

residential customers' air conditioning units; (2) the Agricultural Irrigation Peak Rewards program, which switches off participating customer irrigation pumps during times when additional system peak resources are needed; and (3) the Flex Peak Management program, which reduces commercial and industrial loads when called upon during system peak times. Application, p. 6. The Company states the demand response incentive payments are expected to be nearly \$13.7 million in each 2011 and 2012. Application, p. 7. The Company proposes to include these costs in the PCA consistent with the current PCA methodology. The Company would forecast demand response incentive payments to be included in PCA rates effective June 1, 2011. In a future filing, the Company will request that a normal or base level of expenses for incentive payments be placed into base rates. Each year as part of the PCA case, the forecasted level of payment expenses would be compared to the normal level included in base rates to determine the level of demand response cost recovery to be included in the PCA forecast. Deviations between actual demand response incentive costs and forecasted costs would be included in the following year's PCA true-up.

YOU ARE FURTHER NOTIFIED that Idaho Power also proposes to change the method for recovering a separate portion of energy efficiency program incentive costs currently recovered through the Rider balancing account. Specifically, the Company proposes to capitalize the direct incentive payments associated with the Custom Efficiency program to enable the Company to earn a return on this portion of its demand-side resource activities. The Company proposes to start booking these incentive payments to a regulatory asset account beginning January 1, 2011. Application, p. 8. The balancing account would be included in the Company's revenue requirement in future rate cases with a four-year amortization period. The Custom Efficiency program began in 2003, and in 2008 and 2009, the program saved 41,059 and 51,836 MWh, respectively. The Company estimates Custom Efficiency incentive payments to be approximately \$5.2 million in 2011 and \$5.6 million in 2012. The investments made under the program are tangible assets like lighting upgrades and motor rewinds that are owned by customers rather than by Idaho Power. Application, p. 9.

YOU ARE FURTHER NOTIFIED that the Company states that if the Commission implements the two proposals, the 2010 Rider balance of negative \$17 million is projected to shrink to a negative \$3,356,306 in 2011, and start reducing the negative balance in the Rider account. Application, p. 10. The Company expects the Rider balance account to approach zero in the middle of 2012. *Id.*

YOU ARE FURTHER NOTIFIED that the Company also requests that the Commission authorize a carrying charge on the Energy Efficiency Rider. The Company expects it will take almost two years to eliminate the negative balance in the Rider account if the Company's proposals are implemented. The Company requests that the Commission authorize a carrying charge on the remaining balance the same as the Company's authorized rate of return (currently 8.18 overall rate of return with a 10.5 return on equity component) rather than the interest rate on customer deposits, which currently is 1%. Application, p. 9.

YOU ARE FURTHER NOTIFIED that the Application together with supporting testimonies and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and testimonies and exhibits are also available on the Commission's web site at www.puc.idaho.gov by clicking on "File Room" and then "Electric Cases."

DEADLINE FOR INTERVENTION

YOU ARE FURTHER NOTIFIED that persons desiring to intervene in this matter for the purpose of presenting evidence or cross-examining witnesses at hearing must file a Petition to Intervene with the Commission pursuant to the Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and .073. Persons intending to participate at hearing must file a Petition to Intervene no later than fourteen (14) days from the service date of this Order. Persons seeking intervenor status shall also provide the Commission Secretary with their electronic mail address to facilitate further communications in this matter.

YOU ARE FURTHER NOTIFIED that persons desiring to present their views without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or to other parties.

YOU ARE FURTHER NOTIFIED that once the deadline for intervention has passed, the Commission Secretary shall issue a Notice of Parties. The Notice of Parties shall assign exhibit numbers to each party in this proceeding.

YOU ARE FURTHER NOTIFIED that after the Notice of Parties is issued, the Commission anticipates that the parties will informally convene to devise a recommended schedule to process this case. In addition to the schedule, the parties may discuss discovery logistics, electronic service, and other scheduling matters.

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter pursuant to Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-124, 61-125, 61-307, 61-502, 61-503, and 61-507. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

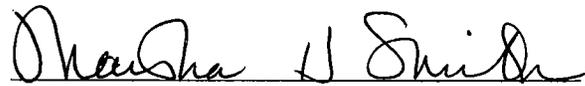
ORDER

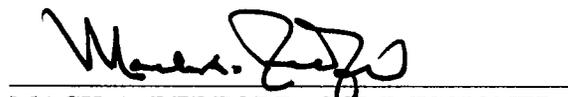
IT IS HEREBY ORDERED that persons desiring to intervene in this case for the purpose of presenting evidence or cross-examination at hearing shall file a Petition to Intervene with the Commission no later than fourteen (14) days from the service date of this Order.

IT IS FURTHER ORDERED that after the Notice of Parties is issued, the Staff shall informally convene a prehearing conference with the parties to discuss the processing of this case.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 23rd day of November 2010.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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NOTICE OF APPLICATION
NOTICE OF INTERVENTION DEADLINE
ORDER NO. 32121