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Attorney for the Commission Staff

**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. ) COMMENTS OF THE  
 ) COMMISSION STAFF  
 )  
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**COMES NOW** the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Weldon B. Stutzman, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 32799 on May 1, 2013, submits the following comments.

**BACKGROUND**

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. 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 through the Rider made after June 1, 2013.

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 since January 1, 2011 in a regulatory asset account with an amortization period to be determined later by the Commission. Later, in Case No. IPC-E-12-15, the Commission determined that \$7,018,385 of 2011 Custom Efficiency incentive payments recorded in the regulatory asset account were prudently incurred, but declined to specify a interest rate until the Company filed for recovery in a general rate proceeding. In yet another 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 is requesting an accounting order authorizing modification to the regulatory accounting treatment for the Custom Efficiency incentive payments, effectively returning collection of these expenditures to the 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." P. 9.

## **STAFF REVIEW**

Staff supports the Company's requested accounting treatment of the Custom Efficiency program. The proposal retroactively and prospectively restores recovery of incentive payments to the Rider account in lieu of the unrecovered regulatory asset account.

In Case No. IPC-E-10-27, the Commission authorized the regulatory asset account, but required the Company to delay recovery until the amortization period could be determined in a general rate proceeding. Idaho Power now requests a return to Rider account treatment to provide expedited recovery of the expenses. The Company proposes to transfer a projected regulatory asset balance of \$14,706,829 to the Rider account effective June 1, 2013. This amount 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 Custom Efficiency incentive payments made after June 1, 2013, the Company requests 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." Application, p. 5.

## RAMIFICATIONS TO THE RIDER BALANCE

Currently, the Rider is a regulatory liability with a projected balance of \$8,481,610 by June 1, 2013. (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.) With the proposed accounting treatment, the Rider would reflect a regulatory asset balance of \$6,353,057 by the end of June 2013. However, 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. The forecast includes expenses currently funded through the Rider.

The Company does not request modification to the Rider funding level. Staff believes this position is reasonable. The Rider balance understandably fluctuates over time. With the proposed accounting treatment, the Rider vacillates from a (current) regulatory liability to a regulatory asset for about one year before it likely returns to a regulatory liability.

Staff support of the proposed accounting treatment does not imply a prudency determination of the 2012 Custom Efficiency incentive expenditures. As with all demand-side management (DSM) programs, Staff will review the Company's 2012 DSM expenses during the annual DSM prudency determination<sup>1</sup>.

## STAFF RECOMMENDATION

Staff recommends the Commission approve the Company's accounting request and authorize transfer of the Custom Efficiency regulatory asset account to the Rider account with a 1% accrued carrying charge. Staff also recommends the collection of future incentive payments be returned to the Rider effective June 1, 2013.

Respectfully submitted this *22nd* day of May 2013.

  
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Weldon B. Stutzman  
Deputy Attorney General

Technical Staff: Nikki Karpavich

[Umisc/comments/ipce13.11wsnk](http://Umisc/comments/ipce13.11wsnk) comments

<sup>1</sup> Case No. IPC-E-13-08.

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 22<sup>ND</sup> DAY OF MAY 2013, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-13-11, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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