

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )**  
**OF IDAHO POWER COMPANY FOR A ) CASE NO. IPC-E-08-16**  
**CERTIFICATE OF PUBLIC CONVENIENCE )**  
**AND NECESSITY TO INSTALL ADVANCED )**  
**METERING INFRASTRUCTURE (AMI) ) ORDER NO. 30768**  
**TECHNOLOGY THROUGHOUT ITS )**  
**SERVICE TERRITORY )**

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On August 5, 2008, Idaho Power Company ("Idaho Power" or "Company") submitted an Application for a Certificate of Public Convenience and Necessity ("CPCN"), pursuant to *Idaho Code* §§ 61-502A, 61-503, 61-525, 61-526, RP 52, and RP 112, to install Advanced Metering Infrastructure ("AMI") technology throughout its service territory, authorization to accelerate the depreciation of the existing metering infrastructure and include the corresponding operation and maintenance benefits as they occur.

On February 12, 2009, the Commission issued its final Order granting the Application for a CPCN. Order No. 30726. On March 5, 2009, Idaho Power filed a Petition for Reconsideration and/or Clarification of Order No. 30726. With this Order, the Commission grants Idaho Power's Petition to clarify the Commission's certain specified language in Order No. 30726.

**Issues Presented for Reconsideration and/or Clarification**

Idaho Power requests reconsideration and/or clarification of two issues: (1) the Commission's intent regarding the offset of the authorized accelerated depreciation by the anticipated operation and maintenance ("O&M") benefits; and (2) the Commission's intent regarding the recovery of prudently incurred investment up to the capital cost commitment estimate. Petition at 2-3.

1. Offset of O&M Benefits. In its Petition, Idaho Power expressed its concern that the Commission's previous Order in this case may be interpreted by the financial community to suggest that the "anticipated O&M benefits [from AMI installation] will outweigh, or completely offset, the revenue requirement increase caused by the accelerated depreciation." *Id.* at 2. According to Idaho Power, this could result in "complications for the Company in its attempts to fund the very large capital investment required to continue moving forward with the AMI

implementation.” *Id.* Referencing the filed testimony of Company witness Waites, the Company reiterated its position that the O&M savings associated with AMI installation will “act to partially offset the revenue requirement impact, but they do not eliminate it.” *Id.* at 3.

2. Recovery of Prudent Investment Up to the Capital Cost Commitment Estimate. Additionally, Idaho Power requested an “affirmative statement that: ‘In the ordinary course of events, Idaho Power can expect to ratebase the prudent capital costs of deploying AMI as it is placed in service, up to the Capital Cost Commitment Estimate of \$70.9 million.’” *Id.* at 4. The Company asserted that the inclusion of such specific language constitutes “one of the main components and assurances that the granting of a [CPCN] Certificate accomplishes.” *Id.*

### ***Commission Decision and Findings***

The Commission finds that Idaho Power’s Petition for Reconsideration and/or Clarification of Order No. 30726 complies with requirements found in *Idaho Code* § 61-626, as well as the relevant Commission Rules of Procedure. IDAPA 31.01.01.325 and 331.

After reviewing Idaho Power’s Petition, the Commission grants the Company’s request for clarification regarding the two issues addressed in Order No. 30726. Accordingly, the Commission expressly states that we do not anticipate that the O&M benefits associated with AMI installation will be immediately sufficient to completely offset the increase in the Company’s revenue requirement occasioned by the accelerated depreciation period. Notwithstanding this clarification, the Commission maintains its view that a myriad of benefits will ultimately flow from Idaho Power’s installation of AMI, both in the near term and in the future. *See* Order No. 30726 at 8.

Finally, to the extent that our prior Order may be interpreted otherwise, the Commission expressly finds that, in the ordinary course of events, Idaho Power can expect to rate base the prudent capital costs of deploying AMI as it is placed in service, up to the capital cost commitment estimate of \$70.9 million. Having clarified our final Order, reconsideration is unnecessary.

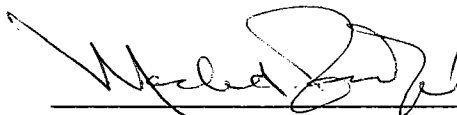
## **ORDER**

IT IS HEREBY ORDERED that Idaho Power Company’s Petition for Clarification of Order No. 30726 is granted. The Commission does not anticipate that the immediate savings derived from the implementation of Advanced Metering Infrastructure throughout Idaho Power’s service territory will eliminate or wholly offset the increase in Idaho Power’s revenue

requirement caused by the authorized depreciation period. Idaho Power can expect, in the ordinary course of events, to rate base the prudent capital costs of deploying AMI as it is placed in service, up to the capital cost commitment estimate of \$70.9 million.

THIS IS A FINAL ORDER ON RECONSIDERATION AND CLARIFICATION. Any party aggrieved by this Order or other final or interlocutory Orders previously issued in this Case No. IPC-E-08-16 may appeal to the Supreme Court of Idaho pursuant to the Public Utilities Law and the Idaho Appellate Rules. See *Idaho Code* § 61-627.

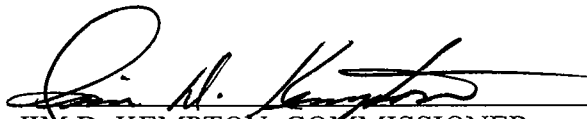
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 7<sup>th</sup> day of April 2009.



MACK A. REDFORD, PRESIDENT

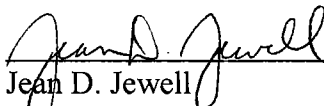


MARSHA H. SMITH, COMMISSIONER



JIM D. KEMPTON, COMMISSIONER

ATTEST:



Jean D. Jewell  
Commission Secretary

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