

## DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER  
COMMISSIONER REDFORD  
COMMISSIONER SMITH  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL**

**FROM: WELDON STUTZMAN  
DEPUTY ATTORNEY GENERAL**

**DATE: APRIL 23, 2013**

**SUBJECT: IDAHO POWER'S APPLICATION FOR AN ACCOUNTING ORDER  
AUTHORIZING COLLECTION OF CAPITALIZED CUSTOM  
EFFICIENCY INCENTIVE PAYMENTS, CASE NO. IPC-E-13-11**

On April 15, 2013, Idaho Power Company filed an Application requesting an accounting order authorizing the Company to recover through its Energy Efficiency Rider the regulatory asset associated with custom efficiency incentive payments. Idaho Power seeks recovery of incentive payments made between January 1, 2011 through June 1, 2013, plus accrued carrying charges, and also requests authorization to collect future incentive payments made after June 1, 2013.

The Custom Efficiency Program provides financial incentives to commercial and industrial customers to implement energy efficiency measures at their sites, including lighting retrofits, efficient industrial controls, and energy efficiency upgrades. On May 17, 2011, the Commission issued an Order authorizing the Company to record custom efficiency incentive payments made since January 1, 2011, in a regulatory asset account, with an amortization period to be determined later by the Commission. See Order No. 32245. Later, in Case No. IPC-E-12-15, the Commission determined that \$7,018,385 of custom efficiency incentive payments recorded in the regulatory asset account were prudently incurred. In yet another case, the Company sought recovery of the incentive payments in the regulatory asset account outside of a general rate case, and the Commission denied the Company's request in Case No. IPC-E-12-24. Order No. 32766. The Company in this case is requesting an accounting order authorizing modification to the regulatory accounting treatment associated with custom efficiency incentive

payments, effectively returning collection of these expenditures to the Energy Efficiency Rider. 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.

The Company's Application requests transfer of the balance of the custom efficiency regulatory asset account to the Rider account as of June 1, 2013, plus accrued carrying charges equal to the currently approved customer deposit rate of 1%. For custom efficiency incentive payments made after June 1, 2013, the Company is requesting to record these amounts to the Rider account in the same manner as other Rider-funded energy efficiency expenditures "until such time that the issue of capitalized investment in DSR [demand-side resource] can be fully addressed in a future general rate case." Application, p. 5. The Company projects a balance of \$14,706,829 in the custom efficiency regulatory asset account to be transferred to the Rider account under the Company's requested accounting treatment. Idaho Power currently projects a liability account balance of \$8,481,610 in the Rider account as of June 1, 2013, but the Rider account would reflect an asset balance of \$6,353,057 at the end of June 2013 if the Commission approves the Company's Application. Although the Rider account would temporarily shift to a regulatory asset balance, the Company projects the account balance would return to a regulatory liability by summer 2014. Application, p. 7. Accordingly, the Company believes the current level of Rider funding is sufficient to provide timely recovery of the custom efficiency incentive payments and also fund the Company's energy efficiency programs.

The Company requests that its Application be processed by Modified Procedure. Staff recommends the Commission issue a Notice of Application and Notice of Modified Procedure providing for a 21-day comment period, to process the Company's Application.

#### **COMMISSION DECISION**

Should the Commission issue a Notice of Application and Notice of Modified Procedure, providing for a 21-day comment period, to process the Company's Application?



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Weldon B. Stutzman  
Deputy Attorney General