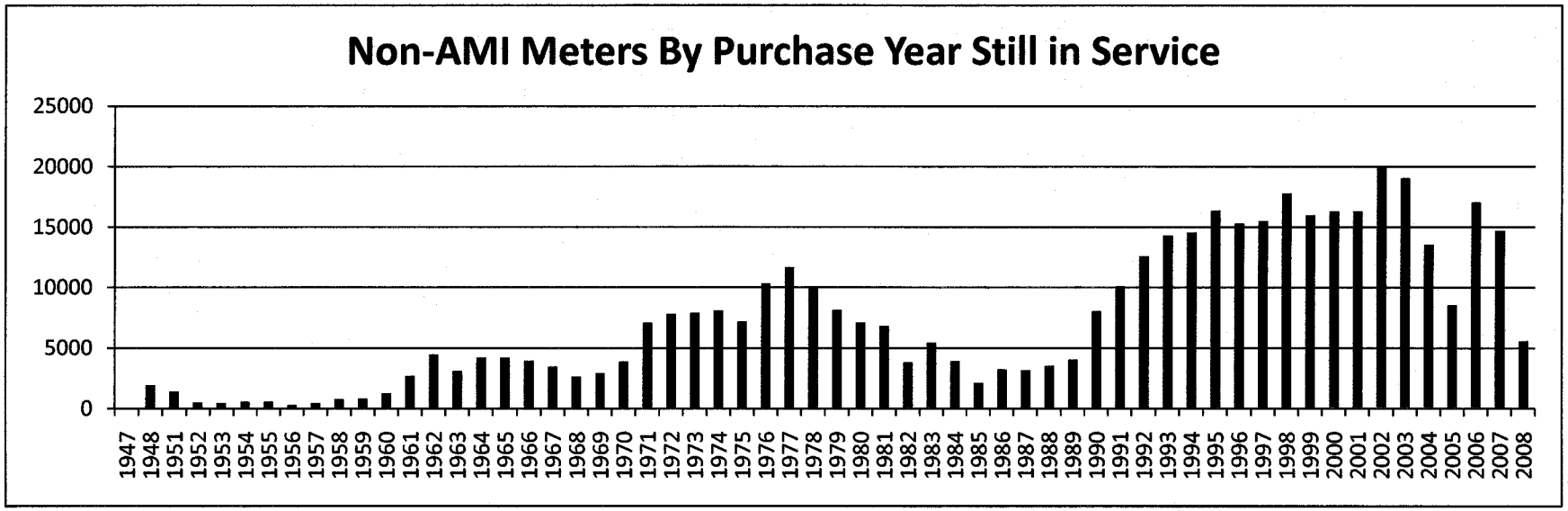
BEFORE THE

IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-08-16

IDAHO POWER COMPANY

ATTACHMENT NO. 1



Notes

1. Meters purchased and placed into service from 1947 to approximately 1978 comprise approximately 25% of the total meters in service today on the Company's system. These meters are electromechanical meters that were manufactured with quality metals and components and continue to meet the Company's performance specifications.
2. Meters purchased and placed into service from 1978 through 1991 were manufactured with less quality metals and more plastics. These meters did not perform as well as earlier or later model meters and consequently many were removed from service.
3. In 2004 and 2005 many of the meters removed during the Phase 1 AMI deployment (the AMI pilot) were reused and placed into service elsewhere on the system. This resulted in the purchase of fewer new non-AMI meters.
4. Similarly, in 2007 and 2008 the Company started using up its existing stock of non-AMI meters and purchased fewer new non-AMI meters.

BEFORE THE

IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-08-16

IDAHO POWER COMPANY

ATTACHMENT NO. 2

Non-AMI Meter Purchases, Installs, and Reused Meters