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Attorney for Intervenor Community Action Partnership Association of Idaho RECEIVED 2011 OCT -7 PM 4: 17 UTILITIES COMMISSION

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### **BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR ELECTRIC SERVICE TO ITS CUSTOMERS IN THE STATE OF

CASE NO. IPC-E-11-08

# AFFIDAVIT OF BRAD M. PURDY

STATE OF IDAHO ) ) ss. County of Ada )

Brad M. Purdy, being first duly sworn upon oath, deposes and says as follows:

1. I am the attorney of record for the Community Action Partnership Association of Idaho (CAPAI) in this proceeding and, as such, have sufficient knowledge to attest to the statements made herein.

2. On September 13, 2011 I caused to be served on the Idaho Power Company CAPAI's First Discovery Requests directed to Idaho Power in this proceeding and served on the Company via email.

3. On October 4, 2011, I received Idaho Power's Response to CAPAI's First Discovery Requests via electronic transmission, a true and correct copy of which is attached hereto as Exhibit "A."

FURTHER your affiant sayeth not.

DATED this  $\underline{7}$  day of October 7, 2011.

Brad M. Purdy

SUBSCRIBED AND SWORN TO before me this 7<sup>th</sup> day of October, 2011.



lic for Idaho Notary Pu

Notary Public for Idado Residing at Boise Ada County My Commission expires <u>OCT 12, 13</u>

## CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that on the 7th day of September, 2011 I served a copy of the foregoing document on the following by electronic mail.

3

Lisa D. Nordstrom Donovan E. Walker Jason B. Williams Idaho Power Company 1221 W. Idaho St. Boise, ID 83702 <u>Inordstrom@idahopower.com</u> <u>dwalker@idahopower.com</u> jwilliams@idahopower.com

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AFFIDAVIT OF BRAD M. PURDY

4

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M. C. Brad M. Purdy

EXHIBIT X 601

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Attorneys for Idaho Power Company

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DAHC FUEL C. UTILITIES CONTAINSION

# BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR ELECTRIC SERVICE IN IDAHO.

CASE NO. IPC-E-11-08

IDAHO POWER COMPANY'S RESPONSE TO COMMUNITY ACTION PARTNERSHIP ASSOCIATION OF IDAHO'S FIRST DISCOVERY REQUESTS TO IDAHO POWER

COMES NOW, Idaho Power Company ("Idaho Power" or "Company"), and in response to the Community Action Partnership Association of Idaho's First Discovery Requests to Idaho Power dated September 13, 2011, herewith submits the following information:

<u>**REQUEST NO. 1</u>**: Please provide a history of WAQC, or its predecessor program(s) from the time of original inception to the present. In responding to this Request, please provide the following details:</u>

a. The year when the program was first implemented;

b. The rationale for implementation of the program;

c. The objectives of the program including targets for energy savings and assistance to the Company's low-income customers,

d. Annual funding levels for each year since inception, and;

e. All program design changes implemented.

## **RESPONSE TO REQUEST NO. 1:**

a. A low income weatherization program, the predecessor to Weatherization Assistance for Qualified Customers ("WAQC"), was approved in 1989 under the Idaho Public Utilities Commission ("Commission") Order No. IPC-E-89-6.

b. Please see the copy of the IPC-E-89-6 Application included in Idaho Power's 1989 Conservation Plan filed with the Commission in April 1989 provided on the enclosed non-confidential CD. In this Application, Idaho Power requested approval to participate in the State of Idaho Low Income Weatherization Assistance Program for a period of five years.

c. Please see the Company's response to the Community Action Partnership of Idaho's ("CAPAI") Request No. 1.b above.

d. Since 2004, in compliance with Commission Order No. 29505, Idaho Power has funded the WAQC program at \$1.2 million dollars per year. Also, in compliance with this Commission Order, if a specific Community Action Partnership ("CAP") agency does not spend its allotted annual funding, it can carry those funds over into the following year. In addition to the \$1.2 million dollars per year, Idaho Power funds administrative overheads. The Excel file provided on the non-confidential CD includes all of Idaho Power's Low Income Weatherization Assistance and Weatherization Assistance for Qualified Customers program <u>expenses</u> from 1989 to 2010. Idaho Power could only query its current accounting system to 2000. Expenses earlier than 2000 were obtained from the Company's Conservation Plans. These system-wide expenses were funded from Idaho base rates, Oregon base rates, and Bonneville Power Administration funds. No energy efficiency rider funds are included.

e. Program design changes are included in Idaho Power's annual Conservation Plans from 1989 to 2003, Idaho Power's Demand-Side Management Annual Reports from 2004 to 2010, and the Company's WAQC reports from 2004 to 2010. Provided on the non-confidential CD are the relevant pages for each of the Low Income Weatherization Assistance Program Conservation Plans for 1989-2003, copies of the WAQC Annual Reports from 2004 to 2010, and copies of Idaho Power's Demand-Side Management Annual Reports from 2004 through 2010.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 2**: Please state the percentage by which energy rates have increased for the Company's Residential class since the year when the WAQC program was first implemented.

**RESPONSE TO REQUEST NO. 2**: The average Residential class base rate effective in 1989 was 4.07016 cents/kilowatt-hour ("kWh"). Using an average monthly usage of 1,050 kWh per month, the average Residential class base rate currently is 7.3555 cents/kWh. The increase in Residential class base rates for Schedule 1 from 1989 to 2011 is 81 percent.

The response to this Request was prepared by Darlene Nemnich, Senior Regulatory Affairs Analyst, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 3:** Please state the amount of current WAQC funding, for the test year, as a percentage of the following:

a. Total Residential class gross revenues;

b. Total Company gross revenues;

c. Total funding for all DSM programs.

### **RESPONSE TO REQUEST NO. 3**:

a. WAQC program expenditures included in the test year are the same as actuals for 2010, \$1,321,132. Total system Residential class retail revenues for the test year are \$394,327,399, which results in WAQC funding being 0.34 percent of system Residential class retail revenues.

b. WAQC program expenditures included in the test year are the same as actuals for 2010, \$1,321,132. Total system Company retail revenues for the test year are \$850,501,733, which results in WAQC funding being 0.16 percent of system Company retail revenues.

c. WAQC program expenditures included in the test year are the same as actuals from 2010, \$1,321,132. Total expenses from all funding sources for demand-side management ("DSM") activities in 2010 were \$45,832,851, which results in WAQC being 2.88 percent of overall DSM expenses.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, and Darlene Nemnich, Senior Pricing Analyst, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company. **REQUEST NO. 4**: Please restate the same information sought by subsections "a" and "b" in the preceding Request if current WAQC funding were increased by \$1.5 million to a total of \$2.7 million.

**<u>RESPONSE TO REQUEST NO. 4</u>**: The inputs required to perform the requested calculation are provided in the Company's response to CAPAI's Request No. 3 above.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 5**: Based on the number of Residential customers used for the test year and the Company's current funding level of its WAQC program, please state the WAQC per capita funding level for Idaho Power.

**RESPONSE TO REQUEST NO. 5**: The total average system Residential class customer count from the test year is 410,981. Using the 2010 actual WAQC program expenditures included in the 2011 Test Year of \$1,321,132, the average per capita expenditure for WAQC is \$3.21.

The response to this Request was prepared by Darlene Nemnich, Senior Pricing Analyst, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 6**: Has the Company made any determination as to whether the backlog of customers eligible for WAQC who are on the waiting list has increased or been reduced since 2003 and, if such a determination has been made, please describe what it is.

**RESPONSE TO REQUEST NO. 6**: Idaho Power has not made any determination as to whether the backlog of customers eligible for WAQC who are on the waiting list has increased or been reduced since 2003. There are many factors in determining the actual waiting list for weatherization. A clarification of specific heat source and energy supplier, specific geographic area, and specific dates would be necessary to determine any change in the number of applicants and/or which are actually Idaho Power customers.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 7:** Please explain the Company's rationale for not increasing WAQC funding since 2003.

**RESPONSE TO REQUEST NO. 7**: Idaho Power is currently providing funding to the WAQC program in compliance with Commission Order Nos. 22178, 29505, and 30350. The Company has not received any orders from the Commission since June 25, 2007, to alter its funding for WAQC. In Order No. 30350, the Commission approved continuation of the \$1.2 million funding for the WAQC program.

While the level of funding that Idaho Power's customers provide to the WAQC program is not solely under the Company's control, Idaho Power has enhanced its programs and services to special needs customers. The WAQC program specialist works directly with weatherization managers on WAQC guidelines. While the mandated amount of direct payments to CAP agencies may not have increased in recent years, program guidelines have changed in order to allow managers to spend current funding more efficiently. For example, each year, the Idaho Power program specialist works with the CAP agency weatherization managers to develop an annual average cost per home adjustment. The Company not only provides \$1,212,534 to CAP agencies to fund the weatherization assistance program, but actually spends additional base rates funds for the salary of a program specialist, marketing of the program, and support of local CAP agency activities.

Idaho Power also takes into consideration the level of funds carried over from year to year. At the end of 2004, 2005, 2006, and 2007, the program carried forward over \$300,000, \$215,000, \$83,000, \$96,000, respectively, of unused funds to the following year.

An additional enhancement of the Company's services to special needs customers began in 2008 when the Company developed the Weatherization Solutions for Eligible Customers program, which was piloted in 2008 and has since expanded into an energy efficiency program serving customers in the southern, eastern, and western regions of the Company's service area. Through September 2011, Idaho Power has spent \$428,000 on the Weatherization Solutions for Eligible Customers program and the Company estimates that it will spend another \$300,000 weatherizing homes by the end of 2011. This program is designed to serve those customers whose income puts them just above the poverty level and was developed to provide weatherization services to customers who are financially unable to participate in other residential energy efficiency programs and are not eligible for the WAQC program. Also, customers participating in Weatherization Solutions for Eligible Customers can be financially qualified for WAQC but are not prioritized for services on the State of Idaho weatherization waiting list.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 8:** Regarding WAQC, please provide the following:

a. All cost-effectiveness studies or analyses of WAQC since inception;

b. The Company's current methodology for evaluating the costeffectiveness of WAQC;

c. When the Company intends to file its next cost-effectiveness study of WAQC with the Commission, and;

d. Describe in detail the methodology by which the Company intends to evaluate the cost-effectiveness of WAQC.

#### **RESPONSE TO NO. 8:**

a. In addition to the attachments provided in the Company's response to CAPAI's Request No. 1 above, provided on the non-confidential CD in response to this Request are the *Demand-Side Management 2009 Annual Report Supplement 1: Cost-Effectiveness* (revised) and the *Demand-Side Management 2010 Annual Report Supplement 1: Cost-Effectiveness*. All of Idaho Power's cost-effectiveness studies and analyses of WAQC are described in the Company's Demand Side Management Annual Reports and the *Demand-Side Management Annual Report Supplement 1: Cost-Effectiveness* filed with the Commission for 2009 and 2010.

b. The Company's current methodology for evaluating the cost-effectiveness of WAQC is included in the *Demand-Side Management 2010 Annual Report* on pages 15, 60, and 135, and in the *Demand Side Management 2010 Annual Report Supplement 1: Cost-Effectiveness* on pages 1 through 4 and 45. Both of these documents were filed with the Commission on March 15, 2011, and are included in the Company's response to CAPAI's Request Nos. 1 and 8. c. The Company intends to file the *Demand-Side Management 2011 Annual Report* on March 15, 2012. Included in this report and it supplements will be the description and results of all of Idaho Power's cost-effectiveness analysis for all of its DSM programs.

d. In addition to the information included in the Company's response to CAPAI's Request No. 8.c above, Idaho Power plans to conduct an impact evaluation of the WAQC program in 2012. This evaluation plan is included on page 3 of the Company's *Demand-Side Management 2010 Annual Report Supplement 2: Evaluation*.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 9**: Please admit or deny that all of Idaho Power's expenditures in WAQC to date have been prudent.

**RESPONSE TO REQUEST NO. 9**: Since the inception of the WAQC program through 2010, the Commission has determined that Idaho Power's expenditures associated with WAQC were prudently incurred.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 10**: If your response to the preceding Request is anything other than an affirmative response, please explain why and to what extent expenditures in WAQC have not been prudent.

**RESPONSE TO REQUEST NO. 10**: Please see the Company's response to CAPAI's Request No. 9 above.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 11**: Please admit or deny that all of Idaho Power's expenditures in WAQC to date have been cost-effective.

**RESPONSE TO REQUEST NO. 11**: The Company has determined that the WAQC program has been cost-effective since its inception according to the methodology currently utilized for determining cost-effectiveness of WAQC.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**<u>REQUEST NO. 12</u>**: If your response to the preceding Request is anything but affirmative, please explain why and to what extent expenditures in WAQC have not been cost-effective and whether those expenditures were included in the Company's rates as well as the total dollar amount of said expenditures.

**RESPONSE TO REQUEST NO. 12**: Please see the Company's response to CAPAI's Request No. 11 above.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 13:** Is it the Company's contention that its WAQC program is no longer prudent or cost-effective at the present time?

**RESPONSE TO REQUEST NO. 13:** No. Please see the Company's response to CAPAI's Request Nos. 9 and 11 above.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

<u>REQUEST NO. 14</u>: If your response to the preceding Request is in the affirmative, please provide a detailed explanation, with all relevant supporting documentation, demonstrating why the program is no longer prudent and/or cost-effective, at what point in time it was no longer prudent and/or cost-effective, and precisely what event(s) occurred to make this true.

**<u>RESPONSE TO REQUEST NO. 14</u>**: Please see the Company's response to CAPAI's Request No. 13 above.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 15:** Please indicate whether the Company currently, or in the past, calculates the value of "non-energy benefits" produced by WAQC.

**RESPONSE TO REQUEST NO. 15**: Idaho Power has not currently, nor in the past, attempted to determine if there are "non-energy benefits" produced by WAQC or attempted to calculate the value of any "non-energy benefits" produced by WAQC.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 16**: Please admit or deny that the Company's 2010 DSM Annual Report filed with the Commission purports that the WAQC program is a cost-effective DSM resource.

**RESPONSE TO REQUEST NO. 16**: As shown on page 45 of the *Demand-Side Management 2010 Annual Report Supplement 1: Cost-Effectiveness*, which is provided in the Company's response to CAPAI's Request No. 8 above, the WAQC program has a benefit cost ratio greater than one under the Utility Cost Test, the Total Resource Cost Test, and Ratepayer Impact Measure Test. As stated on page 3 of the *Demand-Side Management 2010 Annual Report Supplement 1: Cost-Effectiveness*, the Participant Cost Test is not calculated for the WAQC program since there are no participant costs. The footnote on page 45 states: "Energy Savings for each home is determined by an auditor using the Energy Audit 4 (EA4) form approved by the U.S. Department of Energy (DOE). Cost-effectiveness is analyzed on a per project basis. Each project must have a savings-to-investment ratio (SIR) equal to or greater than 1."

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 17**: If your response to the preceding Request is anything other than in the affirmative, please explain what the 2010 DSM Annual Report reveals regarding the cost-effectiveness of WAQC.

**RESPONSE TO REQUEST NO. 17**: Please see the Company's response to CAPAI's Request No. 16 above.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 18:** Please provide all analyses conducted by the Company or on its behalf that calculate all system-wide benefits to the Company's customers resulting from the operation of WAQC including, but not limited to:

- a. Reduced arrearages;
- b. Reduced bad debt write-offs;
- c. Reduced collection costs;
- d. Improved cash flow, and;

e. All other benefits to all customers resulting from implementation of WAQC.

#### **RESPONSE TO REQUEST NO. 18:**

a-d. Idaho Power has not conducted, nor has it had conducted on its behalf, any analyses that calculate all system-wide benefits of WAQC.

e. Idaho Power and its customers realize a system energy benefit from all of its energy efficiency programs. These benefits are determined in the Integrated Resource Plan process and are reflected in the DSM alternative costs which are used to calculate the energy benefits in the cost-effectiveness calculations for each program. These benefits are described in detail on page 2 of the *Demand-Side Management 2010 Annual Report, Supplement 1: Cost-Effectiveness*, provided in the Company's response to CAPAI's Request No. 8 above.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**<u>REQUEST NO. 19</u>**: Has the Company factored system-wide benefits to its customers as enumerated in the preceding Request into any cost-effectiveness analyses conducted of WAQC? If so, please explain in detail what the relative value of those benefits are and how they are factored into the evaluation.

**RESPONSE TO REQUEST NO. 19**: Please see the Company's response to CAPAI's Request No. 18 above.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 20**: Please state the annual average Residential class accounts in arrears (past due), as set forth below, for each of the past five (5) years (starting with the test year) and the dollar amounts associated with said arrears:

- a. Thirty (30) to sixty (60) days;
- b. Sixty (60) to ninety (90) days;
- c. More than ninety (90) days.

# **RESPONSE TO REQUEST NO. 20:** Please see table below.

	30-60	Dollars	60-90	Dollars	90+	Dollars
Oct 2009 - Dec 2009 Average	142,709	\$4,745,791	23,875	\$1,477,068	8,060	\$743,208
Jan 2010 - Dec 2010 Average	65,569	\$5,361,350	25,143	\$1,827,766	9,780	\$1,269,143
Jan 2011- Aug 2011 Average	68,322	\$5,983,899	29,044	\$2,278,362	12,344	\$1,642,759

Information identifying arrears by customer class is not available prior to October 2009.

The information in the response to this Request was prepared by Maggie Brilz, Customer Service Manager, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 21**: Please describe the steps taken by the Company to obtain payment from Residential customer accounts that are past due.

**RESPONSE TO REQUEST NO. 21**: When a bill is prepared and a past due balance exists, a bill message titled "Important Information" appears on the customer's billing statement prompting them to pay the full account balance. The full account balance is due 15 days from the day the bill is prepared. If the bill is not paid by the due date, the past due balance includes two months' charges for service, and if the balance owing is over \$100<sup>1</sup>, a Reminder Notice is systematically generated and mailed to the customer. If payment is not received within three business days from the day the Reminder Notice is mailed, a Final Termination Notice is systematically generated and mailed and mailed to the customer. On the same day the Final Termination Notice is mailed, a courtesy call is made to the customer. The Reminder Notice, Final Termination Notice, and the date the service is scheduled to be disconnected for non-payment. If payment is not received prior to the Idaho Power representative being dispatched to the customer's full account balance, the past due amount, and the date the service, the representative attempts to make on-site contact with the customer to accept payment.

The response to this Request was prepared by Maggie Brilz, Customer Service Manager, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

<sup>&</sup>lt;sup>1</sup> The Utility Customer Relations Rule 310.01 sets the minimum amount for termination of service due to unpaid bills at \$50. Idaho Power at times increases this amount to efficiently manage the volume of work. Currently, the minimum past due amount set to trigger collection activity is \$100 rather than the \$50 allowed by the Utility Customer Relations Rule.

# **REQUEST NO. 22:** Please state the following:

a. the annual number and dollar value of Residential account bad debt write-offs<sup>2</sup> for the past five (5) years;

b. the annual number of disconnections and reconnections of Residential accounts for the past five (5) years;

c. the Company's annual collections costs for past due Residential accounts for the past five (5) years;<sup>3</sup>

d. the percentage of the foregoing that are attributable to low-income customers.

# **RESPONSE TO REQUEST NO. 22:**

a. Information regarding the annual actual number of Residential class writeoffs is not available. The dollar value for Residential class account write-offs is as follows:

Amount
\$4,549,299
\$4,280,670
\$3,143,226
\$1,830,578
\$2,377,301

b. The annual number of disconnections for Residential class service is available for November 2009 forward. For November and December of 2009, 2,190 Residential class disconnections for non-payment were performed. In 2010, 18,796 Residential class disconnections for non-payment were performed. Idaho Power does

<sup>&</sup>lt;sup>2</sup> These are accounts that have been removed from the Company's books pursuant to generally accepted accounting principles in the good faith belief that they will never be recovered. If the Company has sold such debts to an independent third party, please so indicate and to what extent.

<sup>&</sup>lt;sup>3</sup> By "collection costs" CAPAI is referring to all costs incurred in attempting to obtain payment on delinquent accounts not yet written off as bad debt.

not track the annual number of reconnections; however, Idaho Power does track the number of reconnections the same day and the number of reconnections within five business days. This information was provided in the Company's response to Commission Staff's Production Request No. 164.

c. Collection costs for past-due Residential class accounts are not available.

d. Idaho Power does not track account information for low-income customers. However, write-off information for Residential class customers receiving Low Income Home Energy Assistance Program ("LIHEAP") assistance has been tracked since November 2009. For November and December 2009, Idaho Power wrote off \$78,712.91 associated with LIHEAP customers. For 2010, Idaho Power wrote off \$915,419.17 associated with LIHEAP Customers, or 20 percent of total Residential write-offs. The percentage of non-payment disconnections for LIHEAP customers was 18 percent of total residential accounts for November and December of 2009, and 13 percent of total residential accounts for 2010. Idaho Power is unable to determine the annual collection costs associated with customers receiving LIHEAP assistance.

The response to this Request was prepared by Maggie Brilz, Customer Service Manager, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 23**: Please provide the cost, on a per customer basis, of each of the following residential activities:

a. Disconnection of service for nonpayment;

b. The negotiation of a deferred payment arrangement (i.e., any negotiated arrangement to pay past due bills over time);

c. Issuance of a written disconnect notice;

d. The reconnection of service;

e. A field collection visit;

f. A field visit to deliver a personal or written disconnect notice, and;

g. A telephone reminder of nonpayment;

# **RESPONSE TO REQUEST NO. 23:**

a. The cost to disconnect service for non-payment is not tracked by individual customer class. Therefore, the cost on a per customer basis to disconnect Residential class service is not available. The average cost to disconnect service for non-payment across all customer classes combined is \$22.33 per disconnect. This average cost is based on actual costs for 2009, 2010, and January through August 2011.

b. The costs associated with the numerous transactions performed on behalf of customers are not tracked on a transactional basis. Therefore, the cost to negotiate a deferred payment arrangement is not available.

c. The cost to send a written disconnect notice to a residential customer is48 cents. This cost includes postage and the per item cost for the paper and envelope.

d. The cost to reconnect service is not tracked by individual customer class. Therefore, the cost on a per customer basis to reconnect residential service is not available. The average cost to reconnect service across all customer classes combined is \$19.80 per disconnect. This average cost is based on actual costs for 2009, 2010, and January through August 2011.

e. The cost for a field collection visit is not tracked by individual customer class. Therefore, the cost on a per residential customer basis is not available. The average cost for a field collection visit across all customer classes combined is \$22.33. This average cost is based on actual costs for 2009, 2010, and January through August 2011.

f. The cost for a field visit to deliver a disconnection notice is not tracked by individual customer class. Therefore, the cost on a per residential customer basis is not available. The average cost for a field visit to deliver a personal or written disconnect notice across all customer classes combined is \$19.80. This average cost is based on actual costs for 2009, 2010, and January through August 2011.

g. The cost for a telephone reminder is not tracked by individual customer class. Therefore, the cost on a per residential customer basis is not available.

The information in the response to this Request was prepared by Maggie Brilz, Customer Service Manager, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 24**: Please provide a detailed description of each different type of deferred payment plan offered by the company to residential customers. Separately indicate to whom (or under what circumstances) each type of deferred payment plan is offered.

**RESPONSE TO REQUEST NO. 24**: The Company offers three different types of deferred payment plans to residential customers. Customers are first offered the "Promise to Pay" option, which allows the customer to pay the full past due balance within the next 10 days. If the customer is unable to commit to this payment arrangement, the "Time Pay" option is offered, which allows the customer to pay half of the total account balance or the 60-90 day past due amount (whichever is greater) within the next 10 days and the remaining account balance within 30 days. If the customer is unable to commit to this payment arrangement, "Levelized Pay" is offered to the customer. The Levelized Pay option allows the customer to pay one-twelfth of the current account balance plus an average of the annual monthly billing amount in 12 monthly installments with the first installment due immediately.

Deferred payment plans are offered to all residential customers who have not broken arrangements on the same balance.

The response to this Request was prepared by Maggie Brilz, Customer Service Manager, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 25:** Please provide for each year for the past three years:

a. The total number of customers on each type of payment plan.

b. The total number of customers who have failed to maintain one or more payment plans for each type of payment plan, and;

c. The total dollar amount of payment plan accounts that have not been maintained.

## **RESPONSE TO REQUEST NO. 25:**

a. Information regarding the total number of customers on each type of payment plan is not available.

b. Information regarding the total number of customers who have failed to maintain one or more payment plans for each type of payment plan is not available.

c. Information regarding the total dollar amount of payment plan accounts that have not been maintained is not available.

The response to this Request was prepared by Maggie Brilz, Customer Service Manager, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**<u>REQUEST NO. 26</u>**: Please provide the information sought in the preceding Request based only on low-income Residential customers.

**RESPONSE TO REQUEST NO. 26**: Information regarding payment plans for low-income customers is not available.

The response to this Request was prepared by Maggie Brilz, Customer Service Manager, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 27**: Please provide any study, report, memo or other written document of any nature in the possession or control of the Company that considers, evaluates or discusses the relationship between residential payment-troubles and low-income status. Separately provide any such study, memo, report or other written document that examines these relationships for Company customers.

<u>RESPONSE TO REQUEST NO. 27</u>: Idaho Power does not track income as part of its customer information. Beginning in November 2009, Idaho Power began preparing a monthly report that details certain information for Residential class customers who have received energy assistance within the previous 12 months. A copy of each monthly report from November 2009 through August 2011 is provided on the confidential CD. Because the reports contain confidential material and non-public information, Idaho Power is providing this information only to parties that have executed the Protective Agreement in this case.

The response to this Request was prepared by Maggie Brilz, Customer Service Manager, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 28:** Please provide a detailed description of how the Company calculates its uncollectible allowance (i.e., the amount of bad debt the Company considers it will not likely recover).

**RESPONSE TO REQUEST NO. 28**: The Company used its 2010 actual uncollectible accounts or "bad debt" expense (Federal Energy Regulatory Account ("FERC") Account 904) as its forecast of that same expense category for the 2011 Test Year. The 2010 FERC Account 904 balance was used as the basis for the forecast of 2011 because the Company believed that the 2011 FERC Account 904 amount would not differ materially from the 2010 level.

The response to this Request was prepared by Timothy E. Tatum, Senior Manager of Cost of Service, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 29:** For the most recent three (3) years (starting with the test year), please provide the following data for all residential customers:

a. The total number of customers receiving LIHEAP assistance;

b. The total dollar amount per customer of LIHEAP assistance;

c. The total number of customer accounts receiving LIHEAP assistance that are in arrears, and;

d. The total number and dollar amount of LIHEAP accounts written off as bad debt.

#### **RESPONSE TO REQUEST NO. 29:**

a. Please see the Company's response to Commission Staff's Production Request No. 35.

b. The total dollar amount of LIHEAP assistance received per customer is not available.

c. Information regarding customer accounts receiving LIHEAP assistance that are in arrears is available from November 2009 forward. Please see the Company's response to Commission Staff's Production Request No. 157.

d. The Company does not track the total number of LIHEAP accounts written off. Information regarding the dollar amount of LIHEAP accounts written off is available from November 2009 forward. Please see the Company's response Commission Staff's Production Request No. 167.

The response to this Request was prepared by Maggie Brilz, Customer Service Manager, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 30**: Does the Company offer any conservation programs that target customers whose income levels are slightly above the eligibility threshold for WAQC (e.g., 200-250% of Federal Poverty Level)?

**RESPONSE TO REQUEST NO. 30**: Yes. Idaho Power's Weatherization Solutions for Eligible Customers program offers weatherization measures to customers whose income is between 175 percent and 250 percent of the federal poverty level.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**<u>REQUEST NO. 31</u>**: If your response to the preceding Request is in the affirmative, please provide the following:

a. A detailed description of the program including the types of conservation measures included and who installs those measures;

- b. The annual funded amount of the program;
- c. What customer class(es) are eligible for the program;
- d. How many customers participate in the program;
- e. What the criteria for participation in the program are;
- f. Who verifies eligibility for participation in the program and how;
- g. If and how the program is relevant to a customer's income level;
- h. When the program was implemented, and;
- i. How the program is funded and recovered from ratepayers.

#### **RESPONSE TO REQUEST NO. 31**:

a. A complete description of the Weatherization Solutions for Eligible Customers program ("Program") can be found on pages 62-65 of Idaho Power's *Demand-Side Management 2010 Annual Report*, provided in the Company's response to CAPAI's Request No. 1 above.

b. The annual expenses for the Program can be found on page 134 of Idaho Power's *Demand-Side Management 2010 Annual Report*, provided in the Company's response to CAPAI's Request No. 1 above.

c. Residential customers who meet the Program qualifications are eligible.

d. The annual number of participants in the Program can be found on page 134 of Idaho Power's *Demand-Side Management 2010 Annual Report*, provided in the Company's response to CAPAI's Request No. 1 above.

e. The criteria for the Program can be found on pages 62-65 of Idaho Power's *Demand-Side Management 2010 Annual Report*, provided in the Company's response to CAPAI's Request No. 1 above.

f. Potential participants are applicants for the WAQC program who are denied weatherization services by the CAP agencies due to being ineligible based on income or are eligible but have no priority on the weatherization list. When these customers are denied weatherization assistance, they are considered for services from the Program. The Program contractors then verify that the applicant's meet the Program requirements, including income guidelines.

g. Applicants for the Program must satisfy the income level requirements as well as all other Program requirements as describe on pages 62-65 of Idaho Power's *Demand-Side Management 2010 Annual Report,* provided in the Company's response to CAPAI's Request No. 1 above.

h. The Program was first implemented as a pilot in 2008.

i. The Program is funded through the Idaho Energy Efficiency Rider, Idaho Rate Schedule 91, as shown on page 128 of Idaho Power's *Demand-Side Management* 2010 Annual Report, provided in the Company's response to CAPAI's Request No. 1 above.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 32**: Please provide a copy of any written document in the possession or control of the Company, whether or not prepared for the Company, assessing, estimating or otherwise discussing the number of low-income customers served by the Company. To the extent that such document has been prepared by or for the Company, include all source documents underlying the estimate of the number of low-income customers.

**RESPONSE TO REQUEST NO. 32**: Idaho Power does not collect or retain customers' income information and has not conducted, nor has any party conducted on its behalf, any analysis assessing, estimating, or otherwise discussing the number of low-income customers served by the Company.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 33**: Please provide a detailed written description of all residential energy efficiency programs offered exclusively to low-income customers of the Company.

**RESPONSE TO REQUEST NO. 33**: Idaho Power offers two programs to income qualified customers, the WAQC and the Weatherization Solutions for Eligible Customers programs. Complete descriptions of these programs can be found on pages 59 and 62 of Idaho Power's *Demand-Side Management 2010 Annual Report*, provided in the Company's response to CAPAI's Request No. 1 above.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 34**: Please provide a single copy of any study within the possession or control of the Company, that distinguishes between residential customers generally and low-income residential customers in particular. Factors that might distinguish the two classes might include, but are not limited to: (a) usage levels and patterns; (b) history of payment troubles; (c) consumption of energy efficiency services; (d) credit and collection history, and; (e) consumption of Company resources such as staff time.

<u>RESPONSE TO REQUEST NO. 34</u>: Idaho Power does not collect or retain customers' income information and has not conducted, nor has any party conducted on its behalf, any analysis that distinguishes between residential customers generally and low-income residential customers in particular. This includes Request Nos. 34(a), (b), (d), and (e) above. In response to Request No. 34(c), the Company does record and report on participation in the WAQC and the Weatherization Solutions for Eligible Customers programs. Participation metrics for these programs can be found on pages 134 and 135 of Idaho Power's *Demand-Side Management 2010 Annual Report*, provided in the Company's response to CAPAI's Request No. 1 above.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 35:** Please provide the following data for Idaho Power's Residential rate class for each of the past five (5) years:

- A. Average revenue per kilowatt hour sold;
- B. Average kilowatt hour sales per customer;
- C. Average monthly customer bill;
- D. Average number of customers.

**RESPONSE TO REQUEST NO. 35**: Please see the following table representing Idaho Power system wide data. This data is from the respective annual FERC Form 1

Reports.

	2006	2007	2008	2009	2010
Average revenue per kWh sold	\$.0591	\$.0590	\$.0667	\$.0773	\$.0806
Average kWh sales per customer	13,071	13,157	13,160	13,083	12,188
Average monthly customer bill	\$64.39	\$64.65	\$73.14	\$84.23	\$81.91
Average number of customers	387,707	397,286	402,520	405,144	407,551

The response to this Request was prepared by Darlene Nemnich, Senior Regulatory Affairs Analyst, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**<u>REQUEST NO. 36</u>**: Regarding the preceding Production Request, does the Company track and maintain the requested data for its low-income Residential class customers?

**RESPONSE TO REQUEST NO. 36:** Idaho Power does not collect or retain customers' income information.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 37:** If your response to the preceding Production Request is in the affirmative, please provide said low-income data.

**RESPONSE TO REQUEST NO. 37**: Please see the Company's response to CAPAI's Request No. 36 above.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 38:** Has Idaho Power made any calculations or conducted any analyses of the amount and nature of low-income residential usage as opposed to non-low-income residential usage, whether low-income usage differs, and the reasons why it differs?

**RESPONSE TO REQUEST NO. 38:** Please see the Company's response to CAPAI's Request No. 36 above.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 39**: In addition to low-income weatherization, please identify all programs Idaho Power offers that it perceives to be of assistance to its low-income customers in paying their electric bill and provide an explanation and itemization of the nature and degree of assistance provided by any such program.

**RESPONSE TO REQUEST NO. 39:** Project Share is a year-round energy assistance program started by Idaho Power in 1982 and is administered by The Salvation Army. The program provides energy aid to qualifying households who heat with electricity, gas, wood, propane, oil, or coal. Project Share's program year is from October 1 through September 30 of each year. During the 2009/2010 program year. 2,020 grants were given assisting 6,423 individuals. In program year 2009/2010, Idaho Power's customers donated \$218,225 to Project Share and Idaho Power shareholders donated \$21,823 for The Salvation Army to administer the program and \$100,000 for additional assistance to low-income individual. Through August of program year 2010/2011, Idaho Power's customers donated \$197.727 to Project Share and Idaho Power shareholders donated \$19,773 for The Salvation Army to administer the program and \$20,000 for additional assistance to the low-income individuals. In addition to these donations to Project Share, two of Idaho Power's energy efficiency programs, See Ya Later Refrigerator and Home Appliance Program, offer the option for program participants to assign their incentives to Project Share. This generated an additional \$3,310 in donated incentives in the 2010/2011 program year.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 40**: Please provide the name and title of every Idaho Power agent or employee who is involved with and/or works on the Company's WAQC program.

**RESPONSE TO REQUEST NO. 40**: The Company employs multiple employees in multiple positions that are involved with or work on the WAQC program. These employees include, but are not limited to, a Special Needs Program Specialist, Energy Efficiency Analysts, Information Technology Analysts and System Administrator, Financial Analyst, Regulatory Analysts, Communication Specialist, Residential Program Leader, Customer Research and Analysis Leader, lawyers, Customer Service Center Representatives, and the Manager of Customer Relations and Energy Efficiency. Idaho Power has not provided the names of its employees as the employee names are not relevant. Instead, the Company has provided in this response titles of employees who work on the WAQC program.

The Company also contracts with individual CAP agencies, with Momentum, LLC, and with The Energy Auditor for consulting.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 41**: For each employee or agent identified in response to the preceding Request, please specific precisely what tasks and functions said agent or employee performs with respect to WAQC and provide a hierarchy chart outlining levels of authority and who reports to whom.

**RESPONSE TO REQUEST NO. 41**: The Special Needs Program Specialist works with the CAP agencies, CAPAI, other contactors, and internal employees to administer the WAQC program. The Energy Efficiency Analysts perform costeffectiveness analysis and reporting. The Information Technology ("IT") Analysts and Administrators support the data base and the CAP agency portal design and maintenance. The Financial Analysts perform accounting and financial analyses. The Communication Specialist assists in internal/external communications and marketing. The Regulatory Analysts coordinate regulatory reporting, filings, and regulatory affairs. The Residential Program Leader supervises the Special Needs Program Specialist. The Customer Research and Analysis Leader provides analytical and reporting support. The lawyers provide legal support. Customer Service Center Representatives field calls concerning the WAQC program and make referrals. The Manager of Customer Relations and Energy Efficiency supervises the leaders in the Customer Relations and Energy Efficiency supervises the leaders in the Customer Relations and Energy Efficiency supervises the leaders in the Customer Relations and Energy Efficiency supervises the leaders in the Customer Relations and Energy Efficiency department.

The individual CAP agencies administer the program and conduct the weatherization process. In addition, Momentum, LLC, and The Energy Auditor provide quality assurance on the homes weatherized by the CAP agency weatherization departments. Provided on the non-confidential CD is the most recent organization chart for the Customer Relations and Energy Efficiency departments. This chart includes

everyone from the Customer Relations and Energy Efficiency departments listed above. Resources from other departments such as IT, Legal, Regulatory Affairs, Customer Service, and Corporate Communications are not included in this chart as they have no direct reporting relationship to the Customer Relations and Energy Efficiency department.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 42**: For each agent or employee identified in response to the preceding Requests, please specify how much of their daily work is exclusively related to WAQC as opposed to any other function.

**RESPONSE TO REQUEST NO. 42**: The Special Needs Program Specialist specifically charges his/her time to the WAQC work order and spends about 40 percent of his/her time working on WAQC. The other Idaho Power employees who work on the WAQC program do so as ongoing and general business support that Idaho Power has provided for the WAQC/ Low Income Weatherization Assistance programs for over twenty years. The amount of time each employee dedicates to WAQC varies dramatically based on program support needed but typically none of the employees specified in the proceeding requests, except the Special Needs Program Specialist, dedicates more than about 5 percent of their time exclusively related to WAQC.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**<u>REQUEST NO. 43</u>**: Please state whether there are any positions wholly or partially dedicated to WAQC within the Company that are currently unfilled, how many positions, and what their respective responsibilities and purposes are.

**RESPONSE TO REQUEST NO. 43:** There are currently no unfilled positions at Idaho Power dedicated to the WAQC program.

The response to this Request was prepared by Pete Pengilly, Customer Research and Analysis Leader, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 44**: Has the Company conducted any analyses or is it aware of any documentation demonstrating a connection between the ratings given it by credit rating agencies such as Standard & Poor's and the implementation of the Company's Power Cost Adjustment Mechanism (PCAM) at any point since the PCAM was first approved? By this Request, CAPAI seeks information regarding the effect, if any, that a power cost adjustment mechanism has had on earnings stability and the resulting reduction of risk and resulting reactions of financial institutions affecting the Company's credit rating.

**RESPONSE TO REQUEST NO. 44**: No. However, Standard & Poor's has referenced the credit supportiveness of the Power Cost Adjustment mechanism (notably the mechanism in place since 2009) by the following statement:

IPC's revised annual power cost adjustment (PCA) mechanism in Idaho, implemented in 2009, supports credit quality and reduces the undercollection of power costs. The most significant credit-supportive components of the annually filed PCA mechanism include a sharing provision that reduces the company's power cost exposure to 5% of undercollected costs, and a forecast cost methodology that reduces deferrals and collection lag. In exceptionally low water years, deferrals can materially weaken cash flows and credit metrics, but Standard & Poor's generally views such collection delays as temporary because we expect that 95% of costs above base rates will be collected with a carrying charge over 12 months. The previous PCA mechanism, which was less robust, had a long history of support and no record of significant disallowances.

Standard & Poor's Research May 20, 2011.

The response to this Request was prepared by Lawrence F. Spencer, Investor Relations Director, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 45:** If your response to the preceding Request is in the affirmative, please provide such analyses, the conclusions contained therein, and any supporting documentation.

**RESPONSE TO REQUEST NO. 45:** Please see the Company's response to CAPAI's Request No. 44.

The response to this Request was prepared by Lawrence F. Spencer, Investor Relations Director, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**REQUEST NO. 46:** Please provide the same information set forth in the preceding two Requests with respect to the Company's Fixed Cost Adjustment (FCA) mechanism.

**<u>RESPONSE TO REQUEST NO. 46</u>**: No. However, Standard & Poor's has

referenced the risk mitigation aspects of the FCA by the following statement:

We do not consider load loss stemming from the company's significant energy efficiency spending a significant risk, due to a fixed-cost adjustment (FCA) mechanism in Idaho that decouples certain costs from energy usage by residential and commercial customers. However, the recent Idaho commission decision to continue to allow IPC to utilize the FCA but not on a permanent basis highlights the uncertainties in determining the credit impact of energy efficiency spending.

Standard & Poor's Research May 20, 2011.

The response to this Request was prepared by Lawrence F. Spencer, Investor

Relations Director, Idaho Power Company, in consultation with Jason B. Williams,

Corporate Counsel, Idaho Power Company.

**REQUEST NO. 47**: Please admit or deny that the existence of Idaho Power's PCAM reduces "shareholder risk" as that term is generally used by credit rating agencies.

**RESPONSE TO REQUEST NO. 47**: As discussed in Standard & Poor's Research report dated May 20, 2011, "Idaho regulators have authorized a robust cost recovery mechanism to assist in collecting these costs [*referring to the Power Cost Adjustment Mechanism*] and limiting financial exposure in Idaho, the company's chief service area and primary driver of credit quality."

In the March 9, 2011, Moody's Investor Service credit opinion on Idaho Power, Moody's stated, "The most significant change in process of the 2009 rate orders was the power cost adjustment (PCA) rate decision . . . Moreover, the IPUC revised the sharing formula under the PCA mechanism to 95 percent/5 percent (customer/shareholders) from 90 percent/10 percent previously, thereby somewhat reducing risk to investors."

The response to this Request was prepared by Lawrence F. Spencer, Investor Relations Director, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

**<u>REQUEST NO. 48</u>**: Please admit or deny that the existence of its FCA reduces

"shareholder risk."

**RESPONSE TO REQUEST NO. 48:** As discussed in Standard & Poor's

Research report dated May 20, 2011:

We (S&P) do not consider load loss stemming from the company's significant energy efficiency spending a significant risk, due to a fixed-cost adjustment (FCA) mechanism in Idaho that decouples certain costs from energy usage by residential and commercial customers. However, the recent Idaho commission decision to continue to allow IPC to utilize the FCA but not on a permanent basis highlights the uncertainties in determining the credit impact of energy efficiency spending.

In the March 9, 2011, Moody's Investor Service credit opinion on Idaho Power,

Moody's states:

The FCA is intended to aid in the predictability and assurance of future cost recovery, as it attempts to assure a fixed cost reimbursement from customers, independent of the volume of energy used and variable costs. Any forward looking approvals or trackers are viewed to be beneficial to a company's credit profile, from Moody's perspective, since they should lead to greater predictability of revenue levels and cash flow recovery.

The response to this Request was prepared by Lawrence F. Spencer, Investor

Relations Director, Idaho Power Company, in consultation with Jason B. Williams,

Corporate Counsel, Idaho Power Company.

**REQUEST NO. 49:** Has the Company made any determination regarding the frequency and magnitude of planned general rate case filings in the next five (5) years? If so, please state what that determination is.

# RESPONSE TO REQUEST NO. 49: No.

The response to this Request was prepared by Mike Youngblood, Manager of Rate Design, Idaho Power Company, in consultation with Jason B. Williams, Corporate Counsel, Idaho Power Company.

DATED at Boise, Idaho, this 4<sup>th</sup> day of October 2011.

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JASON B. WILLIAMS Attorney for Idaho Power Company

# **CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 4<sup>th</sup> day of October 2011 I served a true and correct copy of the within and foregoing IDAHO POWER COMPANY'S RESPONSE TO COMMUNITY ACTION PARTNERSHIP ASSOCIATION OF IDAHO'S FIRST DISCOVERY REQUESTS TO IDAHO POWER upon the following named parties by the method indicated below, and addressed to the following:

### **Commission Staff**

Donald L. Howell, II Karl T. Klein Deputy Attorneys General Idaho Public Utilities Commission 472 West Washington (83702) P.O. Box 83720 Boise, Idaho 83720-0074 Hand Delivered U.S. Mail Overnight Mail FAX X Email Don.Howell@puc.idaho.gov

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#### Idaho Irrigation Pumpers Association, Inc. Eric L. Olsen

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Kevin Higgins Energy Strategies, LLC 215 South State Street, Suite 200 Salt Lake City, Utah 84111

### Micron Technology, Inc.

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#### The United States Department of Energy

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# Community Action Partnership Association of Idaho

Brad M. Purdy Attorney at Law 2019 North 17<sup>th</sup> Street Boise, Idaho 83702

### Idaho Conservation League

Benjamin J. Otto Idaho Conservation League 710 North Sixth Street (83702) P.O. Box 844 Boise, Idaho 83701

## **Snake River Alliance**

Ken Miller Snake River Alliance P.O. Box 1731 Boise, Idaho 83701

#### **NW Energy Coalition**

Nancy Hirsh, Policy Director NW Energy Coalition 811 First Avenue, Suite 305 Seattle, Washington 98104

### Hoku Materials, Inc.

Dean J. Miller McDEVITT & MILLER LLP 420 East Bannock (83702) P.O. Box 2564 Boise, Idaho 83701

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SPO.

Jason B. Williams