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IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPROPRIATE)	
DISPOSITION OF PROCEEDS FROM THE)	CASE NO. IPC-E-10-20
SALE OF IDAHO POWER COMPANY'S SO₂)	
EMISSION ALLOWANCES IN CALENDAR)	COMMENTS OF THE
YEAR 2010)	COMMISSION STAFF
)	

COMES NOW the Staff of the Idaho Public Utilities Commission by and through its counsel of record, Donald L. Howell, II, and provides the following comments in response to the Commission's Notice of Modified Procedure in the above referenced proceeding.

Over the course of three reports, Idaho Power declared that it sold 20,000 surplus sulfur dioxide (SO₂) emission allowances in Calendar Year 2010. In total, the Company received net proceeds of \$543,000 (after deducting fees of \$5,000). Third Report at 2. The Company proposed to "share" the SO₂ proceeds 95% to customers and 5% to shareholders consistent with prior Commission Orders. The Company also proposed to use Idaho's current jurisdictional percentage and to use the accounting treatments approved in Commission Order No. 29852.

STAFF COMMENTS

Staff has audited the three SO₂ reports submitted by Idaho Power and has verified that Idaho Power has received net proceeds of \$543,000. Consistent with the Commission's last SO₂ Order No. 30790 issued May 1, 2009, Staff recommends that the Commission allocate all of the SO₂ proceeds to offset the Power Cost Adjustment (PCA) balance. Staff believes that

applying the SO2 proceeds in the PCA mechanism appropriately benefits all Idaho Power customers.

The net proceeds are jurisdictionally allocated to Idaho at 94.8% for January through May 2010, and at 95% beginning June 2010. Accumulated interest is also added to the Idaho SO2 net proceeds. The total Idaho jurisdictional amount after the addition of interest is \$490,498.43. It is this amount that Staff recommends be used to offset or reduce the PCA balance.

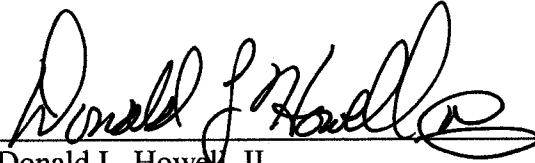
Staff also notes that after Idaho Power submitted its first SO2 report there were six public comments filed. These comments recommend that the Commission use a part of the SO2 proceeds to continue funding the energy education and efficiency programs in public schools. More specifically, the Idaho Energy Education Project (IEEP) recommends that 8% of the SO2 proceeds should be used to fund the Energy Efficiency and Education Program authorized by the Commission in Order No. 30760. IEEP also suggests that a portion of the SO2 proceeds be used to implement the energy efficiency upgrades identified by students conducting in-school energy audits.

After reviewing IEEP's comments, Staff asserts that using the proceeds for energy education programs or to implement measures identified by energy audits would not be appropriate at this time. In Order No. 30790, the Commission found that "it is not appropriate to set aside additional SO2 proceeds for energy education [programs] until the two-year pilot project has been evaluated." Order No. 30790 at 3. As the Commission noted in its Notice of Modified Procedure, the two-year pilot will not be completed until June 2011. Order No. 32129 at 3. As of October 31, 2010, almost \$375,000 of the \$500,000 funding allocated for the energy education program is still available for use. Additional funding is not justified at this time. Consequently, Staff believes that the most appropriate disposition of the CY 2010 SO2 proceeds would be to offset the PCA balance in the 2011 PCA case.

STAFF RECOMMENDATION

In summary, Staff recommends that the \$490,498.43 in SO2 proceeds and accumulated interest be used to reduce the PCA balance in the 2011 PCA case.

Respectfully submitted this 23^d day of December 2010.

A handwritten signature in black ink, appearing to read "Donald L. Howell, II", written over a horizontal line.

Donald L. Howell, II
Deputy Attorney General

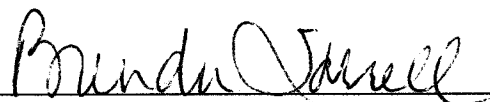
Technical Staff: Rick Sterling
Terri Carlock

bls:N:IPC-E-10-20_dh_Comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 23rd DAY OF DECEMBER 2010, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-10-20, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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SECRETARY