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IDAHO PUBLIC
UTILITIES COMMISSION

JULIA A. HILTON
Corporate Counsel
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November 13, 2012

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. IPC-E-12-15
Idaho Power Company's Petition for Reconsideration

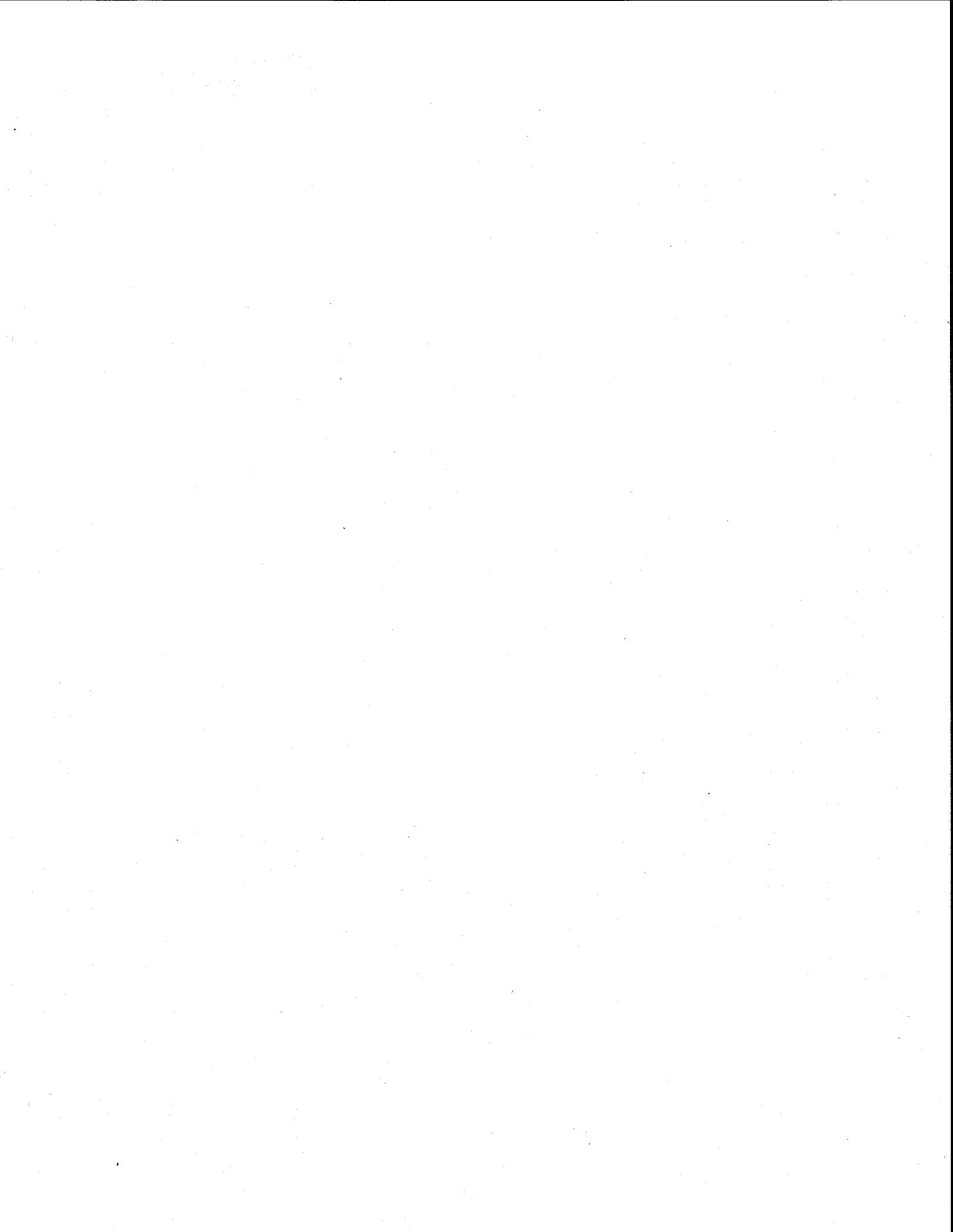
Dear Ms. Jewell:

Enclosed for filing in the above matter are an original and seven (7) copies of Idaho Power Company's Petition for Reconsideration.

Very truly yours,

Julia A. Hilton

JAH:csb
Enclosures



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 IDAHO PUBLIC
 UTILITIES COMMISSION

Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)	
APPLICATION OF IDAHO POWER)	CASE NO. IPC-E-12-15
COMPANY FOR A DETERMINATION)	
OF 2011 DEMAND-SIDE)	IDAHO POWER COMPANY'S
MANAGEMENT EXPENDITURES AS)	PETITION FOR RECONSIDERATION
PRUDENTLY INCURRED)	
_____)	

Idaho Power Company ("Idaho Power" or "Company"), pursuant to RP 331, *et seq.*, and *Idaho Code* § 61-626, respectfully submits the following Petition for Reconsideration of Order No. 32667, dated October 22, 2012 ("Order"). The Company petitions for reconsideration of (1) the final amount deemed prudent and (2) the Idaho Public Utilities Commission's ("Commission") directive to alter the standards used to assess the prudence of the 2011 Idaho Energy Efficiency Rider ("Idaho Rider") funded labor expense increase.

I. BACKGROUND

On March 15, 2012, Idaho Power filed an Application requesting that 2011 Company expenditures of \$35,623,321 in Idaho Rider funds and \$7,018,385 in a

regulatory asset account (Custom Efficiency incentives) for a total of \$42,641,706 were prudently incurred Demand-Side Management ("DSM") expenses. In Orders No. 32512 and 32569, the Commission issued a Notice of Application and Notice of Modified Procedure establishing the comment periods in the case. Commission Staff ("Staff"), the Industrial Customers of Idaho Power, and the Idaho Conservation League intervened and filed comments in the case.

In responding to Staff production requests, Idaho Power discovered that \$345 had been inadvertently charged to the Idaho Rider rather than the Oregon Energy Efficiency Rider ("Oregon Rider"). The Company explained the error to Staff in discovery requests and, in its Reply Comments, sought a determination that expenditures of \$35,622,976 in Idaho Rider funds and \$7,018,385 in Custom Efficiency incentives for a total requested determination of \$42,641,361 as prudently incurred.

On October 22, 2012, the Commission issued Order No. 32667 finding that the Company prudently incurred a total of \$41,942,123.50 in 2011 DSM expenses, which included \$34,923,738.50 in net Idaho Rider expenses and \$7,018,385 in Custom Efficiency Program incentive expenses. The difference in the amount requested (\$42,641,361) as prudently incurred and the amount approved (\$41,942,123.50) as prudently incurred is \$699,237.50. It appears that this \$699,237.50 consists of a \$526,781 accounting related adjustment, an \$83,601 labor expense increase adjustment, and an \$88,855.50 A/C Cool Credit Program adjustment. The Company seeks reconsideration of the accounting adjustment and the labor expense increase adjustment. Idaho Power does not seek reconsideration of the A/C Cool Credit Program adjustment.

II. ACCOUNTING ADJUSTMENT

Idaho Power believes that the Commission has included an accounting error adjustment that was already reflected in last year's DSM prudence request. Idaho Power believes that this is due to a misunderstanding of some accounting transactions done in 2010 and 2011.

In 2010, Idaho Power inadvertently charged \$526,781 to the Idaho Rider which should have been charged to the Oregon Rider. In order to correct the error and as part of the 2010 DSM prudence request, Idaho Power reduced the requested amount to be deemed prudent by \$526,781. However, the Idaho Rider accounting adjustment was not reflected on the Company's books until 2011. Because the Commission already reflected the adjustment in its determination of prudence of 2010 expenditures, it is not appropriate to also reflect the same adjustment a second time in 2011. Therefore, Idaho Power respectfully requests that the \$526,781 be included in the determination of the total amount of DSM expenses that were prudently incurred in 2011 so as not to remove an amount that was already removed last year.

III. LABOR EXPENSE INCREASE ADJUSTMENT

Idaho Power also seeks reconsideration of the Commission's decision to defer prudence determination on \$83,601 related to Staff's quantification of the 2011 Idaho Rider-funded labor expense increase. Based upon the Memorandum of Understanding between Staff and the Company as filed in Case No. IPC-E-09-09 as well as previous years' determination of prudent expenditures, the Company evaluated all Idaho Rider-funded expenditures by incorporating them into the three cost-effectiveness tests. The 2011 Idaho Rider-funded labor expenses were factored into those tests and have been

proven to be cost-effective. In its Comments, Staff took the position that the Company should not fund wage increases through the Idaho Rider until the increases can be vetted in a general rate proceeding. In response, the Commission's Order declined to decide the reasonableness of the increase in 2011 Idaho Rider-funded labor and directed the Company to work with Staff to determine types of information to provide Staff in order to "better assess the reasonableness of the Company's labor-related expense increase." Order No. 32667 at 9. Idaho Power takes issue with altering the standard for review of such labor expense increases and potentially applying that new standard in a retroactive manner.

Idaho Power believes that in this proceeding it is most appropriate for the Commission to determine whether the 2011 Idaho Rider-funded labor expense increase was prudently incurred based upon the same standard of review that occurred in previous years. The Company believes that this is not the appropriate proceeding to add new requirements and retroactively change the method of the evaluation of prudence for Idaho Rider-funded expenditures. While the Company will comply with the Commission's directive to work with Staff to determine appropriate standards of review for assessing the prudence of Idaho Rider-funded labor-related increases, the Company believes that any changes to the standard of review should be applied prospectively. The focus of this proceeding should be on the prudence determination of previously incurred expenditures using historically utilized standards.

The Company believes that the 2011 Idaho Rider-funded labor-related expenditures were prudently incurred based upon the methods and standards in place at the time they were incurred. The Company will work with Staff to alter the method of

evaluation for these Idaho Rider-funded labor-related expenses but asserts that the new method should only be applied going forward. The determination of whether Idaho Rider-funded expenditures were prudently incurred in this case should be based upon the current requirements in place at the time.

IV. CONCLUSION

Accordingly, Idaho Power respectfully requests that the Commission issue an order approving the \$526,781 accounting adjustment and the \$83,601 labor expense increase adjustment as prudently incurred. This would lead to a total determination of \$42,552,505.50 (\$35,534,120.50 of which are Idaho Rider funds and \$7,018,385 are Custom Efficiency incentives) 2011 DSM expenditures as prudently incurred.

DATED at Boise, Idaho, this 13th day of November 2012.



JULIA A. HILTON
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 13th day of November 2012 I served a true and correct copy of IDAHO POWER COMPANY'S PETITION FOR RECONSIDERATION upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

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