

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION** )  
**OF IDAHO POWER COMPANY FOR** ) **CASE NO. IPC-E-12-24**  
**AUTHORITY TO IMPLEMENT RATES TO** )  
**INCLUDE CAPITALIZED CUSTOM** ) **NOTICE OF APPLICATION**  
**EFFICIENCY INCENTIVE PAYMENTS** )  
) **NOTICE OF**  
) **MODIFIED PROCEDURE**  
) **ORDER NO. 32682**

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YOU ARE HEREBY NOTIFIED that on October 31, 2012, Idaho Power Company filed an Application requesting Commission authorization to place in rates a portion of a regulatory asset account created for capitalized custom efficiency incentive payments. Idaho Power's custom efficiency program provides financial incentives to commercial and industrial customers to implement energy efficiency measures, including motor rewinds, variable frequency drives, energy efficient refrigeration, and others. In an earlier case, Idaho Power proposed to capitalize direct incentive payments associated with its custom efficiency program. Case No. IPC-E-10-27. The Commission did not approve the Company's request to allow capitalization of incentive payments, but did authorize the Company to account for custom efficiency incentive payments as a regulatory asset beginning January 1, 2011. Order No. 32245, p. 6.

YOU ARE FURTHER NOTIFIED that in Order No. 32667 recently issued in Case No. IPC-E-12-15, the Commission stated that the interest rate to be applied to the incentive payment balance, which ultimately would be included in rates, should be thoroughly reviewed and determined in a rate case. Order No. 32667, p. 11. The Company in that case argued that its current rate of return should apply. *Id.* The Commission deferred a decision on the interest rate to be applied to the regulatory asset account until the Company seeks to recover the deferral balance in a general rate proceeding. *Id.* Idaho Power now proposes that the Commission allow recovery of custom efficiency incentive payments outside of a general rate case proceeding.

YOU ARE FURTHER NOTIFIED that the Company proposes in this case to place in its base rates the custom efficiency regulatory asset associated with incentive payments made in

2011 plus accumulated carrying charges. Incentive payments made in 2011 totaled \$7,018,385, and the Company calculated a carrying charge using its authorized rate of return. Accordingly, Idaho Power proposes to recover a balance as of May 31, 2013 of \$8,126,504. As it did in Case No. IPC-E-12-15, the Company proposes to apply its current authorized rate of return to the unamortized balance of the regulatory asset and to recover the investment through a four-year amortization schedule. This results in an annual revenue requirement of \$2,949,340. The Company proposes to collect this additional revenue requirement through a uniform cents-per-kilowatt-hour charge, identified in a new tariff Schedule No. 56. Idaho Power also proposes to update Schedule 56 on an annual basis with an effective date of June 1 each year.

YOU ARE FURTHER NOTIFIED that in this case, Idaho Power requests that the Commission:

- (1) Recognize that custom efficiency incentive payments made in 2011 are used and useful and were found to be prudently incurred expenses,
- (2) Consider allowing recovery of custom efficiency payments outside of a general rate case proceeding,
- (3) Specify a carrying charge for the custom efficiency regulatory asset prior to including it in rates,
- (4) Specify a four-year amortization period for the custom efficiency regulatory asset,
- (5) Once the custom efficiency incentive payments are included in rates, allow the unamortized portion of regulatory assets to earn the Company's full rate of return in the same manner as other supply-side resources,
- (6) Approve the Company's proposed approach to recovering custom efficiency payments through annual filings each spring,
- (7) Authorize the Company to implement Schedule 56 with an effective date of December 1, 2012.

#### **NOTICE OF SUSPENSION**

YOU ARE HEREBY NOTIFIED that the Commission has authority under *Idaho Code* § 61-622 to suspend the rates that are subject of the Application for a period of thirty (30) days plus five (5) months from the proposed effective date of March 1, 2012.

YOU ARE FURTHER NOTIFIED that it is necessary to suspend the rate in this Application for a period of thirty (30) days plus five (5) months from the effective date of December 12, 2012, to allow the Commission to hear the evidence to be presented in this matter and to consider and determine the issues presented in this Application.

**NOTICE OF MODIFIED PROCEDURE**

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201-204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or in opposition with the Commission within 60 days from the service date of this Notice. The comment must contain a statement of reasons supporting the comment.

YOU ARE FURTHER NOTIFIED that the Company may file reply comments (if necessary) 21 days from the initial comment period.

YOU ARE FURTHER NOTIFIED that persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application may be mailed to the Commission and Idaho Power at the addresses reflected below:

Commission Secretary  
Idaho Public Utilities Commission  
PO Box 83720  
Boise, Idaho 83720-0074

Street Address for Express Mail:

472 W. Washington Street  
Boise, ID 83702-5918

Lisa D. Nordstrom  
Regulatory Dockets  
Idaho Power Company  
PO Box 70  
Boise, ID 83707-0070  
E-Mail: [lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)  
[dockets@idahopower.com](mailto:dockets@idahopower.com)

Matt Larkin  
Greg Said  
Idaho Power Company  
P.O. Box 70  
Boise, Idaho 83707  
E-mail: [mlarkin@idahopower.com](mailto:mlarkin@idahopower.com)  
[gsaid@idahopower.com](mailto:gsaid@idahopower.com)

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to Idaho Power at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices or on the Commission's web site at [www.puc.idaho.gov](http://www.puc.idaho.gov) by clicking on "File Room" and then "Electric Cases."

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that 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 this case be processed under Modified Procedure. Interested persons and the parties may file written comments within 60 days of the service date of this Order. The Company may file reply comments within 21 days of the initial comment period.

IT IS THEREFORE ORDERED that the proposed schedule of rates and charges for service in Case No. IPC-E-12-24 should be, and hereby is, suspended for a period of thirty (30) days plus five (5) months from December 12, 2012, or until such time as the Commission may issue an Order accepting or rejecting or modifying the Application in this matter.

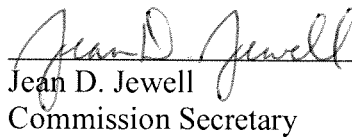
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 20<sup>th</sup>  
day of November 2012.

  
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PAUL K. ELLANDER, PRESIDENT

  
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MACK A. REDFORD, COMMISSIONER

  
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MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary

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