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IDAHO PUBLIC UTILITIES COMMISSION

LISA D. NORDSTROM
Senior Counsel

March 13, 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-09-05
*IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY
FOR AUTHORITY TO REVISE THE ENERGY EFFICIENCY RIDER, TARIFF
SCHEDULE 91.*

Dear Ms. Jewell:

Enclosed for filing please find an original and seven (7) copies of the Company's Application in the above matter.

In addition, enclosed are nine (9) copies of the testimony of Timothy Tatum filed in support of the Application. One copy of his testimony has been designated as the "Reporter's Copy." Also enclosed is a disk containing a Word version of Mr. Tatum's testimony.

In addition, three (3) copies of the Company's press release have been enclosed.

Finally, 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

LDN:csb
Enclosures

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UTILITIES COMMISSION

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1221 West Idaho Street
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. IPC-E-09-05
AUTHORITY TO REVISE THE ENERGY)
EFFICIENCY RIDER, TARIFF) APPLICATION
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 2.5 percent to 4.75 percent of base revenues effective June 1, 2009.

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

I. RIDER 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 0.5 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. On March 14, 2008, the Company requested authority to increase the Rider to 2.5 percent of base revenue applied uniformly to all customer classes, which the Commission docketed as Case No. IPC-E-08-03. The Commission issued Order No. 30560 on May 30, 2008, authorizing the current Rider percentage of 2.5 percent of base revenue applied uniformly to all customer classes, which became effective on June 1, 2008.

II. ENERGY EFFICIENCY SAVINGS

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. As described in greater detail in the 2008 DSM Annual Report included as Exhibit No. 1 to the testimony of Timothy E. Tatum that accompanies this Application, in 2008, Idaho Power offered the following Rider-funded programs to specific customer classes:

2008 DSM Programs, Sectors, and Operational Type

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

7. In 2008, the American Council for an Energy-Efficient Economy (“ACEEE”) recognized Idaho as “most improved” since its 2006 scorecard, rising from 25th to 13th in its state rankings. Idaho Power and its customers were a significant part of this achievement. The energy savings for Idaho Power’s energy efficiency programs in 2008 was 107,484 megawatt-hours (“MWh”), a 72 percent increase over the 62,544 MWh energy savings in 2007. The energy savings from all Idaho Power DSM programs, including market transformation savings, was 140,156 MWh or 16 average megawatts (aMW). The demand reduction for Idaho Power’s demand response programs increased by 20 percent from 48 MW in 2007 to 58 MW in 2008. Idaho Power believes additional energy savings and demand reduction can be achieved through new or enhanced programs funded by a more robust Rider.

III. PROPOSED RIDER INCREASE

8. Since 2002, Idaho Power has been steadily expanding its DSM programs and other energy efficiency initiatives. The current Rider collects approximately \$17.4 million per year to fund Idaho Power’s DSM programs and other energy efficiency initiatives. At the end of 2008, the Rider balancing account had a deficit balance of approximately \$3.9 million. At the current 2.5 percent funding level, the Rider balancing account is expected to accumulate a deficit of nearly \$5.6 million by June 1, 2009. Based on the Company’s expected DSM program expenditures for 2009, the deficit balance is expected to grow to an estimated \$16.2 million by year-end 2009 at the current 2.5 percent funding level.

9. To support expected program expenditures, Idaho Power proposes that the Rider be increased from 2.5 percent to 4.75 percent of base revenue beginning June 1, 2009. In support of this request, Idaho Power has included with this Application the

testimony and exhibits of Timothy E. Tatum and the Company's proposed Schedule 91 tariff (Attachment No. 1). Exhibit No. 2, Table I details Idaho Power's expected expenditures for DSM programs by customer class through 2011. As can be seen from this exhibit, the expected program expenditures for 2009 through 2011 are \$29,668,429; \$29,524,131; and \$31,804,744, respectively. The total DSM program cost for the three-year period is approximately \$91 million. Exhibit No. 3, Table II, details the expected annual program costs, the anticipated Rider funding at the recommended 4.75 percent level, and the Rider fund balance remaining at the end of each year, 2009 through 2011, at the proposed funding level.

IV. MODIFIED PROCEDURE

10. 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.

V. COMMUNICATIONS AND SERVICE OF PLEADINGS

11. 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 proposed rate changes associated with Advanced Metering Infrastructure and the Fixed Cost Adjustment. Idaho Power 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.

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

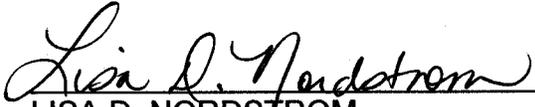
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VI. REQUEST FOR RELIEF

13. Idaho Power Company respectfully requests that the Commission issue an order authorizing an increase in the Energy Efficiency Rider Tariff from 2.5 percent to 4.75 percent of base revenues effective June 1, 2009.

Respectfully submitted this 13th day of March 2009.



LISA D. NORDSTROM
Attorney for Idaho Power Company

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-09-05

IDAHO POWER COMPANY

ATTACHMENT NO. 1

**TARIFF
LEGISLATIVE FORMAT**

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	<u>2.54.75</u> %
Schedule 4	<u>2.54.75</u> %
Schedule 5	<u>2.54.75</u> %
Schedule 7	<u>2.54.75</u> %
Schedule 9	<u>2.54.75</u> %
Schedule 15	<u>2.54.75</u> %
Schedule 19	<u>2.54.75</u> %
Schedule 24	<u>2.54.75</u> %
Schedule 39	<u>2.54.75</u> %
Schedule 40	<u>2.54.75</u> %
Schedule 41	<u>2.54.75</u> %
Schedule 42	<u>2.54.75</u> %
Schedule 26	<u>2.54.75</u> %
Schedule 29	<u>2.54.75</u> %
Schedule 30	<u>2.54.75</u> %

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	4.75 %
Schedule 4	4.75 %
Schedule 5	4.75 %
Schedule 7	4.75 %
Schedule 9	4.75 %
Schedule 15	4.75 %
Schedule 19	4.75 %
Schedule 24	4.75 %
Schedule 39	4.75 %
Schedule 40	4.75 %
Schedule 41	4.75 %
Schedule 42	4.75 %
Schedule 26	4.75 %
Schedule 29	4.75 %
Schedule 30	4.75 %