

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF IDAHO POWER COMPANY FOR AN)	CASE NO. IPC-E-13-11
ACCOUNTING ORDER AUTHORIZING)	
COLLECTION OF CAPITALIZED CUSTOM)	
EFFICIENCY INCENTIVE PAYMENTS)	ORDER NO. 32826
)	

On April 15, 2013, Idaho Power Company filed an Application requesting an accounting order authorizing the Company to recover through its Energy Efficiency Rider (Rider) the regulatory asset associated with Custom Efficiency incentive payments. Specifically, the Company seeks recovery of incentive payments made between January 1, 2011 and June 1, 2013, plus accrued carrying charges. In addition, Idaho Power requested authority to collect Custom Efficiency incentive payments made after June 1, 2013, through the Rider.

The Custom Efficiency Program provides financial incentives to commercial and industrial customers to implement energy efficient audits, projects and upgrades, and also provides technical training and education. On May 17, 2011, the Commission issued Order No. 32245 authorizing the Company to record Custom Efficiency incentive payments made after January 1, 2011, in a regulatory asset account with an amortization period to be determined later by the Commission. In Case No. IPC-E-12-15, the Commission subsequently determined that \$7,018,385 of 2011 Custom Efficiency incentive payments recorded in the regulatory asset account were prudently incurred, but declined to specify an interest rate for the account until the Company filed for recovery in a general rate proceeding. In a separate case, the Company sought recovery of the incentive payments in the regulatory asset account outside of a general rate case, but the Commission denied the Company's request in Case No. IPC-E-12-24. *See* Order No. 32766. The Company now requests modification to the regulatory accounting treatment for the Custom Efficiency incentive payments, effectively returning collection of these expenditures to the Rider.

On May 1, 2013, the Commission issued a Notice of Application and Notice of Modified Procedure establishing a comment period on the Company's Application. Written comments were filed by Staff and the Idaho Conservation League (ICL).

Staff supports the Company's requested accounting treatment for the incentive payments made through the Custom Efficiency Program, restoring recovery of these payments to the Rider account in place of the unrecovered regulatory asset account. Idaho Power projected a regulatory asset balance of \$14,706,829 to transfer to the Rider account effective June 1, 2013, which includes payments made between January 1, 2011 and June 1, 2013, with an accrued carrying charge equal to 1%, the current customer deposit rate. For incentive payments made after June 1, 2013, the Company proposes to fund these amounts from the Rider in the same manner as other Rider-funded energy efficiency expenditures "until such time that the issue of capitalized investment in DSR [demand-side resources] can be fully addressed in a future general rate case." Staff Comments p. 2. Staff noted that this approach creates noticeable shifts in the Rider balance during the next 18 months. The Rider account currently is a regulatory liability with a projected balance of \$8,481,610 by June 1, 2013.¹ With the proposed accounting treatment, the Rider would reflect a regulatory asset balance of \$6,353,057 by the end of June 2013. The Company forecasts the Rider will return to a regulatory liability of \$1,141,102 by August 2014, growing to \$13,708,946 by the end of December 2015.

ICL also supports the Company's Application. ICL noted that returning recovery of the Custom Efficiency payments to the Rider will result in an underfunding of the Rider until August 2014. Accordingly, "ICL urges the Commission to increase the energy efficiency rider concurrently with approving this application to a level sufficient to bring the account to balance within one year."

Based on the record presented, the Commission has determined to approve Idaho Power's Application to recover Custom Efficiency Program incentive payments through the Energy Efficiency Rider. The Company's proposal was filed after unsuccessful attempts to recover the amount accumulated in the regulatory asset account outside a general rate proceeding. Allowing recovery through the Rider will enable the Company to recover the incentive payments more quickly, without affecting the Commission's ability to scrutinize the prudence of those payments. The Company's request is consistent with a statement in Order No. 32766 that "the Company may propose to recover program expenditures through its Energy Efficiency Rider, and thus obtain speedy recovery of these expenditures." Order No. 32766 p. 9.

¹ For the Rider, regulatory *liability* means the Company has collected funds in excess of its DSM expenses; a regulatory *asset* means the Company has provided money to fund DSM programs above the funds collected from customers.

The Company did not request modification to the Rider funding level, and we note that with the approved accounting treatment, the Rider changes from a regulatory liability to a regulatory asset for about one year before it likely returns to a regulatory liability. Fluctuations in the Rider account are not unusual, and the relatively short time the Rider revenues will be inadequate to recover ongoing program expenses will not detrimentally affect Rider-funded programs.

The Commission finds it fair, just and reasonable to allow Idaho Power to recover Custom Efficiency incentive payments in the Energy Efficiency Rider. Approval of the proposed accounting treatment, however, does not imply a prudency determination of the 2012 custom efficiency incentive expenditures. As with all demand-side management (DSM) programs, the Commission will review the Company's 2012 DSM expenses during the annual DSM prudency determination. See Case No. IPC-E-13-08.

ORDER

IT IS HEREBY ORDERED that Idaho Power's Application for authority to recover custom efficiency incentive payments through the Energy Efficiency Rider is approved. Specifically, the Company is authorized to transfer to the Rider account the regulatory account balance of \$14,706,829, representing incentive payments made between January 1, 2011 and June 1, 2013, plus a carrying charge of 1%.

IT IS FURTHER ORDERED that Idaho Power is authorized to place incentive payments made after June 1, 2013, in the Energy Efficiency Rider.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

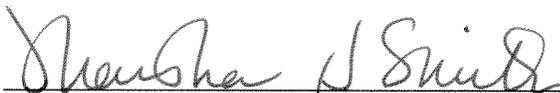
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 12th
day of June 2013.



PAUL KJELLANDER, PRESIDENT



MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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