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IDAHO PUBLIC UTILITIES COMMISSION

LISA D. NORDSTROM
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May 3, 2010

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-10-04
NEEA Funding

Dear Ms. Jewell:

Enclosed for filing are an original and seven (7) copies of the Joint Reply Comments of Idaho Power Company and NEAA in the above matter.

Very truly yours,

Lisa D. Nordstrom

LDN:csb
Enclosures

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IDAHO PUBLIC UTILITIES COMMISSION

Attorneys for Idaho Power Company

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE JOINT)
APPLICATION OF IDAHO POWER) CASE NO. IPC-E-10-04
COMPANY FOR AUTHORITY TO FUND)
ITS CONTINUED PARTICIPATION IN THE) JOINT REPLY COMMENTS OF
NORTHWEST ENERGY EFFICENCY) IDAHO POWER COMPANY AND
ALLIANCE FOR THE PERIOD 2010-2014.) NEEA
_____)

Idaho Power Company ("Idaho Power" or "Company") hereby replies to the Comments filed by the Staff of the Idaho Public Utilities Commission ("Staff"), the Idaho Conservation League ("ICL"), Snake River Alliance ("SRA"), and the Industrial Customers of Idaho Power ("ICIP").

I. COMMISSION APPROVAL REQUESTED

As set out in the first line of the Application filed in this case, Idaho Power has requested the Commission approve two actions: (1) its continued participation in the Northwest Energy Efficiency Alliance ("NEEA") for the period 2010-1014 and (2) that the Company fund its participation from the Energy Efficiency Rider ("Rider"). This is

consistent with past Idaho Power applications that sought Commission approval of the concepts underlying proposed large DSM programs (e.g., the Irrigation Peak Rewards Program and the Commercial Flex Peak Program).

Idaho Power is committed to pursuing all cost-effective energy efficiency, and NEEA qualifies as such. However, Idaho Power is also sensitive to the idea that the Commission may presently prefer the Company fund other DSM activities in lieu of NEEA. Should the Commission approve its proposed NEEA participation, Idaho Power anticipates that the Commission's examination of its management of Rider funds will occur when the Company files its annual DSM report and seeks a prudence review of the associated expenditures.

Idaho Power recognizes that the Commission has the authority to determine the amount of energy efficiency funded by electric utilities and the manner in which it is recovered in customer rates. In fact, the Commission is currently considering in Case No. PAC-E-10-03 whether or not to increase Rocky Mountain Power's Customer Efficiency Services rate from 3.72 to 5.85 percent of retail revenues. As of March 31, 2010, Idaho Power's Energy Efficiency Rider account has a contra balance of \$7,121,637. Although there are many variables that could affect the forecast of 2010 year-end balance, it is presently forecasted at approximately \$17 million. If the Commission authorizes the Company to pay for NEEA participation with Rider funds, the Rider account will have a deficit contra balance of approximately \$20 million by December 31, 2010.

DSM activities play an important role in Idaho Power's portfolio of integrated resources, and funding of those activities is constantly examined by the Company. The

Company does not believe that the pool of DSM funds is limited only to the Rider. Because demand-side management is a cost-effective resource that can replace supply-side generation, DSM expenditures could be appropriately recovered in various ways and need not be limited to a Rider percentage if the Commission wishes to fund them on a larger scale.

II. BENEFITS OF NEEA PARTICIPATION

The Company will not repeat benefits of NEEA participation in these Reply Comments as they are detailed in the Application and its attachments. Market transformation is the area in which NEEA truly excels. Idaho Power does not have the necessary regional marketing influence to impact significant change for its customers. However, it can be difficult to tie the benefits of market transformation back to Idaho Power customers in a quantifiable manner.

As noted in the SRA's Comments, Idaho Power has questioned both the content and value of NEEA activities in recent years. The Company has been cautious and thoughtful in its evaluation of whether the benefits described in the Application justify the cost associated with participation in NEEA. Idaho Power engaged in extensive negotiations with NEEA to allow for active management by the Company and an opportunity to stop funding the Alliance if Idaho Power determines that would best serve its customers. Based on NEEA's past performance and the value its proposed services offer to Idaho Power customers and the region, Idaho Power is now comfortable with the terms of NEEA participation as embodied in the Agreement, and believes NEEA will fulfill the terms as promised.

III. THIRD-PARTY EVALUATION

Comments by the ICL, SRA, and ICIP discussed the need for independent monitoring and evaluations to ensure that customers receive value for their energy efficiency dollars. To be clear, NEEA programs are evaluated by independent third parties on a regular schedule. These program evaluations are publicly available on NEEA's website (<http://www.nwalliance.org/research/evaluationreports.aspx>). In addition, those that pertain to Idaho Power in 2008 and 2009 were filed by the Company in *Supplement 2: Evaluations of its Demand-Side Management 2009 Annual Report* in Case No. IPC-E-10-09.

Verification of certain direct benefits to Idaho Power customers is more difficult to assess. NEEA is currently working with its funders to explore and analyze more granular methods of assigning energy savings to geographic areas. NEEA may be able to assign some saving to the zip code level, other savings to cities or counties, but, ultimately, some savings may have to be allocated to the funder's geographic areas, as has been done in previous funding cycles.

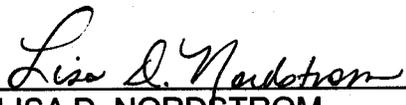
Idaho Power would also note that it does not agree with ICIP's characterization of energy efficiency program results in its Comments. ICIP refers to how these programs will not reduce demand on Idaho Power's electrical system, yet the programs cited are designed to focus on energy efficiency with less emphasis on demand reduction. Idaho Power primarily achieves demand savings through its demand response programs. Two of the programs cited, Custom Efficiency and Energy Star® Homes, are determined to be cost-effective from a utility cost perspective based on the value of the electric savings. The third program cited, Consumer Electronics Initiative, is a market

transformation program aimed at changing the price and availability of more energy efficient products from less efficient models currently available. This is the type of program that would be difficult for Idaho Power to offer in the absence of NEEA.

IV. CONCLUSION

Idaho Power believes its participation in NEEA will provide customers with cost-effective energy efficiency benefits and market transformation services that Idaho Power cannot presently provide on its own. NEEA programs are thoroughly reviewed by independent third-party evaluators, the results of which have and will be made available to the Commission and the public. However, the Company acknowledges that not all benefits can be quantified as benefitting Idaho Power customers directly. If the Commission is not comfortable with this and wishes the Company to fund other cost-effective DSM activities in lieu of NEEA, Idaho Power will do as the Commission directs.

DATED at Boise, Idaho, this 3rd day of May 2010.



LISA D. NORDSTROM
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 3rd day of May 2010 I served a true and correct copy of the foregoing JOINT REPLY COMMENTS OF IDAHO POWER COMPANY AND NEEA upon the following named parties by the method indicated below, and addressed to the following:

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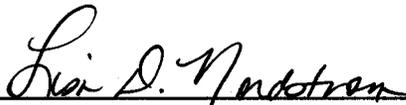
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