

APPENDIX A – Avista IRP

IDAHO PUBLIC UTILITIES COMMISSION

Case No. AVU-E-07-08

March 25, 2008

Contact: Gene Fadness (208) 334-0339, 890-2712

Website: www.puc.idaho.gov

Avista counts on natural gas, not coal, to meet future resource needs

The Idaho Public Utilities Commission has accepted a long-range plan for Avista Utilities that depends more on natural gas for its future energy resources, rather than coal.

The Integrated Resource Plan (IRP) outlines how Avista intends to meet the demands of its growing customer base over the next decade. Avista, which serves about 115,000 customers in northern Idaho, says it will need 350 megawatts from natural gas sources to meet customer demand. It plans on getting most of that – 275 MW – from the Lancaster Generation Facility near Rathdrum. Avista also plans on adding 300 megawatts from wind sources, 35 MW from other renewable resources and 87 MW from energy savings due to conservation measures.

Without the additional generation, the company states it would face generation shortfalls of about 83 average-megawatts in 2011 and 272 aMW by 2017.

Avista decided to drop plans outlined in an earlier 2005 IRP for coal-fired generation for several reasons including legislation in Washington state where the utility has most of its customers. Washington enacted a greenhouse gas emissions standard that precludes Avista from acquiring a new pulverized coal plant or entering into a long-term contract with an existing plant.

Several utilities have dropped coal sources from their long-range planning due to new emissions standards and higher costs associated with the potential for carbon taxes, making coal less competitive with other generation alternatives.

Avista's 2007 plan also includes fewer renewables – from 500 megawatts to 350 MW – than it had hoped for in its 2005 plan. Avista said the cost of wind resources has increased by more than 100 percent over the last six years. Legislation in Oregon, Washington and other states that mandates a certain percentage of generation from renewable sources has increased the demand for wind turbines. That demand reduces their availability and increases their price.

“Ironically, Idaho presently has neither carbon emission standards nor renewable portfolio standards, yet the new legislation in other states has effectively limited the new generation choices for serving Idaho loads,” commission staff said. Utilities in Idaho that serve several states must meet the requirements in all the states they serve. It is “impractical to develop new generation projects devoted solely to serve Idaho loads,” commission staff said.

Avista moved away from natural gas-fired sources in 2005 because of the price volatility in natural gas markets that drastically increased prices between 2003 and 2005. But with the

elimination of coal-fired generation and the higher cost of renewables, the utility returns to natural gas to meet some of its future demand.

Commission staff urged Avista to develop new and innovative methods to counteract natural gas price volatility and to maximize the use of cost-effective load control programs. Further, staff said utilities should “dutifully consider the potential for integrating nuclear energy into their long-term resource planning.”

Avista is planning an additional 87 MW from conservation measures, an 85 percent increase in conservation since Avista’s 2003 IRP and a 25 percent increase over the 2005 IRP.

Acceptance of Avista’s IRP does not mean the commission endorses all the anticipated projects in the plan. It means only that the utility has complied with a requirement to file an IRP every two years. The commission recognizes that assumptions and projections can change over time. “It is the ongoing planning process that we acknowledge, not the conclusion or results,” the commission said.

A copy of Avista’s plan, along with other documents related to this case, is available on the commission’s Web site at www.puc.idaho.gov. Click on “File Room” and then on “Electric Cases” and scroll down to Case Number AVU-E-07-08.

APPENDIX B – PacifiCorp IRP

Idaho Public Utilities Commission

Case No. PAC-E-09-06, Acceptance of Filing

September 17, 2009

Contact: Gene Fadness (208) 334-0339, 890-2712

Website: www.puc.idaho.gov

PacifiCorp relies on renewable energy to meet future needs

State regulators have accepted a planning document filed by PacifiCorp that details how the utility intends to meet customer needs over the next decade. The utility serves customers in Washington, Oregon, Utah, Wyoming, California and in eastern Idaho, where, operating as Rocky Mountain Power, it has about 70,000 customers.

PacifiCorp plans to add more than 1,423 megawatts of renewable energy and does not include any added coal generation in its plan.

The Idaho Public Utilities Commission requires that regulated electric utilities file an Integrated Resource Plan (IRP) every two years. Acceptance of the plan by the commission does not guarantee that it will approve every project proposed during the 10-year period. “The IRP, as we continue to note, is a utility planning document that incorporates assumptions and projections at a point in time. It is the ongoing planning process that we acknowledge, not the conclusion or results,” the commission said.

PacifiCorp said it will begin to experience a capacity deficit in 2011 if steps are not taken soon to increase generation and reduce demand. The utility anticipates a growth rate of about 2.5 percent per year over the next decade. Further creating the need for more generation is the 2011 expiration of a major power purchase contract with the Bonneville Power Administration.

The vast majority of the 1,423 MW in anticipated new renewable generation is expected to come from wind (1,313 MW) with the rest coming from geothermal (35 MW) and major upgrades to existing hydroelectric facilities (75 MW).

On the conservation side, the utility plans to save just more than 900 MW from energy efficiency programs and another 105 to 325 MW from programs where the company remotely reduces demand from customers such as irrigators and industry during times of peak use. PacifiCorp also plans to add about 831 MW in gas-fired capacity between 2014 and 2016 and gain 170 MW of emissions-free capacity from coal plant turbine upgrades.

The company could have been short on capacity as soon as 2010, but took steps to meet increased demand in 2008 by acquiring a 520-MW natural gas plant in Chehalis, Washington, and adding 175 MW of additional wind resources.

PacifiCorp anticipates gaining access to more generation with the completion of its proposed Gateway transmission project, a joint project with Idaho Power Co. that will transport energy from eastern Wyoming, through southern Idaho (Gateway West) and through Utah (Gateway South).

Commission staff, which operates independently of the commission, commended the company for a diverse mix of generation resources, while adhering to imposed and pending environmental regulation. Staff found it noteworthy that coal-fired generation does not appear in the company's portfolio of future generation sources.

Staff did express concern that the company anticipates a more than doubling of the wind integration cost assessed wind developers. The company's 2007 IRP used a cost of \$5.10 per megawatt-hour to integrate wind, but includes an \$11.75 per MWh cost in the current IRP. Staff also said that costs included by the company to meet mandated renewable portfolio standards in other states were not adequately quantified.

The IRP was developed through a collaborative and public process with involvement from state utility commissions, advocacy groups and interested citizens. The document, including attachments, is available on the commission's Web site at www.puc.idaho.gov. Click on the electric icon, then on "Electric Cases," and scroll down to Case No. PAC-E-09-06.

APPENDIX C – PURPA updates

Idaho Public Utilities Commission

Case No. GNR-E-08-02, Order No. 30738

Case No. GNR-E-09-01, Order No. 30744

March 17, 2009

Contact: Gene Fadness (208) 334-0339, 890-2712

Commission updates rates to be paid developers of small-power projects

Developers of qualifying renewable small-power projects will be paid considerably more for their generation as a result of new rates published by state regulators that became effective Monday.

The Idaho Public Utilities Commission updated both the fuel and non-fuel components of a mechanism used to calculate the rates that Idaho's three major regulated utilities must pay to small-power or cogeneration project developers whose projects qualify under the federal Public Utility Regulatory Policies Act, or PURPA.

PURPA, passed by Congress during the energy crisis of the late 1970s, requires electric utilities to offer to buy power produced by qualifying small-power producers or cogenerators. The rate that utilities must pay project developers, called an "avoided-cost rate," is determined by state commissions. The avoided-cost rate is to be equal to the cost the utility avoids if it would have had to generate the power itself or purchase it from another source. In Idaho, projects cannot be larger than 10 megawatts to qualify for the published avoided-cost rate.

The commission recently issued two orders; one that updates the non-fuel components of the avoided-cost rate, such as capital costs and operations and maintenance and another that updates the always varying fuel components of the rate. The fuel component is adjusted shortly after the Northwest Power and Conservation Council releases a new natural gas price forecast, which it did in late December.

The result of both orders is an avoided-cost rate that is considerably higher than the former rate paid by utilities to small-power producers. For example, the developer of a wind farm or geothermal facility with a capacity of less than 10 MW would be paid \$88.67 per megawatt-hour (or about 8.87 cents per kWh) for a 20-year levelized (same rate all 20 years) contract with Avista Utilities. That compares to the former avoided-cost rate of \$70.12 per MWh.

The three major investor-owned utilities in Idaho – Idaho Power, PacifiCorp and Avista Utilities – participated in the case as did Black Canyon LLC, which is developing a wind generation facility in Bonneville County.

PacifiCorp, which does business in eastern Idaho as Rocky Mountain Power, filed a motion to delay implementing the new avoided-cost rate and, in the absence of a delay, asked the commission to decrease the size of projects that can qualify for the published rate from 10 MW to no larger than 1 MW. PacifiCorp contended the Northwest Power and Conservation Council natural gas price forecast was too high given the recessionary economic environment.

The commission said PacifiCorp did not present enough evidence that the rate is not reasonable. Further, the commission said, any utility can petition the commission at any time if it believes the mechanism used to calculate the rate is unreasonable.

The order updating the published rates is available on the Commission Web site at www.puc.idaho.gov. Click on "File Room," then on "Recent Orders and Notices," and scroll down to Order No. 30744. The order updating the non-fuel component of the avoided-cost rate is Order No. 30738.

Petitions for reconsideration must be filed with the commission by no later than April 2.

APPENDIX D – Order approving decoupling mechanism

IDAHO PUBLIC UTILITIES COMMISSION

Case Nos. IPC-E-04-15 and IPC-E-06-32

March 14, 2007

Contact: Gene Fadness (208) 334-0339

Website: www.puc.idaho.gov

New rate mechanism designed to encourage energy efficiency programs

The Idaho Public Utilities Commission has approved a yearly rate adjustment designed to remove financial disincentives for Idaho Power Company to implement energy efficiency programs.

The rate adjustment, called a Fixed Cost Adjustment (FCA), is approved only on a pilot basis, subject to modification or removal by the commission.

Currently, when Idaho Power initiates programs designed to encourage customers to reduce their energy use, it negatively impacts energy sales. If customers significantly reduce their consumption through conservation efforts, the company may not recover its fixed costs of serving customers.

The FCA will be a yearly adjustment to electric rates that would prevent the company from losing money when it invests in energy efficiency programs. Often referred to in the industry as “decoupling,” the FCA removes the link between energy efficiency and energy sales by allowing the company to recover its fixed costs regardless of the volume of energy sales.

Initially, the three-year pilot program applies only to residential and small-business customers.

When the commission sets rates, it determines the annual revenue needed by the company to recover its costs. During the rate-setting process, the commission determines the fixed cost that should be recovered from residential and commercial customers. The FCA mechanism will allow for a “true-up” between fixed costs actually recovered through rates and the fixed cost amount authorized by the commission for recovery in the company’s most recent rate case. If the fixed cost recovered were less than the authorized fixed-cost rate, customers would get a surcharge that can be no higher than 3 percent. If the company collects more in fixed costs than authorized by the commission, customers would get a credit. The surcharge or credit would last one year when the FCA would again be updated. According to Idaho Power’s estimates, the impact on rates for average residential customers would typically be \$1 or less a month. The fixed-cost adjustment would be made at the same time the company adjusts bills for its annual power cost

adjustment (PCA), which allows the company an opportunity to recover above-normal costs of supplying power.

In exchange for removal of the financial disincentive, the FCA requires Idaho Power to significantly increase the size and availability of energy efficiency programs and to support more energy efficient building and energy codes.

The pilot program is the result of a negotiated settlement between Idaho Power, commission staff and the Northwest Energy Coalition. In its comments, the Northwest Energy Coalition said "decoupling results in a better alignment of shareholder, management and customer interests to provide for more economically and environmentally efficient resource decisions."

The Idaho Citizens Action Network opposed the FCA mechanism as one that would allow Idaho Power to receive additional revenue without any proof of need. ICAN sought a more thorough review of the program and public hearings.

In its findings, the commission said the program will require close monitoring, which is why the FCA is a pilot program. Many of the issues raised by ICAN will be considered in the commission's assessment of the program during the pilot period, the commission said.

"Promotion of cost-effective energy efficiency ... is an integral part of least-cost electric service," the commission said. In addition to their environmental benefits, energy efficiency programs benefit all customers because they reduce or eliminate the need for the power company to meet load growth by adding new generation plants or buying additional power from the wholesale market.

On the same day the commission approved the FCA mechanism, it also approved a pilot program that should encourage the construction of energy-efficient homes.

Idaho Power currently provides an incentive payment of \$750 to builders for each home built to meet energy efficiency standards set forth by the ENERGY STAR® Homes Northwest program. The program approved this week provides incentive payments or penalties to Idaho Power for meeting or not meeting specified participation goals in the program. Under this pilot, the company will provide marketing to encourage more participation in the program.

On average, homes constructed to the ENERGY STAR® standard in Idaho will save an estimated 2,078 kilowatt hours annually, or 30 percent greater energy efficiency than existing Idaho residential building codes.

Under this pilot program, Idaho Power would receive an incentive payment if the market share of homes constructed under the ENERGY STAR® program exceeds 7 percent of the total number of residential building permits issued in Idaho Power's service territory in 2007, 9.8 percent of total service area homes in 2008 and 11.7 percent of total service

area homes in 2009. The amount of the incentive would equal the percentage that exceeds the target. For example, if Idaho Power were able to achieve 105 percent of the 7 percent target for 2007, it would receive a payment equal to 5 percent of the total program net benefits. The incentive would be capped at 10 percent of program net benefits. Penalties would be levied for any year Idaho Power fails to reach the market share of 4.9 percent program participation it achieved in 2006. Impact on customers' rates would be negligible.

The Industrial Customers of Idaho Power opposed the program, saying customers should not be required to pay Idaho Power to induce it to implement cost-effective conservation activities. The Northwest Energy Coalition endorsed the program because it is structured in such a way that Idaho Power will need to show excellent performance in order to received incentive payments.

A full text of the commission's orders, along with other documents related to these cases, are available on the commission's Web site. Click on "File Room" and then on "Electric Cases" and scroll down to the above case numbers.



APPENDIX E

Idaho Public Utilities Commission

Case No. IPC-E-09-28, Order No. 30948

December 8, 2009

Contact: Gene Fadness (208) 334-0339, 890-2712

Website: www.puc.idaho.gov

Idaho Power wants to make FCA permanent

Idaho Power Company is asking state regulators to make permanent a program that allows the utility to recover its fixed costs of delivering energy regardless of the impact energy efficiency and conservation programs have on energy sales.

The Idaho Public Utilities Commission implemented the Fixed Cost Adjustment (FCA) in 2007 as a three-year pilot program. The adjustment, sometimes referred to as a “decoupling mechanism,” allows Idaho Power to recover its fixed costs of delivering energy as established in its most recent general rate case even if there is a reduction in energy sales and revenues because of energy efficiency and demand reduction efforts.

Without a mechanism like the FCA, Idaho Power claims there is a financial disincentive for it to promote energy efficiency and conservation programs because energy sales may decline. The FCA allows Idaho Power to recover its established fixed costs through a surcharge when it under-collects fixed costs because of reduced electrical use. Conversely, if Idaho Power collects more than its established fixed costs, customers receive a credit instead of a surcharge.

During the first year of the pilot, the FCA resulted in a credit of about 48 cents per month on an average residential bill. During the second year, customers were assessed a surcharge, or an increase of about 56 cents per month on an average residential bill. The FCA applies only to residential and small-business customers.

Idaho Power claims that implementation of the FCA has been a major factor in the utility’s substantial increase in its level of investment in energy efficiency and conservation, from \$11.5 million in 2006 to \$21.2 million during 2008. That investment has resulted in significant increases in the number of megawatt-hours saved – a 29 percent increase after the first year and a 54 percent increase after the second year. According to the company’s figures, the megawatt-hours saved during 2006 was 70,766; during 2007, the total saved was 91,145; and during 2008, the total was 140,156.

The commission has established a Dec. 16 deadline for parties who want to participate in hearings or file testimony. The commission will later establish a schedule for processing this case, including comment deadlines for the utility’s customers or other interested parties.



APPENDIX F – Idaho Power Energy Efficiency Rider increase
(Excerpt from May 29, 2009 press release)

Energy Efficiency Rider
IPC-E-09-05, Order No. 30814

The money raised from the 2.5 percent Energy Efficiency Rider is used to fund up to 20 programs that reduce customer demand on Idaho Power's electric system. That demand reduction reduces the amount of electricity Idaho Power has to buy or generate, saving customers money in the long-run.

On June 1, the rider will increase from 2.5 percent to 4.75 percent of customer bills. The increase in the rider is primary due to a new commercial demand response program and a greater than anticipated participation in the Irrigation Peak Rewards Program, which will be capable of reducing Idaho Power's peak loads in the summer by 200 megawatts. **None of the funding from the rider can increase earnings for Idaho Power, but can be used only to fund energy efficiency and conservation programs.**

"Rate increases are never popular and are especially unwelcome in difficult economic times," the commission said. "However, the information provided shows that energy efficiency programs have been effective in creating more efficient use of electricity by customers, and in reducing the peak demand on Idaho Power's system. These results mean that higher rates to support construction of new generating facilities have been delayed or avoided altogether."

The rider was created in 2002, after the Western energy crisis of 2000-01. At that time, the commission directed Idaho Power to develop comprehensive demand-side management (DSM) and energy efficiency programs to help customers reduce bills and lessen Idaho Power's dependency on the volatile wholesale market for electric supply.

Energy efficiency programs in 2008 resulted in 107,484 megawatt-hours of energy savings, a 72 percent increase over the 2007 total of 62,544 MWh. DSM programs that reduce demand on Idaho Power's system provided 58 megawatts of demand reduction in 2008 compared to 48 MW in 2007. (One megawatt is one million watts, enough electricity to power about 650 average homes and light 10,000 100-watt light bulbs.)

"By encouraging energy efficiency programs through relatively modest increases in the rider, the commission is delaying, or avoiding altogether, larger rate increases necessitated by Idaho Power's investment in generation resources," the commission said.

The Northwest Energy Coalition and the Idaho Irrigation Pumpers Association filed comments in support of the rider, although the coalition said the amount of the rider is "insufficient to capture all the cost-effective energy savings potential in Idaho Power's service territory and to operate robust demand-response programs to reduce peak generation resource needs." The coalition noted that "using electricity more efficiently is

the quickest and least-cost approach to meeting customers' power needs" because it reduces customer bills and reduces loads during peak periods when Idaho Power's system is most stressed.

APPENDIX G – Avista efficiency rider

Idaho Public Utilities Commission

Case No. AVU-E-09-06 and AVU-G-09-04, Interlocutory Order No. 30870

August 3, 2009

Contact: Gene Fadness (208) 334-0339, 890-2712

Website: www.puc.idaho.gov

Commission reviewing Avista conservation programs

The Idaho Public Utilities Commission is taking comments through Aug. 28 on an application by Avista Utilities to increase the rider that electric and natural gas customers pay to fund conservation programs and to create a mechanism for a yearly adjustment each spring.

If the commission approves the application, there is **no increase** to the overall rates approved by the commission in its July 17 order and made effective on Aug. 1. That increase – an average 1.5 percent for electric customers and 1.2 percent for gas customers already includes the proposed rider adjustments. The net increase approved July 17 was the result of the following adjustments:

- an increase to base rates for electric and natural gas customers
- a decrease for electric customers in the annual Power Cost Adjustment and a decrease for gas customers in the annual Purchases Gas Cost Adjustment
- a decrease for residential and small-farm electric customers as a result of the resumption of the Bonneville Power Administration's residential exchange credit
- an increase (subject to commission review in this application) to the energy efficiency rider for electric and natural gas customers.

The commission directed that the energy efficiency rider portions of the adjustment be made effective Aug. 1 on a temporary basis to avoid having several rate adjustments within a short period of time. If the commission finds that the company has not demonstrated a need for an increase in the energy efficiency rider, the rider account will be adjusted in the near future to accommodate the commission's findings.

The rider funds more than 30 programs in two categories called demand side management (DSM) and energy efficiency. DSM programs reduce customer demand on the company's generation sources. Efficiency programs help customers use their electricity more efficiently. The commission approves riders for electric and gas utilities if they are found to be cost-effective for both customers and the utility. DSM and efficiency programs can save customers money in both the short term by direct customer participation and in the long term because they prevent or delay the utility from having to buy or build more expensive generation.

Avista proposes to increase its electric rider from 2.24 percent to 3.27 percent of customer bills and the gas rider from 1.55 percent to 2.6 percent. As stated, this proposed

increase is already in the overall rates approved last July 17, subject to commission review. Final approval of the rider would increase annual revenue by \$5.4 million. **However, increases in the rider cannot increase or decrease company earnings.** Revenue collected from the rider can be used only to pay off a \$2.36 million shortfall in the electric rider fund, a \$1 million shortfall in the gas rider fund and to fund ongoing programs.

Avista's DSM and efficiency efforts are based on providing financial incentives or rebates for customer participation in more than 30 programs. Some of the programs include efficiency measures for appliances, compressed air systems, HVAC systems, industrial and commercial equipment, lighting and motors. The programs also include renewable technologies and sustainable building measures. Further, Avista has long encouraged the direct use of natural gas by its electric customers with rebates for the conversion of electric-to-natural gas space and water heater loads.

According to the company's application, Avista continues to exceed targets in electric and gas savings as the result of these programs for its Washington and Idaho customers. More than 110 average megawatts of demand-side management programs are now in place on the company's total retail average load (during 2008) of 1,100 average megawatts. (A megawatt is one million watts, enough electricity to power about 650 average homes.) On the gas side, 1.9 million therms were saved during 2008, which was 136 percent of the company's target.

Of all the surcharge revenues collected from Washington and Idaho electric and gas customers, 72 percent were paid back to customers in direct incentives to participate in energy efficiency and demand-side management programs. This does not include the additional benefits such as technical analysis and education provided to customers by the company's DSM staff.

In this application, Avista also proposes to reduce large negative or positive adjustments to the rider by filing on or about Feb. 15 of each year for either an increase or a decrease to the rider.

According to the company's application, installing energy efficiency measures "is a direct action customers can take to respond to a period of increasing energy prices facing the Pacific Northwest and the country as a whole." The application states that Avista's energy efficiency programs are being used by customers at unprecedented levels.

The commission plans to handle this request in a modified procedure that uses written comments rather than conducting a hearing, unless customer comments can demonstrate a need for a public hearing. Comments are accepted via e-mail by accessing the commission's homepage at www.puc.idaho.gov and clicking on "Comments & Questions." Fill in the case number (AVU-E-09-06 or AVU-G-09-04) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

APPENDIX H – PacifiCorp Energy Efficiency Rider

IDAHO PUBLIC UTILITIES COMMISSION

May 5, 2008

Case No. PAC-E-08-01, Order No. 30543

Contact: Gene Fadness (208) 334-0339, 890-2712

Website: www.puc.idaho.gov

Commission: Customers will benefit from increase in efficiency rider

Customers of Rocky Mountain Power in eastern Idaho will pay more for a rider on customer bills to fund an expansion of the utility's energy efficiency programs. The increase in the rider, from 1.5 percent to 3.72 percent, is about \$1.56 per month more for an average residential customer.

The Idaho Public Utilities Commission approved the increase as one that will be financially beneficial to customers in the long-term. "We find that demand-side management, conservation, and energy efficiency measures continue to be the least-cost resources that utilities can acquire to serve new load," the commission said.

PacifiCorp, the parent company of Rocky Mountain Power, anticipates a shortage of energy resources to serve peak loads this summer. By implementing programs funded by the rider, the company estimates it will save 13,140 megawatt-hours per year. At the former 1.5 percent, the rider funded programs that saved about 8,000 MWh during 2007.

While those customers who directly participate in the conservation programs will benefit the most, "all customers, including those with fixed and limited income, will benefit from deferring the cost of new supply-side resources," the commission said. Further, Idaho's share of system supply costs in PacifiCorp's six-state territory will decrease from expanded conservation programs.

Revenue collected from the rider must go directly to fund and administer energy efficiency programs and cannot be used for other purposes. The enhanced energy efficiency programs will offer information, services and cash incentives to help customers install energy efficient equipment or make permanent operational changes to reduce consumption and save money.

The commission directed the company to file a report each year on May 1 outlining the programs and demonstrating their cost-effectiveness. The commission also directed the company to provide the information necessary to conduct a prudency review of the costs and expenses related to the program during the company's next general rate case. "Costs imprudently incurred will not be paid by customers," the commission said.

The Northwest Energy Coalition filed comments in support of the filing. NWECC contends PacifiCorp has been underfunding and underachieving energy savings and believes the time is ripe for a significant expansion of effort. The commission should make it clear, NWECC said, that utility performance not be measured on expenditure of funds, but on the actual energy savings acquired.

Rocky Mountain Power proposes these changes:

- Expanding the FinAnswer Express program, which provides incentives for commercial and industrial customers in efficient lighting, premium motors and mechanical upgrades to heating and cooling systems. Both new construction and retrofit projects are eligible. Rocky Mountain Power reports there is a waiting list of business customers wanting to participate.
- Adding the Energy FinAnswer program to its Idaho jurisdiction. Rocky Mountain Power, which operates as PacifiCorp in five other Western states, offers this program in other states. It would provide incentives and honorariums to builders of new construction projects that exceed current Idaho energy code by at least 10 percent.
- Modifying and updating the Irrigation Energy Savers program, which helps irrigators with system upgrades, including the installation of frequency drives on pumps that help them to operate more efficiently.
- Modifying the Home Energy Savings program to increase participation and align incentive levels with Idaho markets. The program provides incentives for residential customers for more efficient use of washing machines, dishwashers, water heaters, lighting, evaporative cooling, insulation and heat pumps.

Other programs funded by the rider that will continue without change are Refrigerator Recycling, Low-Income Weatherization Services and the Irrigation Load Control Credit Rider.

A full text of the commission's order, along with other documents related to this case, is available on the commission's Web site at www.puc.idaho.gov. Click on "File Room" and then on "Electric Cases" and scroll down to Case No. PAC-E-08-01.

APPENDIX I



C. L. "BUTCH" OTTER
GOVERNOR

March 19, 2009

The Honorable Steven Chu
Secretary
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

VIA FACSIMILE & U.S. MAIL

Re: The State of Idaho's Energy Program Assurances

Dear Secretary Chu,

As a condition of receiving Idaho's share of the \$3.1 billion funding for the State Energy Program (SEP) under the American Recovery and Renewal Act of 2009 (H.R. 1)(ARRA), I am providing the following assurances. I have written to our public utility commission and requested that they continue their successful decoupling efforts and consider additional actions to promote energy efficiency, consistent with the Federal statutory language contained in H.R. 1 and their obligations to maintain just and reasonable rates, while protecting the public. I have also written the appropriate state agencies and requested that they consider actions to improve building energy codes, consistent with State law and State Constitutional requirements, and to consider the statutory language contained in ARRA.

We are prioritizing our energy investments to take advantage of existing programs and expand programs where appropriate. Our State is committed to a robust improvement in energy efficiency and renewable energy, as well as a balanced State energy policy. I want to assure you that, within the limits of my authority, we will move forward in these critical areas.

We look forward to immediate distribution of the Federal SEP funds to permit my State to make progress in energy efficiency and renewable energy.

As Always – Idaho, "Esto Perpetua"

A handwritten signature in black ink, appearing to read "C.L. Butch Otter".

CLO/sg

C.L. "Butch" Otter
Governor of Idaho

cc: Gil Sperling
Director, Office of Weatherization and Intergovernmental Programs
U.S. Department of Energy
State Energy Director
David Terry, Executive Director
National Association of State Energy Officials



NORTHWEST
ENERGY EFFICIENCY
ALLIANCE

October 21, 2009

The Honorable C. L. "Butch" Otter
Governor of Idaho
State Capitol
Boise, ID 83720

Dear Governor Otter:

Thank you for appointing David Hawk as Idaho's representative to the Northwest Energy Efficiency Alliance (NEEA) Board.

It is an exciting time for energy efficiency and I look forward to working with Mr. Hawk as we continue to serve the region, including Idaho, to accomplish our mission to mobilize the Northwest to become increasingly energy efficient for a sustainable future.

I thank you for bringing an individual to the Board with the depth and breadth of experience that Mr. Hawk has in energy related matters, and particularly his solid understanding of Idaho-related energy concerns. NEEA is appreciative of the time and focus you spent on the selection and for the concentrated focus Paul Kjellander contributed to the effort. We are deeply appreciative to you both.

Sincerely,

A handwritten signature in cursive script that reads "Claire Fulenwider".

Claire Fulenwider
Executive Director

cc:

David Hawk

~~Paul Kjellander~~, Idaho Office of Energy Resources

Warren Kline, Idaho Power

APPENDIX K – Implementation of tiered rate (emphasis added)

Idaho Public Utilities Commission
Case No. IPC-E-08-10, Order No. 30722
January 30, 2009
Contact: Gene Fadness (208) 334-0339, 890-2712
Website: www.puc.idaho.gov.

Idaho Power gets 3.1 percent increase; 1.6 percent for residential customers

Rates for Idaho Power Company customers will increase by an average 3.1 percent effective Feb. 1, according to an order issued today by the Idaho Public Utilities Commission. Rates for residential customers will increase an average 1.6 percent.

Last July, Idaho Power asked the commission to approve an overall average 9.89 percent increase with a requested 6.31 percent increase for residential customers. The utility asked to increase its annual revenue requirement by \$66.6 million. Today's order authorizes a \$20.87 million increase in annual revenue.

The order also establishes a year-round, three-tiered rate structure for residential customers to promote energy efficiency and provide cost-saving opportunities. The new non-summer residential rate of 5.58 cents per kilowatt-hour for the first 800 kWh of monthly use is actually less than the current non-summer rate of 5.78 cents per kWh.

Idaho Power proposed a two-tiered rate under which customers would pay a rate 20 percent higher than the first tier once their monthly consumption exceeded 600 kWh. Instead, the commission adopted a three-tiered rate of 5.58 cents per kWh for non-summer use up to 800 kWh; 6.2 cents per kWh for use between 801 and 2000 kWh and 7.13 cents for use of 2,001 kWh or more. During the summer months, the first tier is 5.78 cents, the second tier is 6.59 cents and the third tier, 8.17 cents. Idaho Power's current summer rate is 5.78 cents on the first 300 kWh and 6.51 cents for use beyond that.

Rates for other customer classes vary depending largely on how much it costs to serve each customer class. The rates approved by the commission for the major rate classes (with the company's original proposal in parenthesis) are as follows:

Residential – 1.61 percent (6.3 percent)
Small commercial – 0.42 percent (10.6 percent)
Large commercial – 3.35 percent (15 percent)
Industrial – 5.62 percent (15 percent)
Irrigation – 6 percent (15 percent)

In adopting a significantly smaller revenue requirement than the utility requested, the commission noted the deteriorating economic conditions since Idaho Power made its application to the commission last July. "The volatility of the market, and general

financial distress on both a state and national level have triggered significant commission concern about ambitious financial projections based on 2007 customer growth” and then extrapolated by the company into 2008, the commission said.

The commission said it expects Idaho Power to continue to demonstrate its ongoing efforts to reduce operating costs and increase efficiencies. Because of the tough economic climate, the commission said all utilities’ fiscal responsibility will be “reviewed extensively and continually.”

Even in tough economic times, the commission must abide by state statutes requiring that regulated electric utilities be allowed to recover all prudently incurred expenses in order to serve customers in a safe and reliable manner. When the commission denies cost recovery to a utility, it must be able to legally demonstrate why the utility’s costs were not prudently incurred or in the best interest of customers.

The commission disallowed some of Idaho Power’s proposed expenses. The utility proposed to include in its revenue requirement an increase of nearly \$16 million in operation and maintenance expenses over 2007 levels based on anticipated growth in its service territory. The commission allowed \$2.87 million, noting that this is an area where Idaho Power has the most discretion to control costs. The commission also deducted \$11.2 million from the company’s proposed \$91.4 million in net power supply costs (fuel to operate plants, power purchases from the wholesale market and other utilities and purchases from in-state small-power facilities).

The commission disallowed the following amounts in these other categories: employee incentive compensation accounts (\$3.2 million), legal services (\$192,300) and employee purchase card expenses (\$885,000). Idaho Power agreed with commission staff’s findings to reduce \$1.4 million in depreciation expense and \$2 million in payroll expense due to a lack of increase in employees during 2008. The company said it has responded to the economic slowdown by instituting a selective hiring freeze. The commission also is requiring Idaho Power to reimburse customers \$3.26 million over five years. That is the amount credited to Idaho Power by federal agencies after it successfully challenged the amount of fees it had to pay the Federal Energy Regulatory Commission and other agencies during 1999-2006.

Idaho Power maintained a near 10 percent increase was necessary to recover investments including \$578 million for 13 new substations, 1,157 miles of distribution lines and 190 miles of transmission lines over the last three years. During the same time period, the company claims it increased the amount of electricity it buys from other utilities from \$876 million to more than \$2 billion. That includes purchases from renewable sources, including wind and geothermal. The company anticipates spending about \$900 million during 2008-2010 in construction expenditures.

In a departure from past practice, the commission allowed the utility to include a greater proportion of projected costs in rates to more closely align rates with the company’s expenses, thereby improving its credit rating and borrowing capacity. Typically, only

actual, historical costs are included in rates. But because of the time it takes to process a rate case (about six months), the company often incurs expense that it cannot recover until months after new plant is in use. The commission allowed Idaho Power to include major plant addition in excess of \$2 million that was to be completed by Dec. 31, 2008 and allowed it to include an escalation in some expense accounts where a specific trend could be identified. However, the commission did not allow as much in forecasted expense as Idaho Power wanted.

The commission approved an 8.18 percent rate of return and 10.5 percent return on common equity. The company requested 8.55 percent and 11.25 percent respectively. Evidence supported a finding that a slightly higher rate of return is required than the current 10.25 percent, the commission said, in order to attract investors and to improve the company's credit ratings, which can benefit customers by lowering Idaho Power's borrowing costs.

The company's ongoing construction needs also prompted the commission to include in rates an allowance for funds used during construction (AFUDC) totaling \$6.8 million related to the Hells Canyon relicensing projects. Typically, AFUDC is not included in rates until a project is in use and benefitting customers. In 2006, the Idaho Legislature amended a 1984 statute that prohibited the commission from including those costs in rates except in extreme emergencies. The 2006 amendment said construction work in progress and plant held for future use can be included in rates if the commission makes an explicit finding that including those costs is in the public interest.

Including the Hells Canyon costs is in the public interest, the commission said, because paying down some relicensing accounts now will mean smaller rate increases in the future because all prudently incurred relicensing costs will have to be included in future rates. Further, the commission said, "Idaho Power's cash flow will improve, which will help maintain its credit strength to access funds for ongoing construction projects." The commission said the relicensing effort, which is required by the Federal Energy Regulatory Commission and has cost \$95.6 million through 2007, is unlike a typical construction project because it has been under way for nearly 10 years with no certain completion date. Further, Idaho Power is able to use the Hells Canyon complex hydroelectric projects during relicensing, thus benefiting customers.

The commission also approved a request by the Community Action Partnership Association of Idaho (CAPAI) to require Idaho Power to provide \$25,000 annually to each of the state's five community-action regions for energy-efficiency education projects. The commission declined a request by CAPAI that Idaho Power increase funding for low-income weatherization. The commission said the utility is already actively involved in funding low-income weatherization projects.

Other parties in the case besides CAPAI, which represents low- and fixed-income customers, included the Idaho Irrigation Pumpers Association, the Industrial Customers of Idaho Power, Micron Technology, the U.S. Department of Energy (on behalf of the Idaho National Laboratory), the Kroger Company (dba Fred Meyer and Smith's) and the

Snake River Alliance. The commission also held three public workshops for customers, three public hearings and a four-day technical hearing.

A full text of the commission's order, along with other documents related to this case, is available on the commission's Web site at www.puc.idaho.gov. Click on "File Room" and then on "Electric Cases" and scroll down to Case Number IPC-E-08-10.

Interested parties may petition the commission for reconsideration by no later than Feb. 20. Petitions for reconsideration must set forth specifically why the petitioner contends that the order is unreasonable, unlawful or erroneous. Petitions should include a statement of the nature and quantity of evidence the petitioner will offer if reconsideration is granted.

Petitions can be delivered to the commission at 472 W. Washington St. in Boise, mailed to P.O. Box 83720, Boise, ID, 83720-0074, or faxed to 208-334-3762.

APPENDIX L – Idaho Power automated meters plan approved

Idaho Public Utilities Commission

February 17, 2009

Case No IPC-E-08-16, Order No. 30726

Contact: Gene Fadness, (208) 334-0339, 890-2712 (cell)

Commission OK's installation of automated meters

Idaho Power will begin this year a three-year project to install automated meters throughout its southern Idaho service territory.

Responding to an urgent directive from the Idaho Public Utilities Commission, the utility will replace its existing meters with advanced metering infrastructure (AMI) that will eventually allow customers to monitor electric prices and adjust their use to take advantage of lower price-periods. Idaho Power submitted a cost estimate of \$71 million for the project and will absorb any costs above that. Rates will not immediately increase, but will be included in base rates as the meters are placed in service. The commission also approved the company's request to accelerate the depreciation time frame on its existing meters down to three years.

The commission is urging Idaho Power to "move forward with all deliberate speed" with installation beginning this year in the Boise area, then in 2010 in the Canyon and Payette regions and, finally, in 2011 in the Magic Valley, Pocatello and Salmon areas.

The advanced meters can be read from a remote location, negating the need for an Idaho Power representative to access customer properties. They can provide the company and individual customers with hourly meter readings and inform customers of current electric prices, potentially allowing them to manage their use and reduce their bills.

Other benefits to customers and the company will include reduced operational costs associated with meter reading and improved meter reading accuracy, outage monitoring and theft detection. Customers can also be disconnected and reconnected from a remote location saving time and labor. There are also billing advantages such as fewer estimated bills, less re-billing and more flexible billing schedules.

After the Western energy crisis of 2000-2001, the commission said advanced metering technology was becoming more necessary. At that time, the commission ordered Idaho Power to evaluate and report on advanced metering technology. In 2002, the commission ordered Idaho Power to complete installation of advanced metering by 2004, but financial and technical problems made it impossible for the company to meet that time frame.

The commission eventually adopted a phased-in implementation and evaluation approach, with advanced meters installed in test areas such as Emmett. In an earlier

order, the commission stated ... "the potential benefits of advanced metering to ratepayers and the company are too great to delay ... implementation indefinitely."

The Idaho Conservation League endorsed adoption of the AMI program, saying it will encourage customers to be more efficient, which will lead to a decrease in overall electrical demand and reduce carbon dioxide emissions. AARP Idaho opposed the plan, saying more information should be obtained through a technical hearing before imposing the additional cost of AMI on customers.

The commission said it is mindful of the large capital expense, but said it expects Idaho Power to "demonstrate its ongoing effort to reduce operating costs and increase efficiencies and reminds the company that in the current economic climate its fiscal responsibility will be reviewed extensively and continually."

Copies of the commission's order are available on the commission's Web site at www.puc.idaho.gov. Click on "Recent Orders and Notices," and scroll down to Case No. IPC-E-08-16. Petitions for reconsideration must be filed by no later than March 5.

APPENDIX M – Update of automated meters in rates

Portion of May 29, 2007, press release including AMI expense in base rates:

Advanced Metering Infrastructure **IPC-E-09-07, Order No. 30829**

Responding to a directive from the commission, Idaho Power has begun a three-year process to replace its existing meters with advanced metering infrastructure (AMI) that will eventually allow customers to monitor electric prices and adjust their use to take advantage of lower price-periods.

Idaho Power estimates the project will cost \$71 million over its three year phase-in process. In this application, Idaho Power sought the first installment, or \$11.2 million for investments made between June 1, 2009, and May 31, 2010, which would have resulted in a 2.22 percent increase.

However, the commission adopted its staff's recommendation to include only costs through 2009, as more representative of the company's actual investment. The resulting increase is 1.8 percent. "We are confident that such an approach will provide the necessary protection to ratepayers and ensure that the company is able to maintain adequate cash flow and access to sufficient capital to maintain a secure financial footing in the midst of the current economic downturn," the commission said.

The Snake River Alliance filed comments supporting the company's application, but acknowledged that the meters' benefits won't be realized immediately. However, "eventual benefits will lead to real energy savings that will benefit all customers ... through reduced energy bills and reduced need for additional investments in generation and transmission."

The commission is urging Idaho Power to "move forward with all deliberate speed" with installation beginning this year in the Boise area, then in 2010 in the Canyon and Payette regions and, finally, in 2011 in the Magic Valley, Pocatello and Salmon areas. Idaho Power is pursuing federal stimulus dollars to help fund the project, which could eventually reduce ratepayer costs.



OFFICE OF ENERGY RESOURCES

C.L. "BUTCH" OTTER
Governor

PAUL KJELLANDER
Administrator



322 East Front Street, P.O. Box 83720
Boise, Idaho 83720-0098

(208) 287-4903
FAX (208) 287-6700

October 27, 2009

Will Hart
Executive Director
Idaho Consumer-Owned Utilities Association
PO Box 1898
Boise, Idaho 83701

Will Hart:

The Office of Energy Resources (OER) is in the process of compiling a report on the 2007 Idaho Energy Plan. Specifically, this report is tracking the progress related to various action items contained in the energy plan.

There is a section within the plan that deals directly with Idaho's municipal and cooperative utilities and in an effort to respond appropriately to the legislature, I am seeking your assistance. The specific section of the plan related to your association is as follows:

E-7 Idaho's municipal and cooperative utilities should annually report to the Energy Division their estimates of cost-effective conservation in their service territories, their plans for acquiring this resource, their conservation and energy efficiency expenditures, and their estimated savings in electrical energy (MWh) and peak capacity (kW) during the lifetime of the measures implemented.

At your earliest convenience, could you consult with your membership and provide OER with some language that addresses the section referenced above. Your response to this request will be incorporated into the final report that will be delivered to the Idaho State Legislature prior to the next session.

Thank you for your consideration of this request. If you require additional information, contact me at (208)287-4903.

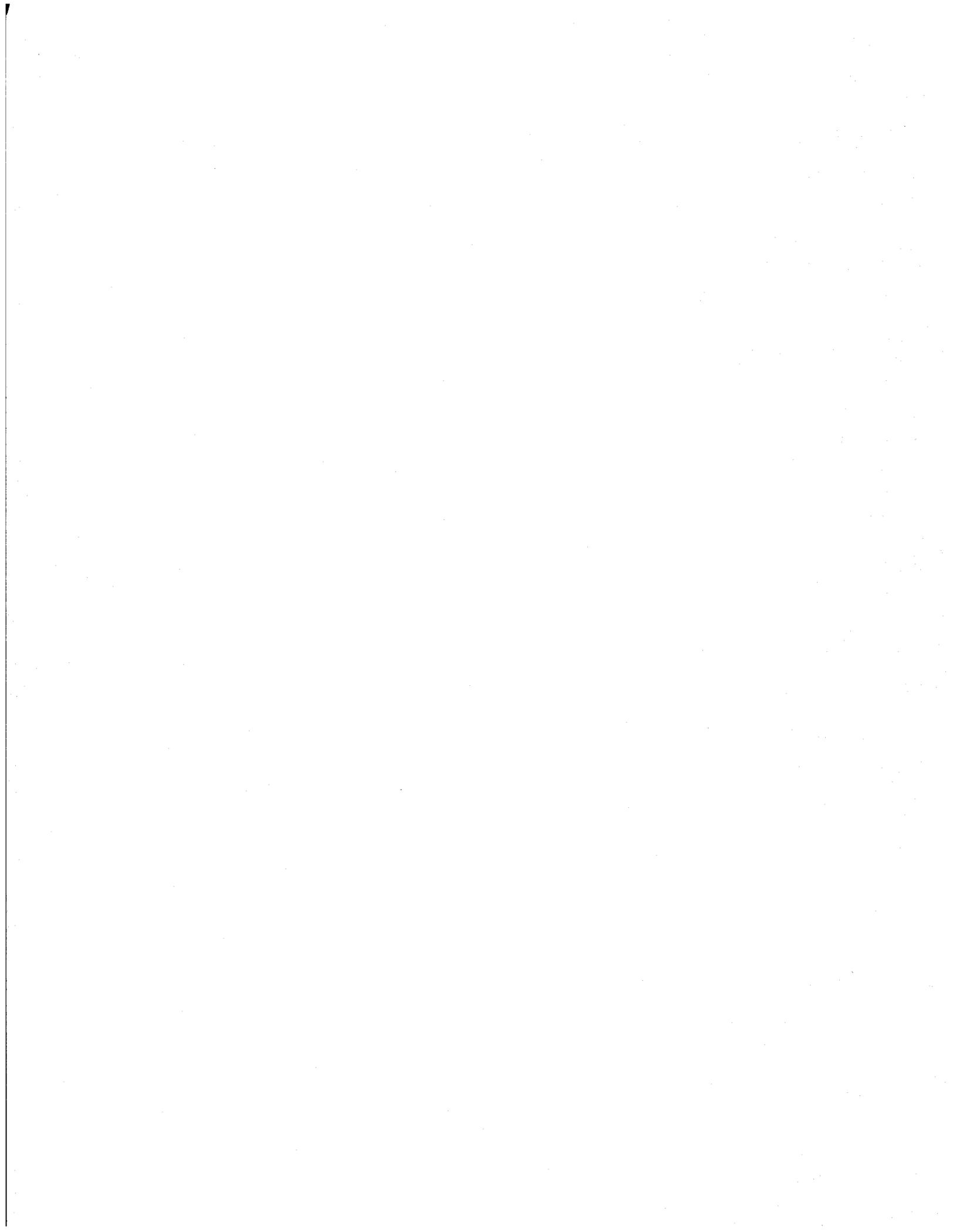
Sincerely,

A handwritten signature in black ink, appearing to read "Paul Kjellander".

Paul Kjellander
Administrator, Idaho Office of Energy Resources

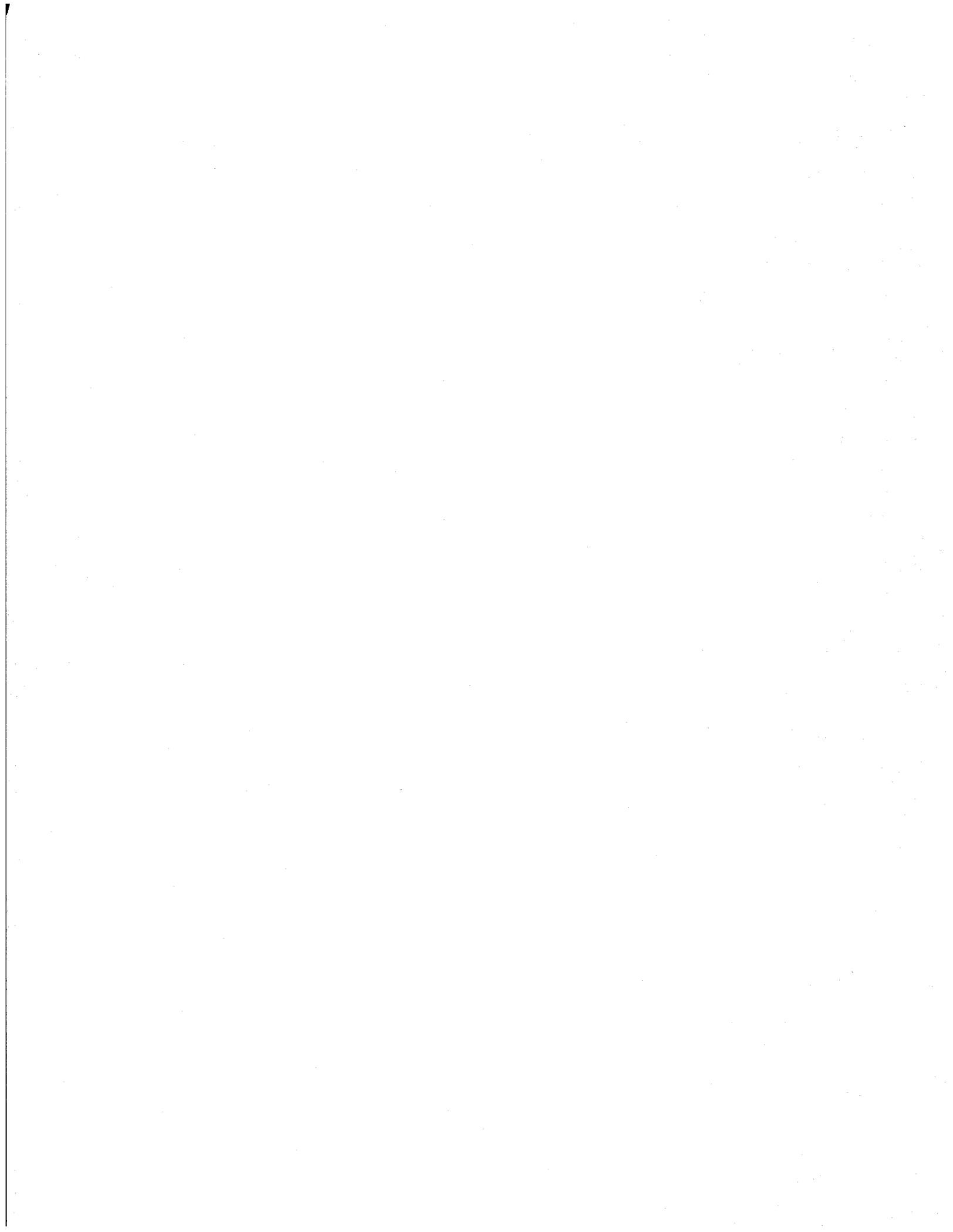
APPENDIX ICOU – 2007

FiscalYear	Measure	Measure Life	Total Kwh Savings	Total Incentive Payments
2007	Cut and pipe press repair of leaking lines	5	16,620	\$2,216
2007	Electronic Thermostats (Programmable)	15	7,778	\$1,600
2007	Energy Star Clothes Washer w/electric DHW	14	126,954	\$29,960
2007	Energy Star Dishwasher	9	12,067	\$6,525
2007	Energy Star Freezer	20	943	\$168
2007	Energy Star Home - Zonal Electric	22	147,915	\$44,000
2007	Energy Star Home - Zonal Electric	25	3,394	\$1,020
2007	Energy Star Lamp/Bulb	9	1,284,054	\$93,860
2007	Energy Star Lamp/Bulb	12	26,401	\$1,895
2007	Energy Star Manufactured Home	45	510,051	\$107,650
2007	Energy Star Refrigerator	22	31,842	\$6,875
2007	Heat Pump		39,706	\$5,903
2007	Heat Pump (Geothermal)	30	31,148	\$18,000
2007	Heat Pump w/PTCS	18	56,615	\$19,275
2007	Insulation (Attic)	45	11,936	\$3,588
2007	Insulation (Floor)	45	2,023	\$607
2007	Insulation (Wall)	45	23,116	\$7,918
2007	Lighting	12	149,982	\$13,696
2007	Motors	15	6,559	\$985
2007	Multi-trajectory sprays that replace low pressure sprinklers	5	31,140	\$3,114
2007	New Center Pivot Boot Gasket Replacement	5	15,300	\$2,250
2007	New drains on wheel-lines, hand-lines, cntr pivots	5	7,590	\$253
2007	New Drop Tube for Low-Pressure Pivot Sprinklers	5	139,260	\$20,889
2007	New Flow Control Type Nozzle for Impact Sprinklers	5	11,240	\$1,686
2007	New Gaskets for Wheel-, Hand- or Main-Line	5	70,740	\$2,358
2007	New Goose Neck Elbow for New Drop Tubes	5	64,800	\$3,240
2007	New Low Pressure Regulators with Pivot Sprinklers	5	466,300	\$69,945
2007	New Multi Config Nozzles-Low Pressure Pivot Sprink	5	17,960	\$1,796
2007	New nozzle replaces existing worn nozzle	5	38,895	\$648
2007	New rotate type sprinkler replace impact sprinkler	5	160	\$12
2007	PTCS Duct Sealing	20	129,728	\$50,800
2007	Rebuilt or new impact sprinklers	5	99,850	\$14,978
2007	Rebuilt or New Low Pressure Brass Sprinklers	5	70,800	\$7,080
2007	Rebuilt or new wheel-line levelers	5	380	\$14
2007	Rotating-type sprinkler replace low pressure sprinkler	5	50,440	\$7,566
2007	Water Heater	14	13,205	\$3,301
2007	Water Heater	25	47,083	\$16,457
2007	Weatherization	45	30,291	\$3,912
2007	Windows	45	9,742	\$2,884
2007 Totals			3,804,010	\$578,922



APPENDIX ICOU – 2008

FiscalYear	Measure	Measure Life	Total Kwh Savings	Total Incentive Payments
2008	Compressed Air System	15	1,130,285	\$135,634
2008	Cut and pipe press repair of leaking lines	5	13,920	\$1,856
2008	Donations	0	33,044	\$14,479
2008	Electronic Thermostats (Programmable)	15	7,778	\$1,600
2008	Energy Star Clothes Washer w/electric DHW	14	164,431	\$31,235
2008	Energy Star Dishwasher	9	13,978	\$9,325
2008	Energy Star Freezer	20	1,104	\$204
2008	Energy Star Home - Zonal Electric	22	33,617	\$10,000
2008	Energy Star Home - Zonal Electric	23	110,305	\$33,150
2008	Energy Star Home - Zonal Electric	61	10,720	\$3,200
2008	Energy Star Lamp/Bulb	9	3,348,341	\$237,650
2008	Energy Star Lamp/Bulb	12	280,312	\$20,120
2008	Energy Star Light Fixtures	15	64	\$3
2008	Energy Star Manufactured Home	45	361,662	\$79,550
2008	Energy Star Refrigerator	22	20,549	\$4,525
2008	Heat Pump (Geothermal)	30	84,792	\$48,000
2008	Heat Pump w/PTCS	18	78,612	\$34,140
2008	Insulation (Attic)	45	16,183	\$4,904
2008	Insulation (Floor)	45	31,653	\$9,476
2008	Insulation (Wall)	45	24,238	\$7,183
2008	Lighting	12	4,433,272	\$347,302
2008	Motors		713,184	\$85,582
2008	Motors	15	167,637	\$13,020
2008	Multiple measures installed	9	777,085	\$71,941
2008	Multi-trajectory sprays that replace low pressure sprinklers	5	5,315	\$473
2008	New Center Pivot Boot Gasket Replacement	5	850	\$125
2008	New drains on wheel-lines, hand-lines, cntr pivots	5	2,640	\$88
2008	New Drop Tube for Low-Pressure Pivot Sprinklers	5	30,160	\$4,524
2008	New Flow Control Type Nozzle for Impact Sprinklers	5	23,720	\$3,558
2008	New Gaskets for Wheel-, Hand- ,or Main-Line	5	19,590	\$653
2008	New Goose Neck Elbow for New Drop Tubes	5	18,660	\$933
2008	New Low Pressure Regulators with Pivot Sprinklers	5	75,200	\$11,280
2008	New Multi Config Nozzles-Low Pressure Pivot Sprink	5	23,860	\$2,386
2008	New nozzle replaces existing worn nozzle	5	17,220	\$287
2008	New rotate type sprinkler replace impact sprinkler	5	11,800	\$885
2008	Pump	10	165,806	\$24,692
2008	Rebuilt or new impact sprinklers	5	34,400	\$5,160
2008	Rebuilt or New Low Pressure Brass Sprinklers	5	12,320	\$1,232
2008	Rebuilt or new wheel-line levelers	5	2,180	\$82
2008	Refrigerators	6	893	\$85
2008	Refrigerators	22	17,552	\$3,875
2008	Rotating-type sprinkler replace low pressure sprinkler	5	70,080	\$10,512
2008	Showerhead	10	525,118	\$50,484
2008	Showerhead/Aerator	6	321,429	\$16,440
2008	Variable Frequency Drive (VFD) motor	10	342,622	\$51,393
2008	Variable Frequency Drive (VFD) motor	15	8,680	\$2,000
2008	Variable Speed Drive (VSD) motor	10	162,529	\$13,167
2008	Water Heater	14	13,306	\$3,327
2008	Water Heater	25	50,314	\$17,610
2008	Windows	45	13,284	\$3,932
2008 Totals			13,826,294	\$1,433,261



APPENDIX O

LEGISLATURE OF THE STATE OF IDAHO

Sixtieth Legislature
2010

Second Regular Session --

IN THE _____

_____ BILL NO. _____

BY _____

AN ACT

RELATING TO INCOME TAX DEDUCTIONS TO PROMOTE ENERGY EFFICIENCY; AMENDING SECTION 63-3022B, IDAHO CODE, TO REMOVE THE REQUIREMENT THAT HOMES BE OLDER THAN 1976 TO CLAIM THE DEDUCTION.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 63-3022B, Idaho Code, be, and the same is hereby amended to read as follows:

63-3022B. DEDUCTION FOR ~~INSULATION~~ ENERGY EFFICIENCY UPGRADE OF RESIDENCES. For taxable years commencing on and after January 1, ~~1976~~ 2010, an individual taxpayer may deduct from taxable income an amount actually paid or accrued by the individual taxpayer during the taxable year for the actual installation, ~~but not replacement,~~ of insulation energy efficiency upgrade measures within any existing building in the state of Idaho which serves as a place of residence of the individual taxpayer. ~~As used in this section, "insulation" means any material commonly used in the building industry and actually installed for the purpose of retarding the passage of heat energy into or out of a building, including but not limited to, such items as fiberglass insulation, weather stripping, double pane windows, and storm doors and windows. As used in this section, "existing building" means any building in being, under construction, or subject to an outstanding legal building permit on the effective date of this act.~~

(1) Definitions:

(a) "Energy efficiency upgrade measure" means an energy efficiency improvement to the building envelope, such as insulation, weather stripping, high efficiency windows, storm doors and windows, or duct system insulation and sealing that reduces the energy use of that building component and is actually installed during the taxable year.

(b) "Existing building" means any single family or duplex building constructed and occupied prior to the taxable year in which the improvement is made or accrued.

(2) Specific requirements for energy efficient upgrade measures:

(a) Upgrade measures shall meet or exceed the prescriptive value for the improved building component established by 39-4109, Idaho Code during the taxable year in which the improvement is paid or accrued subject to the limitation of subsection b and the requirement of subsection c of this section.

1 (b) Insulation shall be added to existing insulation and not in
2 replacement of it. In the case of uninsulated walls and other
3 confined building cavities it may be impossible to install the
4 amount of insulation required by subsection (a). In that case the
5 insulation value required for the deduction shall be determined by
6 the amount of insulation that can be installed in the cavity using
7 blown fibrous insulation.

8 (c) Window replacements must be Energy Star certified by the U. S.
9 Environmental Protection Agency during the taxable year in which the
10 window is installed.

11 (d) Duct sealing and insulation upgrades shall be deductible if they
12 meet these standards: Duct sealing requires mechanical fastening of
13 joints and mastic sealant, and insulation of ducts outside of the
14 living area shall be to a minimum R value of eight (8). In addition
15 performance testing of duct sealing and static pressure is
16 recommended, and the cost of testing and sealing by a technician
17 certified and operating according to the Performance Tested Comfort
18 System requirements promulgated by the Regional Technical Forum of
19 the Northwest Power and Conservation Council is deductible.

20 (e) Duct air flow testing and duct repair for better air flow shall
21 be deductible where the final tested air flow is no less than eighty
22 five percent (85%) and no greater than one hundred twenty percent
23 (120%) of the manufacturer's recommended air flow for the air
24 conditioner or heat pump attached to the duct system at an external
25 static pressure no greater than one half inch water column measured
26 using procedures specified in the Performance Tested Comfort System
27 requirements promulgated by the Regional Technical Forum of the
28 Northwest Power and Conservation Council.

29
30
31 SECTION 2. The Legislature finding that an emergency exists, therefore
32 this act shall be in full force and effect on and after January 1, 2010.
33

STATEMENT OF PURPOSE

The purpose of this legislation is to update the existing tax deduction for existing homes. The update removes the restriction that homes must be built prior to 1976 in order to qualify for a tax deduction for energy efficiency improvements, defines minimum levels of efficiency improvements by reference to current energy efficiency requirements in code, defines energy efficiency upgrade measures, and provides standards for insulating, sealing, repairing and sealing ductwork.

FISCAL IMPACT

This amendment will be revenue positive after considering income tax on installation labor and material and product sale profits and sales tax on materials and products. The deduction is estimated to increase 30%--an added state tax loss of \$200,000. A conservative estimate shows this increase would be offset by \$106,000 estimated increased income tax on installation income and material and net product profits and \$105,000 estimated increased sales tax. State revenue is estimated to increase overall by approximately \$10,500.

CONTACT**Name:****Phone:**



NEWS RELEASE

IDAHO OFFICE OF ENERGY RESOURCES

Release 2009-37

FOR IMMEDIATE RELEASE
Boise, Idaho – September 24, 2009

Contact: Paul Kjellander 287-4903
Administrator Office of Energy Resources

Micron Awarded Stimulus Funds for Energy-Efficient Lighting Technology Development Project

**Governor Otter Announces Stimulus Support for Project to Develop Technology,
Reuse Facilities and Create Jobs at
Idaho Innovation Summit at 9:15 a.m. on September 24**

The Idaho Office of Energy Resources (OER) will award \$5 million in available American Recovery and Reinvestment Act stimulus funds to Micron Technology Inc. to advance a program focused on producing energy-efficient light-emitting diode (LED) technology.

LED technology uses approximately 1/7 of the electricity of today's standard lighting sources. Applications include general commercial and residential illumination, municipal streetlights and outdoor area lighting; off-grid lighting powered by solar for remote locations; television and display backlighting as well as automotive lighting and instrument illumination.

Micron's LED development efforts were one of four projects selected in May by OER and reviewed by a council convened by the Idaho Department of Commerce as the best proposals to stimulate Idaho's economy while creating an industry that promotes energy efficiency.

"The project fits Idaho's long-term economic development goals through creation of quality jobs and career opportunities in an innovative industry," Governor C.L. "Butch" Otter said.

This stimulus funding provides additional financial support to the significant capital and assets Micron has also committed to the project. These include Idaho-based fabrication facilities, world-class research and development personnel and advanced production tools and machinery.

OER Administrator Paul Kjellander said, "Investing in a new direction for Idaho's high-technology industry will restore jobs and growth for Idaho."

"LED technology aligns well with Micron's core semiconductor technology expertise," said Scott DeBoer, Micron Vice President of Process R&D. "The stimulus support announced today, together with the significant R&D investments Micron is making toward this project, further the possibility that this effort could help Idaho grow as a leader in energy-efficient LED technology."

More information about these projects and the Office of Energy Resources is available at <http://www.energy.idaho.gov/>

(END)



APPENDIX AVU

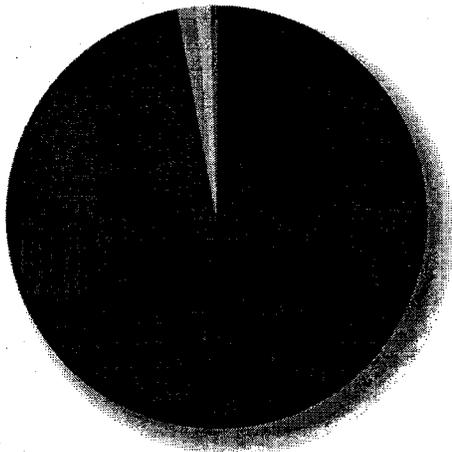
All mixed together

Financial experts always counsel their clients to "diversify."

That's good advice for the energy business, too.

At Avista, we light your reading lamp, charge your laptop and lots more with a mix of fuel sources. That approach can increase reliability and keep rates more manageable.

In 2007, we generated or contracted to purchase this much energy for you:



■ Hydro	50.88 percent
■ Coal	24.72 percent
■ Natural gas	20.09 percent
■ Waste*	1.25 percent
■ Wind**	1.13 percent
■ Nuclear*	0.28 percent
■ Cogeneration	0.11 percent
■ Landfill gases*	0.01 percent
■ Other	0.01 percent
■ Solar	0.00 percent
■ Geothermal	0.00 percent

* Avista doesn't own or operate landfill gases, nuclear or waste generation facilities.

** Participating customers purchased 66,638 megawatt-hours of new, renewable electricity through Avista's Buck-A-Block program. Since participating customers paid for this energy directly, it doesn't constitute an Avista purchase.

Source of data: As reported by Avista Utilities to, and published by, the State of Washington Department of Community, Trade and Economic Development, Energy Policy Division, for the 2007 calendar year.

ENERGY SAVER



Don't be afraid of energy efficiency

You know all those horror movies where our heroine gets a phone call from someone in the house?

Turns out it really is in your house — and our Home Energy Analyzer can tell you where.

This free online service will identify places in need of an efficiency tune up, outline the top ways you can save energy, customized to your home, compare yours to other houses of similar size and energy use, and even more.

You can create an online account then sign up for your analysis at www.avistautilities.com.

connections

OCT. 08

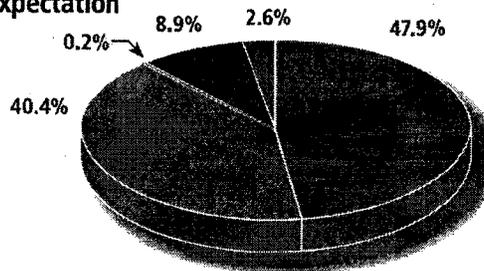
connecting you with your hometown utility

**Where Did Your Electricity
Come From Last Year?**

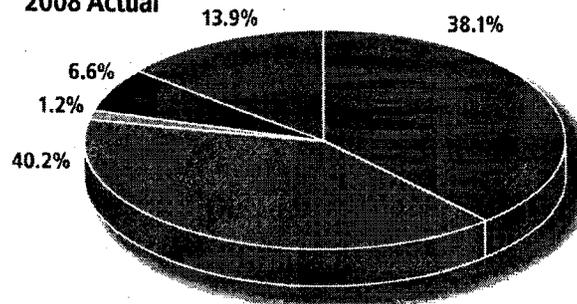
Idaho Power uses a diverse mix of resources to provide its customers with a reliable, low-cost supply of electricity. This mix includes hydroelectricity, power generated by the company's coal or natural gas-fired plants and from purchases from the wholesale energy market.

These charts show the source of your electricity in a normal year and the amount and sources Idaho Power used to meet electrical demand in 2008.

**Normal
Expectation**



2008 Actual



- Hydro
- Coal
- Gas
- Long Term Purchases
- Market Purchases

Energy is a finite, precious resource, and Idaho Power encourages its customers to use it wisely. For more information and to sign up for energy efficiency programs that can help conserve electricity and save money, please go to www.idahopower.com/energyefficiency.



C. L. "BUTCH" OTTER
GOVERNOR

March 19, 2009

The Honorable Steven Chu
Secretary
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

VIA FACSIMILE & U.S. MAIL

Re: The State of Idaho's Energy Program Assurances

Dear Secretary Chu,

As a condition of receiving Idaho's share of the \$3.1 billion funding for the State Energy Program (SEP) under the American Recovery and Renewal Act of 2009 (H.R. 1)(ARRA), I am providing the following assurances. I have written to our public utility commission and requested that they continue their successful decoupling efforts and consider additional actions to promote energy efficiency, consistent with the Federal statutory language contained in H.R. 1 and their obligations to maintain just and reasonable rates, while protecting the public. I have also written the appropriate state agencies and requested that they consider actions to improve building energy codes, consistent with State law and State Constitutional requirements, and to consider the statutory language contained in ARRA.

We are prioritizing our energy investments to take advantage of existing programs and expand programs where appropriate. Our State is committed to a robust improvement in energy efficiency and renewable energy, as well as a balanced State energy policy. I want to assure you that, within the limits of my authority, we will move forward in these critical areas.

We look forward to immediate distribution of the Federal SEP funds to permit my State to make progress in energy efficiency and renewable energy.

As Always - Idaho, "Esto Perpetua"

A handwritten signature in black ink, appearing to read "C.L. Butch Otter".

C.L. "Butch" Otter
Governor of Idaho

CLO/sg

cc: Gil Sperling
Director, Office of Weatherization and Intergovernmental Programs
U.S. Department of Energy
State Energy Director
David Terry, Executive Director
National Association of State Energy Officials





C. L. "BUTCH" OTTER
GOVERNOR

March 19, 2009

Paul Kjellander
Administrator
Idaho Office of Energy Resources
322 East Front Street
P.O. Box 83720
Boise, Idaho 83720-0098

RE: State Energy Program Funding

Dear Paul,

I am attaching the relevant section of the recently passed American Recovery and Renewal Act of 2009 (H.R. 1)(ARRA), which contains a requirement that Governors make certain assurances regarding energy efficiency programs and energy codes as a condition of the State receiving our share of \$3.1 billion from the Federal State Energy Program (SEP).

I am asking you to work with the Idaho Public Utilities Commission and the Division of Building Safety to coordinate efforts to fulfill the state's requirements under the relevant provisions of the ARRA. Such coordination can benefit the public.

I further request that you inform me of your actions.

As Always – Idaho, "Esto Perpetua"

A handwritten signature in black ink, appearing to read "C.L. Butch Otter".

C.L. "Butch" Otter
Governor of Idaho

CLO/sg

authorization provided in section 365(f) of such Act only if the governor of the recipient State notifies the Secretary of Energy in writing that the governor has obtained necessary assurances that each of the following will occur:

(1) The applicable State regulatory authority will seek to implement, in appropriate proceedings for each electric and gas utility, with respect to which the State regulatory authority has ratemaking authority, a general policy that ensures that utility financial incentives are aligned with helping their customers use energy more efficiently and that provide timely cost recovery and a timely earnings opportunity for utilities associated with cost-effective measurable and verifiable efficiency savings, in a way that sustains or enhances utility customers' incentives to use energy more efficiently.

(2) The State, or the applicable units of local government that have authority to adopt building codes, will implement the following:

(A) A building energy code (or codes) for residential buildings that meets or exceeds the most recently published International Energy Conservation Code, or achieves equivalent or greater energy savings.

(B) A building energy code (or codes) for commercial buildings throughout the State that meets or exceeds the ANSI/ASHRAE/IESNA Standard 90.1-2007, or achieves equivalent or greater energy savings.

(C) A plan for the jurisdiction achieving compliance with the building energy code or codes described in subparagraphs (A) and (B) within 8 years of the date of enactment of this Act in at least 90 percent of new and renovated residential and commercial building space. Such plan shall include active training and enforcement programs and measurement of the rate of compliance each year.

(3) The State will to the extent practicable prioritize the grants toward funding energy efficiency and renewable energy programs, including—

(A) the expansion of existing energy efficiency programs approved by the State or the appropriate regulatory authority, including energy efficiency retrofits of buildings and industrial facilities, that are funded—

(i) by the State; or

(ii) through rates under the oversight of the applicable regulatory authority, to the extent applicable;

(B) the expansion of existing programs, approved by the State or the appropriate regulatory authority, to support renewable energy projects and deployment activities, including programs operated by entities which have the authority and capability to manage and distribute grants, loans, performance incentives, and other forms of financial assistance; and

(C) cooperation and joint activities between States to advance more efficient and effective use of this funding to support the priorities described in this paragraph.

(b) STATE MATCH.—The State cost share requirement under the item relating to "Department of Energy; Energy Conservation" in title II of the Department of the Interior and Related Agencies

IDAPA 07 - DIVISION OF BUILDING SAFETY

07.03.01 - RULES OF BUILDING SAFETY

DOCKET NO. 07-0301-0902

NOTICE OF RULEMAKING - PROPOSED RULE

AUTHORITY: In compliance with Section 67-5221(1), Idaho Code, notice is hereby given that this agency has initiated proposed rulemaking procedures. The action is authorized pursuant to Section 39-4109, Idaho Code.

PUBLIC HEARING SCHEDULE: Public hearing(s) concerning this rulemaking will be scheduled if requested in writing by twenty-five (25) persons, a political subdivision, or an agency, not later than October 21, 2009.

The hearing site(s) will be accessible to persons with disabilities. Requests for accommodation must be made not later than five (5) days prior to the hearing, to the agency address below.

DESCRIPTIVE SUMMARY: The following is a nontechnical explanation of the substance and purpose of the proposed rulemaking:

Section 39-4109, Idaho Code, provides the Building Code Board with the authority to adopt specified building codes via administrative rule. The rules currently adopt the 2006 editions of the building codes and need to be updated to reflect the most recent 2009 editions of the codes. Additionally, the American Recovery and Reinvestment Act (federal stimulus legislation) includes funding for states to build energy efficient buildings. To receive that funding, Idaho has provided assurances to the federal government that it will adopt the 2009 International Energy Conservation Code. The rule would adopt the 2009 edition of the International Energy Conservation Code with any amendments thereto as adopted by the Board through the negotiated rulemaking process.

FEE SUMMARY: The following is a specific description of the fee or charge imposed or increased: NA

FISCAL IMPACT: The following is a specific description, if applicable, of any negative fiscal impact on the state general fund greater than ten thousand dollars (\$10,000) during the fiscal year resulting from this rulemaking: None.

NEGOTIATED RULEMAKING: Pursuant to Section 67-5220, Idaho Code, negotiated rulemaking was not conducted because of the simple nature of the rulemaking.

ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS: For assistance on technical questions concerning the proposed rule, contact Steve Keys, Deputy Administrator - Operations, (208) 332-8986.

Anyone may submit written comments regarding this proposed rulemaking. All written comments must be directed to the undersigned and must be delivered on or before October 28, 2009.

DATED this 28th day of August, 2009.

Steve Keys
Deputy Administrator - Operations
Division of Building Safety
1090 E. Watertower St.
Meridian, ID 83642
Phone: (208) 332-8986
Fax: (208) 855-2164

THE FOLLOWING IS THE PROPOSED TEXT FOR DOCKET NO. 07-0301-0902

004. ADOPTION AND INCORPORATION BY REFERENCE.

Under the provisions of Section 39-4109, Idaho Code, the following codes enumerated in this Section are hereby adopted and incorporated by reference into IDAPA 07.03.01, "Rules of Building Safety," Division of Building Safety. The effective date of a 2009 edition of any of the codes adopted in this Section with any amendments identified thereto shall be January 1, 2011. Until such time, the 2006 edition of any such code enumerated in this Section without amendment will remain effective pursuant to Section 39-4109, Idaho Code. Copies of these documents may be reviewed at the office of the Division of Building Safety. The referenced codes may be obtained from International Code Council, 5360 Workman Mill Road, Whittier, California 90601-2298 or <http://www.iccsafe.org>. ~~(5-8-09)~~()

01. **International Building Code. 2006 Edition.** (5-8-09)
02. **International Residential Code. 2006 Edition.** (5-8-09)
03. **International Existing Building Code. 2006~~9~~ Edition.** ~~(5-8-09)~~()
04. **International Energy Conservation Code. 2009 Edition.** ()

APPENDIX T

Idaho Public Utilities Commission

IPC-E-08-11, Order No. 30760

April 1, 2009

Contact: Gene Fadness (208) 334-0339, 890-2712

Proceeds from previous credits used to expand energy efficiency education

The Idaho Public Utilities Commission chose a modified version of a proposal by Idaho Power Company as the best use of \$500,000 for energy efficiency education.

In a related case, the commission chose a modified version of a proposal by Idaho Power as the best use of \$500,000 for energy efficiency education.

In the 2008 emissions credits case, the commission agreed with a recommendation from the Idaho Energy Education Project that a portion of \$19.6 million in emissions credits be used for energy education. Proposals for an education program came from IEEP, Idaho Power Co. and a joint proposal by the Office of Energy Resources and the State Department of Education.

The commission adopted the Idaho Power proposal, saying it is more focused on schools within its service territory and has smaller overhead and administrative costs.

Idaho Power's proposal includes expanding its existing program of energy education by increasing the number of energy audits for homes and schools as well as follow-up discussion of those audits.

Idaho Power will distribute classroom energy kits to students to take home. Students will be taught how to read meters, including advanced meters that are being installed throughout Idaho Power's territory. With meters the students take home, they will be able to calculate the energy use of home appliances. Students will also be invited to participate in audits of school buildings, including making recommendations for efficiency measures.

The commission rejected a portion of Idaho Power's proposal to add two more solar projects to the two existing projects in the Solar 4R Schools program. The commission said the \$75,000 allocated for those projects would be better used in the home and school energy efficiency components of the program.

The commission also directed Idaho Power to establish an advisory board to implement the energy education proposal. Its members will include some of the parties who participated in the case. The board will also assist Idaho Power in preparing a final report to the commission after the two-year project is complete.



C.L. "BUTCH" OTTER
GOVERNOR

EXECUTIVE DEPARTMENT
STATE OF IDAHO
BOISE

EXECUTIVE ORDER NO. 2009-05

**ESTABLISHING THE IDAHO STRATEGIC ENERGY ALLIANCE
REPEALING AND REPLACING EXECUTIVE ORDER 2007-20**

WHEREAS, it is the policy of the State of Idaho to utilize the natural resources of our State to increase our energy supply in an economically efficient and prudent manner while protecting the integrity of our state's resources; and

WHEREAS, the presence of an affordable, reliable and plentiful energy supply is critical for our state and national economy; and

WHEREAS, the development of renewable and/or sustainable energy sources, including but not limited to bio-diesel, biomass, ethanol, methane digesters, wind power and solar, would be beneficial to farmers, rural communities and the state as a whole by establishing additional markets, creating diverse and sustainable forms of energy, and creating new job opportunities for Idahoans; and

WHEREAS, Idaho's energy resources can help Idaho and the nation to lessen dependence on foreign oil; and

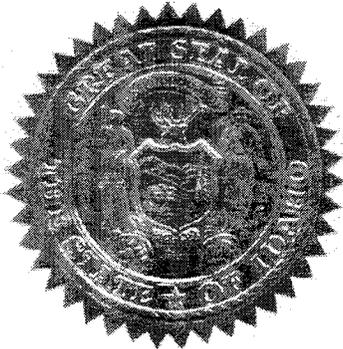
WHEREAS, to this end, it is the goal of the State of Idaho that 25 percent of Idaho's energy needs be provided through renewable and/or sustainable Idaho-based energy sources by the year 2025;

NOW, THEREFORE, I, C.L. "BUTCH" OTTER, Governor of the State of Idaho, by the authority vested in me under the Constitution and the laws of the State of Idaho do hereby order the following:

- 1. The establishment of the Idaho Strategic Energy Alliance as a joint effort between local, tribal, State and federal governments, as well as the for profit and not-for-profit private sectors. The purpose of the Alliance is to enable the development of a sound energy portfolio for Idaho that includes diverse energy resources and production methods, that provides the highest value to the citizens of Idaho, that ensures quality stewardship of environmental resources, and that functions as an effective, secure, and stable energy supply.*
- 2. The responsibilities of the Alliance shall be:*
 - A. To provide policy direction and planning through an overseeing Council that is aimed at increasing the State of Idaho's production of renewable and sustainable energy.*
 - B. To work to improve cooperation, collaboration and information sharing among public and private sector entities in the area of renewable and sustainable energy.*
 - C. To seek out new and innovative means to increase production of energy in Idaho.*
- 3. Membership of the Council shall include a representative from the Office of the Governor and the directors of the following State entities or their designees:*
 - A. Department of Agriculture*
 - B. Department of Environmental Quality*
 - C. Department of Lands*

- D. Department of Water Resources
- E. Department of Commerce
- F. Idaho Transportation Department
- G. Office of Energy Resources

4. *The Council shall engage representatives and members of federal government, local government organizations, tribal governments, Idaho universities, private, and not-for-profit organizations having an interest in the energy future of Idaho pertaining to renewable or sustainable energy, and who can bring the expertise and resources to create a successful Alliance.*
5. *Council members shall serve at the pleasure of the Governor.*
6. *The Council shall meet at least twice annually. The chairman of the Council shall be the administrator of the Office of Energy Resources or his representative.*
7. *The Council shall submit a report of its activities to the Governor and the Legislature annually.*



IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Idaho in Boise on this 6th day of February in the year of our Lord two thousand and nine, and of the Independence of the United States of America the two hundred thirty-third and of the Statehood of Idaho the one hundred nineteenth.

C.L. "BUTCH" OTTER
GOVERNOR

BEN YSURSA
SECRETARY OF STATE

IDAHO K-12 ENERGY EFFICIENCY PROJECT

The Office of Energy Resources (OER) has committed over seventeen million dollars of American Recovery and Reinvestment Act (ARRA) State Energy Program (SEP) funds to K-12 existing school building energy efficiency upgrades.

This project will secure savings through a combination of building process changes, mechanical system tune-ups, and the installation of hard measures implemented through building envelope, lighting, mechanical and water savings retrofit. The training will be designed to support the most efficient and effective implementation of both the tune-ups and hard measure installation.

It's estimated that implementation of the K-12 project will either create or help to maintain 150-250 jobs in the Idaho market over the next two year period. A secondary benefit of this project is to make these jobs sustainable in the longer term.



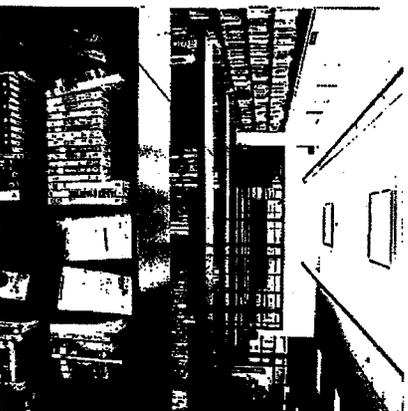
IDAHO'S COMMITMENT

THE GOAL

The goal under this project is the reduction of statewide K-12 classroom energy use by 10 to 15 percent over the next two years when compared to a 2008 baseline.

THE OBJECTIVES

1. During state fiscal years 2010 and 2011 approximately 703 existing Idaho K-12 classroom buildings will undergo heating ventilation and cooling (HVAC) audits and tune-ups to increase system performance and reduce energy bills. Approximately five million dollars will be spent on audits and tune-ups statewide.
2. During this same time period, project engineers will perform scoping audits on 703 K-12 buildings to determine high priority buildings for lighting, envelope mechanical and water saving energy retrofit measures. Almost ten million dollars will be used to retrofit energy systems in selected Idaho K-12 buildings.





GOVERNOR'S MESSAGE

"The primary purpose of this project is to reduce energy bills in K-12 school districts statewide, thereby avoiding the cost of purchased energy. A reduction in energy use in existing buildings will reduce market volatility in the purchase of energy, providing districts greater security in planning both short and long-term energy budgets.

"All this work will benefit not just your district but all of Idaho, since both your state and local tax dollars pay the heating and cooling bills for schools. And the project will provide ongoing benefits in terms of comfort, durability and better equipped and trained staff for our public school buildings. Ultimately, all that will mean healthier learning environments for our children."

Sincerely,

C.L. "Bulck" Otter Governor

For more information, visit the OER website at <http://www.energy.idaho.gov>.



Idaho
Office of Energy Resources



American Recovery
and Reinvestment Act

Costs associated with this publication are available from the Idaho Office of Energy Resources in accordance with Section 60-202, Idaho Code, OER-07-09-1,500

IDAHO OFFICE OF ENERGY RESOURCES



IDAHO K-12 ENERGY EFFICIENCY PROJECT

Appendix W – Energy-related legislation since creation of 2007 Idaho Energy Plan

Idaho Energy Legislation

2007

Biofuel infrastructure investment, income tax credit H0177 - Ch.165
Biofuel Infrastructure/Fuel Independence Act . . . H0150 - Ch.185
Electric facilities, joint participation by cities H0030 - Ch.28
Electric transmission facility, siting, certificate H0152 - Ch.186
Energy Facility Site Advisory Act. H0154 - Ch.164
Energy Resources Authority, operations, investments H0032 - Ch.107
Wind energy electrical production, tax H0189 - Ch.143
Energy Facility Site Advisory Act. H0154 - Ch.164

2008

Energy facility, commercial purpose, endowment lands H0500 - Ch.115
Geothermal energy electrical production, tax . . . H0529 - Ch.227
Energy Efficient State Buildings Act H0422 - Ch.274
Energy savings performance, facilities, contractors H0556 - Ch.366
Energy-producing materials, sales tax exemption. H0561 - Ch.233

2009

Energy-efficient school building design S1132 - ch.145

APPENDIX X

Idaho Statutes

TITLE 33
EDUCATION
CHAPTER 10

FOUNDATION PROGRAM -- STATE AID -- APPORTIONMENT

33-1019.ALLOCATION FOR SCHOOL BUILDING MAINTENANCE REQUIRED. (1) School districts shall annually allocate moneys for school building maintenance from any source available to the district equal to at least two percent (2%) of the replacement value of school buildings, less the receipt of state funds as provided in this section. Any school district expending more than four percent (4%) of the replacement value of school buildings for school building maintenance in any single fiscal year, beginning with the expenditures of fiscal year 2005, may apply the excess as a credit against the two percent (2%) requirement of this section until such credit is depleted or fifteen (15) years have expired. The state shall annually provide funds to be allocated for school building maintenance as follows:

(a) Divide one (1) by the school district's value index for the fiscal year, as calculated pursuant to section 33-906B, Idaho Code; and

(b) Multiply the result by one-half of one percent (0.5%) of the replacement value of school buildings.

(c) For purposes of the calculation in this subsection (1), public charter schools shall be assigned a value index of one (1).

(2) State funds shall be appropriated through the educational support program/division of facilities and disbursed from the school district building account. The order of funding sources used to meet the state funding requirements of this section shall be as follows:

(a) State lottery funds distributed pursuant to section 33-905(2), Idaho Code;

(b) If state lottery funds are insufficient to meet the state funding requirements of this section, then other state funds available pursuant to section 33-905(3), Idaho Code, shall be utilized; and

(c) If the funds in paragraphs (a) and (b) of this subsection (2) are insufficient to meet the state funding requirements of this section, then funds available pursuant to section 33-1018B, Idaho Code, shall be utilized.

(3) Moneys allocated for school building maintenance shall be used exclusively for the maintenance and repair of school buildings or any serious or imminent safety hazard on the property of said school buildings as identified pursuant to chapter 80, title 39, Idaho Code, and shall be utilized, first, to abate serious or imminent safety hazards, as identified pursuant to chapter 80, title 39, Idaho Code. Unexpended moneys in a school district's school building maintenance allocation shall be carried over from year to year and shall remain allocated for the purposes specified in this subsection (3). The replacement value of school buildings shall be determined by multiplying the number of square feet of building floor space in school buildings by eighty-one dollars and forty-five cents (\$81.45). Notwithstanding the definition in subsection (8) of this section, school buildings that are less than one (1) year old on the first day of school shall not be used in the replacement value calculation. The joint finance-appropriations committee shall annually review the replacement value per square foot when setting appropriations for the educational support program and may make adjustments to this figure as necessary.

(4) For school buildings first occupied between July 1, 2009, through September 30, 2019, regarding the replacement value calculation that school districts are directed to use to determine the amount of moneys such districts shall allocate for school building maintenance as directed by subsection (1) of this section, a portion of the square footage of school buildings first occupied on or after July 1, 2009, and constructed pursuant to the provisions of section 33-356, Idaho Code, shall not be used in the replacement value calculation, based on the following schedule:

(a) For school buildings at least one (1) year old but less than two (2) years old on the first day of school, exclude one hundred percent (100%) of the square footage;

(b) For school buildings at least two (2) years old but less than three (3) years old on the first day of school, exclude eighty percent (80%) of the square footage;

(c) For school buildings at least three (3) years old but less than four (4) years old on the first day of school, exclude sixty percent (60%) of the square footage;

(d) For school buildings at least four (4) years old but less than five (5) years old on the first day of school, exclude forty percent (40%) of the square footage; and

(e) For school buildings at least five (5) years old but less than six (6) years old on the first day of school, exclude twenty percent (20%) of the square footage.

(5) The amount of relief provided to any school district pursuant to subsection (4) of this section shall not exceed the amount that would be provided if the school district had a value index of one (1).

(6) School districts shall submit the following to the state department of education by not later than December 1:

- (a) The number of square feet of school building floor space; and
- (b) The funds and fund sources allocated for school building maintenance and any unexpended allocations carried forward from prior fiscal years; and
- (c) The projects on which moneys from the school district's school building maintenance allocation were expended, and the amount and categories of expenditures; and
- (d) The planned uses of the school district's school building maintenance allocation.

The state department of education shall transmit a summary of such reports to the legislature by not later than January 15 of the following year.

(7) If a school district that is participating in the relief provided for in subsection (4) of this section is forgiven the requirement to allocate the school district portion of the moneys for the two percent (2%) of building replacement value for building maintenance provided in subsection (1) of this section, then once the requirements of subsection (1) of this section are reinstated, the provisions of subsection (4) of this section shall recommence from the time the forgiveness took effect.

(8) For the purposes of this section:

- (a) "Annually" means each fiscal year.
- (b) "School building" means buildings that are owned by the school district or leased by the school district through a lease-purchase agreement and are regularly occupied by students.
- (c) "School district" means a school district or public charter school.

The Idaho Code is made available on the Internet by the Idaho Legislature as a public service. This Internet version of the Idaho Code may not be used for commercial purposes, nor may this database be published or repackaged for commercial sale without express written permission.

The Idaho Code is the property of the state of Idaho, and is copyrighted by Idaho law, I.C. § 9-350. According to Idaho law, any person who reproduces or distributes the Idaho Code for commercial purposes in violation of the provisions of this statute shall be deemed to be an infringer of the state of Idaho's copyright.

APPENDIX Y – Text of proposed rules

**IDAPA 07 - DIVISION OF BUILDING SAFETY
07.03.01 - RULES OF BUILDING SAFETY
DOCKET NO. 07-0301-0903**

NOTICE OF RULEMAKING - PROPOSED RULE AUTHORITY: In compliance with Section 67-5221(1), Idaho Code, notice is hereby given that this agency has initiated proposed rulemaking procedures. The action is authorized pursuant to Section 33-356 and 67-2601A, Idaho Code.

PUBLIC HEARING SCHEDULE: Public hearing(s) concerning this rulemaking will be scheduled if requested in writing by twenty-five (25) persons, a political subdivision, or an agency, not later than October 21, 2009. The hearing site(s) will be accessible to persons with disabilities. Requests for accommodation must be made not later than five (5) days prior to the hearing, to the agency address below.

DESCRIPTIVE SUMMARY: The following is a nontechnical explanation of the substance and purpose of the proposed rulemaking: A new section of the Idaho Code codified at Section 33-356 was passed by the legislature in 2009, which provides financial incentives for school districts to use integrated design and fundamental commissioning building practices in the construction of school building facilities. Pursuant to that statute, the administrator of the Division of Building Safety is required to promulgate rules which provide guidance and technical information for school districts, as well as rules governing an annual optimization review to ensure optimal energy performance of building systems. The rule would provide notice of the availability of guidance, educational, and technical support to school districts to implement the processes of integrated design and fundamental commissioning, as well as the availability of a list of all third party commissioning agents in the state; provide for a process of performing and certifying the annual optimization review to ensure energy efficiency; and provide for certifications regarding qualification of schools for the building replacement value calculation.

FEE SUMMARY: The following is a specific description of the fee or charge imposed or increased: N/A

FISCAL IMPACT: The following is a specific description, if applicable, of any negative fiscal impact on the state general fund greater than ten thousand dollars (\$10,000) during the fiscal year resulting from this rulemaking: None.

NEGOTIATED RULEMAKING: Pursuant to Section 67-5220, Idaho Code, negotiated rulemaking was not conducted because of the simple nature of the rulemaking.

ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS: For assistance on technical questions concerning the proposed rule, contact Steve Keys, Deputy Administrator - Operations, (208) 332-8986. Anyone may submit written comments regarding this proposed rulemaking. All written comments must be directed to the undersigned and must be delivered on or before October 28, 2009. DATED this 28th day of August, 2009. Steve Keys Deputy Administrator - Operations Division of Building Safety 1090 E. Watertower St. Meridian, ID 83642 Phone: (208) 332-8986 Fax: (208) 855-2164

DIVISION OF BUILDING SAFETY Docket No. 07-0301-0903 Rules of Building Safety Proposed Rulemaking Idaho Administrative Bulletin Page 157 October 7, 2009 - Vol. 09-10

**THE FOLLOWING IS THE PROPOSED TEXT FOR DOCKET NO. 07-0301-0903 038.
INTEGRATED DESIGN AND FUNDAMENTAL COMMISSIONING.**

01. Definitions. The following definitions are intended to supplement, and should be read in conjunction with the definitions contained in Section 33-356, Idaho Code. () a. Fundamental Commissioning. A

quality-focused process for enhancing the delivery of a project. It makes use of a qualified third party employed directly by the building owner. () **b. Integrated Design.** Integrated design refers to a collaborative design effort in which each of the individual architectural or engineering professionals focuses on the whole building approach, with an emphasis on optimizing the building's performance, environmental sustainability, and cost-savings, to include climate, use, loads and systems resulting in a more comfortable and productive environment, and a building that is more energy-efficient than would be realized using current best practices. ()

02. Technical and Educational Information. Technical and educational information related to integrated design and fundamental commissioning in the form of the American Institute of Architects Integrated Project Delivery Guide; Portland Energy Conservation, Inc. (PECI) Commissioning Guides; ASHRAE Guideline 0- 2005-The Commissioning Process; and the Northwest Energy Efficiency Alliance Integrated Design Special Focus on Energy Performance Guide is available at the Division office locations including 1090 E. Watertower St., Meridian, Idaho 83642, and 1250 Ironwood Dr., Ste. 220, Coeur d'Alene, Idaho 83814. A building commissioned under the prescriptive approaches defined by any of the above-named national organizations is deemed to have completed the Fundamental Commissioning process. () **03.**

Commissioning Agents. The Division has compiled and made available for public examination a list of all known third party building commissioning agents in Idaho and its contiguous states. The Division has ensured that all such commissioning agents appearing on this list have been certified by the Building Commissioning Association (BCA) or other similar certifying entity. ()

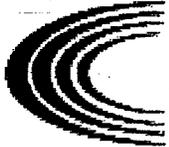
04. Annual Optimization Review. () **a.** A public school building which qualifies for the school building replacement value calculation pursuant to Section 33-356(5)(a), Idaho Code, shall undergo an annual optimization review each year following the first year of operations that the involved school district seeks to qualify such building for the building replacement value calculation. () **b.** The systems within a building required to undergo annual optimization review, as well as any relevant measuring criteria for such systems, shall be formulated by the third party commissioning agent that performs the initial fundamental commissioning. The school district shall be provided with a written report from the commissioning agent identifying the systems which will be subject to the annual optimization review along with any other requirements. () **c.** The report required above in Paragraph 038.03.b. of these rules shall include, but is not limited to, at least the following: () **i.** Verification that the heating, ventilation, and air conditioning (HVAC) controls, dampers, valves, sensors and other equipment used to control the system are functioning as they were at the commissioning of the building. () **ii.** Verification that the lighting controls are functioning as they were at the commissioning of the building. () **iii.** The requirement that any changes made to any of the controls contained on the agent's list after the initial commissioning be re-set back to the commissioned settings unless it can be demonstrated that the new settings result in greater energy efficiency. () **d.** The annual optimization review shall be performed by persons qualified to make the required determinations and adjustments. () **e.** The school district shall submit to the Division written verification indicating that the systems identified by the commissioning agent, including those identified in this Section are functioning as they were at the initial commissioning. Such written verification shall also identify the persons performing the optimization and their qualifications. ()

05. Commissioning Anniversary Date. The date upon which the commissioning agent provides the school district with the required written report described in Paragraph 038.03.b. of these rules shall be the commissioning anniversary date for purposes of this Section. If a school district seeks to qualify a building for the building replacement value calculation, the annual optimization review shall be performed within thirty (30) days of the annual commissioning anniversary date following the first year the building is in operation. The written verification required by Paragraph 038.03.e. of these rules shall be received by the Division not later than sixty (60) days after the annual commissioning anniversary date. ()

06. Fundamental Building Commissioning Requirements. () **a.** School districts seeking to qualify a building for the building replacement value calculation shall engage a building commissioning agent. () **b.** The commissioning agent must document the owner's requirements for each commissioned system in the facility. All HVAC and controls systems, duct work and piping, renewable and alternative technologies, lighting controls and day lighting, waste heat recovery, and any other advanced technologies incorporated

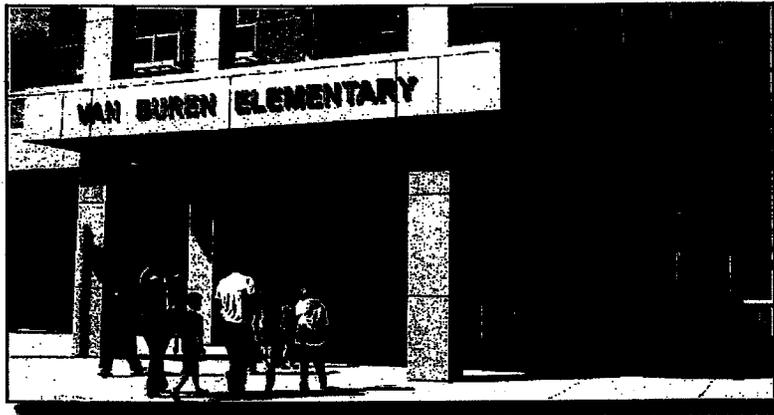
in the building must be commissioned. Building envelope systems must also be verified. The owner's requirements for these systems may include efficiency targets and other performance criteria such as temperature and lighting levels that will define the performance criteria for the functional performance testing that occurs prior to acceptance. () c. The commissioning agent shall include commissioning requirements in the project construction documents. This includes the scope of commissioning for the project, the systems to be commissioned, and the various requirements related to schedule, submittal reviews, testing, training, O & M manuals, and warranty reviews. () d. The commissioning agent shall develop and utilize a commissioning plan. This plan must include an overview of the commissioning process for the project, a list of commissioned systems, primary commissioning participants and their roles, a communication and management plan, an outline of the scope of commissioning tasks, a list of work products, a schedule, and a description of any commissioning testing activities. () e. The commissioning agent must submit a report to the owner once the commissioning plan has been executed. ()

0389. -- 999. (RESERVED).



THE CALDWELL SCHOOL DISTRICT

Building energy-efficient, high-performing schools



Van Buren Elementary

Financially responsible and environmentally conscious.
Caldwell is taking control of energy use.

Energy-smart building choices can significantly reduce operating costs and create better places to learn and teach. The Caldwell School District is proud to be the first school district in Idaho to take energy-smart building to one of the highest national rating levels. Caldwell is creating the next generation of school buildings.

CALDWELL FACT: The Caldwell School District anticipates saving 30 percent in future energy costs by constructing Washington and Van Buren elementary schools with energy saving features.

NATIONAL FACTS: Schools spend more than \$6 billion a year on energy and about 25 percent of those dollars could be saved by being smart about energy, according to the U.S. Department of Energy. In most schools, energy costs are second only to salaries and exceed the cost of supplies and books.

OUR MESSAGE: Energy saving innovation in building schools will greatly improve a teacher's ability to do their job and a child's ability to learn. Teachers and students will breathe healthier air and work in more comfortable conditions and be more successful.

VAN BUREN FACTS

*About 600 students in grades K-5 will attend in the fall of 2009 (89 percent fall below the poverty line; 70 percent are Hispanic)

* Students at Van Buren have for the past two years achieved Adequate Yearly Progress (AYP), an academic benchmark established by the federal government.

*The new school is 70,000 square feet and will cost \$12 million, which is comparable to other recent construction projects in the Treasure Valley.

* The CSD took advantage of a design-build process where professionals worked together to ensure systems were integrated and the work was done swiftly.

* The CSD took advantage of energy-saving performance contracts and energy-saving incentive programs offered by Idaho Power that will return thousands of dollars to the district.

* The CSD took advantage of Idaho's Office of Energy Resources, which has staff focused on helping schools find funding and resources for energy-efficient building.

APPENDIX AA

OFFICE OF ENERGY RESOURCES

C.L. "BUTCH" OTTER
Governor

PAUL KJELLANDER
Administrator



322 East Front Street, P.O. Box 83720
Boise, Idaho 83720

(208) 287-4891
FAX (208) 287-6713

MEMORANDUM OF UNDERSTANDING

By and among

**The Idaho Office of Energy Resources,
Idaho Power Company,
The Amalgamated Sugar Company, LLC**

October 9, 2009

This Memorandum of Understanding (MOU) is entered into by the Idaho Office of Energy Resources (OER), Idaho Power Company (IPC), and the Amalgamated Sugar Company (ASC), referred to herein as "the Parties," for the purpose of exploring the feasibility of a Combined Heat and Power (CHP) project to be located at the Amalgamated Sugar Company's Nampa, Idaho site.

The purpose of this MOU is to set forth understandings with respect to a contemplated opportunity, that if found feasible within the context of Idaho Power's Integrated Resource Planning process, a CHP facility may be built at the ASC's Nampa site.

The Idaho Office of Energy Resources recognizes the potential benefits of this proposed project to improve Idaho's energy resources portfolio, increase source energy utilization efficiency, and reduce environmental impacts. Moreover, the proposed CHP project to be examined conforms with the goals of OER's Combined Heat and Power program, which is to foster development of such projects.

In order to explore the feasibility of this potential project the parties do agree to the following recitals:

1. The Idaho Office of Energy Resources hereby commits up to \$20,000 of its Department of Energy (DOE) Industrial Technologies Program (ITP) grant monies to co-fund contracting of the consulting expertise necessary to conduct the feasibility analyses, the costs of which are to be shared evenly between OER and IPC. Jeff Brooks will be OER's project manager.

2. Idaho Power hereby commits up to \$20,000 to co-fund the costs for the consultant contract(s) necessary to conduct and complete the feasibility analyses, the costs for which are to be shared evenly between OER and IPC. Karl Bokenkamp will be Idaho Power's project manager.
3. Amalgamated Sugar agrees to facilitate the feasibility analyses process by providing site and information access to accurately determine costs, benefits and operational requirements of such a project. Mr. Eric Erickson will be the project manager for ASC.
4. Idaho Power and The Office of Energy Resources will jointly select the consulting contractor(s) to perform the feasibility analyses. Idaho Power will be responsible to insure that the consultant contract language contains end-product specifications necessary for input to Idaho Power's Integrated Resource Plan process. Idaho Power and OER will jointly develop contractor payment milestones and jointly approve payments for completed milestones. OER will provide Idaho Power with copies of all consultant invoices for the project, so contractor costs payment can be accurately shared between the parties.

Each Party hereby acknowledges their shared goals and individual responsibilities contained in this Memorandum of Understanding and agree to fulfill their commitments as so set forth in good faith. It is further agreed that the goal of this effort is to complete the feasibility analyses in a reasonable timeframe of 6 months or less, which requires that each party respond to their commitments in a timely manner that does not unduly delay progress.

IN WITNESS THEREOF, the Parties hereby execute this Memorandum of Understanding to become effective upon the last date written below.

By: _____
 Joe Huff
 Title: Chief Operating Officer
 Amalgamated Sugar Company, LLC

Date: _____

By: _____
 Dan Minor
 Title: Executive Vice President, Operations
 Idaho Power Company

Date: _____

By: _____
 Paul Kjellander
 Title: Administrator
 Idaho Office of Energy Resources

Date: _____

IN THE SENATE

SENATE BILL NO. 1123

BY STATE AFFAIRS COMMITTEE

AN ACT

1 RELATING TO PUBLIC UTILITY RATES; AMENDING CHAPTER 5, TITLE 61, IDAHO
2 CODE, BY THE ADDITION OF A NEW SECTION 61-541, IDAHO CODE, TO
3 DEFINE A TERM, TO PROVIDE THAT PUBLIC UTILITY COMMISSION BINDING
4 RATEMAKING TREATMENTS ARE APPLICABLE WHEN COSTS OF A NEW
5 ELECTRIC GENERATION FACILITY ARE INCLUDED IN RATES, TO PROVIDE
6 PROCEDURES AND TO PROVIDE FOR RULES.
7

8 Be It Enacted by the Legislature of the State of Idaho:

9 SECTION 1. That Chapter 5, Title 61, Idaho Code, be, and the same is hereby amended
10 by the addition thereto of a NEW SECTION, to be known and designated as Section 61-541,
11 Idaho Code, and to read as follows:

12 61-541. BINDING RATEMAKING TREATMENTS APPLICABLE WHEN COSTS
13 OF A NEW ELECTRIC GENERATION FACILITY ARE INCLUDED IN RATES. (1) As
14 used in this section, "certificate" means a certificate of convenience and necessity issued under
15 section 61-526, Idaho Code.

16 (2) A public utility that proposes to construct, lease or purchase an electric generation
17 facility or transmission facility, or make major additions to an electric generation or
18 transmission facility, may file an application with the commission for an order specifying in
19 advance the ratemaking treatments that shall apply when the costs of the proposed facility are
20 included in the public utility's revenue requirements for ratemaking purposes. For purposes
21 of this section, the requested ratemaking treatments may include nontraditional ratemaking
22 treatments or nontraditional cost recovery mechanisms.

23 (a) In its application for an order under this section, a public utility shall describe the
24 need for the proposed facility, how the public utility addresses the risks associated with
25 the proposed facility, the proposed date of the lease or purchase or commencement of
26 construction, the public utility's proposal for cost recovery, and any proposed ratemaking
27 treatments to be applied to the proposed facility.

28 (b) For purposes of this section, ratemaking treatments for a proposed facility include but
29 are not limited to:

30 (i) The return on common equity investment or method of determining the return
31 on common equity investment;

32 (ii) The depreciation life or schedule;

33 (iii) The maximum amount of costs that the commission will include in rates at the
34 time determined by the commission without the public utility having the burden
35 of moving forward with additional evidence of the prudence and reasonableness of
36 such costs;

37 (iv) The method of handling any variances between cost estimates and actual
38 costs; and

1 (v) The treatment of revenues received from wholesale purchasers of service
2 from the proposed facility.

3 (3) The commission shall hold a public hearing on the application submitted by the
4 public utility under this section. The commission may hold its hearing in conjunction with an
5 application for a certificate.

6 (4) Based upon the hearing record, the commission shall issue an order that addresses
7 the proposed ratemaking treatments. The commission may accept, deny or modify a proposed
8 ratemaking treatment requested by the utility. In determining the proposed ratemaking
9 treatments, the commission shall maintain a fair, just and reasonable balance of interests
10 between the requesting utility and the utility's ratepayers.

11 (a) In reviewing the application, the commission shall also determine whether:

12 (i) The public utility has in effect a commission-accepted integrated resource plan;

13 (ii) The services and operations resulting from the facility are in the public
14 interest and will not be detrimental to the provision of adequate and reliable
15 electric service;

16 (iii) The public utility has demonstrated that it has considered other sources for
17 long-term electric supply or transmission;

18 (iv) The addition of the facility is reasonable when compared to energy efficiency,
19 demand-side management and other feasible alternative sources of supply or
20 transmission; and

21 (v) The public utility participates in a regional transmission planning process.

22 (b) The commission shall use its best efforts to issue the order setting forth the
23 applicable ratemaking treatments prior to the date of the proposed lease, acquisition or
24 commencement of construction of the facility.

25 (c) The ratemaking treatments specified in the order issued under this section shall be
26 binding in any subsequent commission proceedings regarding the proposed facility that is
27 the subject of the order, except as may otherwise be established by law.

28 (5) The commission may not require a public utility to apply for an order under this
29 section.

30 (6) The commission may promulgate rules or issue procedural orders for the purpose of
31 administering this section.

APPENDIX CC – Retail rate for net metering customers

IDAHO PUBLIC UTILITIES COMMISSION

Case No. IPC-E-06-17, Order No. 30227

January 30, 2007

Contact: Gene Fadness (208) 334-0339

Website: www.puc.idaho.gov

Net metering customers will continue to get retail rate

Net-metering customers of Idaho Power Company who generate their own electricity and sell their surplus back to the company will continue to be paid the full retail rate rather than a wholesale rate. However, an order recently issued by the commission allows the company to include power supply expenses associated with the net metering customers in its annual power cost adjustment (PCA) process for possible recovery from ratepayers.

Idaho Power has about 27 residential and small-business customers who offset their own power consumption by generating their own power with small hydro, wind or solar projects. Another 13 customers have pending requests for net-metering generation interconnects.

In August, Idaho Power filed an application with the Idaho Public Utilities Commission to pay net-metering residential and small business customers an amount equal to about 85 percent of the wholesale market rate for electricity rather than the full retail rate. In December, the company modified its application to leave the rate paid for excess generation the same. The final order issued by the commission leaves the rate the same, but grants Idaho Power's request to recover expenses associated with the net metering program through its annual power cost adjustment process. The order also grants the company's request to remove a financial impediment for customers in classes other than residential and small-businesses to participate in net metering by removing a requirement that those customers have a second meter.

In its original application, Idaho Power asserted that excess generation from residential and small-business net metering customers is "non-firm," or intermittent. Thus, those customers should be paid the same rate – a lower wholesale rate – as all sellers of non-firm energy. Under the current system of paying full retail rate for excess generation, Idaho Power said it does not recover its full costs of providing service to net metering customers and that those costs are shifted to the remaining residential and small-business customers who do not have net metering. Customers do get the full retail rate for all the energy that offsets their own consumption, but, the company believes that generation in excess of the customer's consumption should be viewed differently.

The commission said the amount of excess generation sold back to the company by net metering customers is not substantial enough to warrant a revision to the tariff. The cumulative capacity of existing net metering projects is 336 kilowatt-hours and the total amount paid for the projects' excess generation over the past 12 months was \$23,102. "If this increased substantially, it would

be necessary to reconsider the pricing of excess generation. There is no need for that reassessment at this time," the commission said.

The commission cautioned potential net metering customers against relying on continuation of the current tariff when calculating their investment in net metering projects. "We must note that the net metering program price is a tariff rate. It is not a contract rate. As a tariff rate, it is subject to change," the commission said. "A persuasive argument could be made that net metering customers are being subsidized by other customers."

A full text of the commission's order, along with other documents related to this case, are available on the commission's Web site at www.puc.idaho.gov Click on "File Room" and then on "Electric Cases" and scroll down to Case No. IPC-E-06-17.

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE STATE OF IDAHO
AND
IDAHO NATIONAL LABORATORY
ON ADVANCING ECONOMIC PROSPERITY AND ENVIRONMENTAL
SUSTAINABILITY THROUGH ENERGY SECURITY**

Our national security and way of life depend on stable, secure, affordable and environmentally responsible energy resources. Ensuring this for Idaho and demonstrably contributing to United States energy security through the advancement of science-based solutions is the focus of this Memorandum of Understanding (MOU).

I. Background

The economy and citizens of Idaho have been the beneficiaries of very affordable and reliable energy supplies for decades. As regional, national, and global energy markets evolve, Idaho's businesses and citizens will be challenged to maintain the highly competitive energy position enjoyed in the past.

Meeting this challenge will require developing a sound energy portfolio in Idaho that includes diverse energy resources and production methods, that (1) provides the highest value to the citizens of Idaho, (2) ensures quality stewardship of environmental resources, and (3) functions as an effective, secure and stable energy system while encouraging Idaho citizens to use energy in the most efficient way possible.

As the State builds an energy portfolio to meet the demands of the coming decades, there is an opportunity to simultaneously build new, high-value businesses in Idaho based on innovative energy extraction, conversion, transport and use for local, regional and national markets. Idaho is home to significant renewable energy resources, critically important energy distribution corridors, entrepreneurial energy businesses, and world-class energy systems research, development, testing and demonstration programs at the Idaho National Laboratory. Idaho's neighboring states and Canadian provinces possess world-class fossil energy, uranium, and renewable energy resources, and critically important energy transmission corridors. Seeking regional energy development partnerships focused on innovative ways to maximize the value of these resources is a significant opportunity for Idaho, the Rocky Mountain Region and the nation, and is an essential element of this agreement.

II. Purpose

The purpose of the MOU is to establish a long-term partnership between the State of Idaho (State) and the Idaho National Laboratory (INL) that will result in a sound and secure energy future for Idaho and demonstrably contribute to United States energy security. This agreement also defines the framework and mechanisms by which the State and INL will conduct this partnership.

Key goals associated with the State / INL partnership, established through this MOU, include:

- Developing and implementing mechanisms to provide information, data, and advice necessary for the citizens, leaders, regulators and other stakeholders to make informed decisions regarding energy production, transmission and use, including technology and impact issues;
- Developing innovative approaches to energy extraction, conversion and transmission that will benefit Idaho, the region and the nation;
- Developing regional partnerships between public, private, federal and tribal entities, to enhance energy-based economic development and energy security locally, regionally and nationally;
- Enhancing Idaho citizens' and stakeholders' knowledge about local, regional and national energy challenges and opportunities, including ways to produce and use energy more efficiently and wisely;
- Providing regulatory agencies and stakeholders with credible facts and data about energy development options, approaches and technologies proposed for implementation in Idaho and the region;
- Developing new energy-related business, research, development and demonstration projects in Idaho, including private sector and federal investments; and
- Enhancing Idaho's ability to develop and attract an outstanding energy business workforce.

III. Collaboration

- i) Jointly, the State and INL will:
 - Establish an Energy Innovations Executive Roundtable, chaired by senior State and Laboratory officials, for the purpose of focusing on local, regional and national opportunities in energy-system development;
 - Establish valuable regional state-to-state and state-to-province partnerships based on common economic and environmental interests and complimentary strengths for the purpose of maximizing the value of regional energy resources, businesses and workforce for local, regional and national stakeholders while protecting regional environmental and natural resources and quality of life;
 - Develop and implement public and stakeholder outreach mechanisms for the purpose of education, awareness and enhancement of Idaho's image locally, regionally and nationally in the area of energy production and use issues.
 - Integrate universities in Idaho through the Center for Advanced Energy Studies (CAES) to support State and regional research opportunities.

- ii) The INL will:
 - Promote the key goals, objectives and mechanisms as articulated in this MOU with local, regional and national stakeholders.
 - Provide professional and technical assistance to the State of Idaho, Office of Energy Resources and other state agencies, including, but not limited to, support for the Idaho Strategic Energy Alliance Council, Board, and Task Groups and related or correlated activities to enhance informed energy-related decisions by state government.
 - Work with State officials, where appropriate, to provide assistance in attracting high-value energy resource industry to Idaho.

- iii) The State of Idaho will:
 - Promote the key goals, objectives, and mechanisms as articulated in this MOU with local, regional, and national stakeholders.



C.L. "BUTCH" OTTER
GOVERNOR

EXECUTIVE DEPARTMENT
STATE OF IDAHO
BOISE

EXECUTIVE ORDER NO. 2007-21

ESTABLISHING A POLICY TO REDUCE FOSSIL FUEL USE AND GREENHOUSE GAS EMISSIONS FROM STATE VEHICLES

WHEREAS, the State of Idaho has demonstrated leadership by establishing policies to reduce air pollution, wasteful, uneconomical and unnecessary uses of energy and greenhouse gas emissions caused by state government; and

WHEREAS, emissions from vehicles are a major source of greenhouse gas gases in Idaho as well as a major source of air pollution in Idaho's urban areas; and

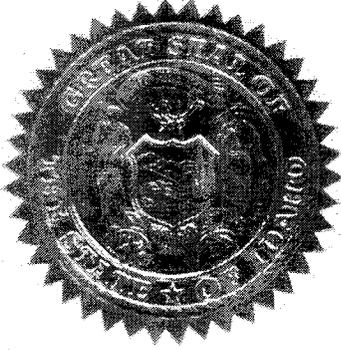
WHEREAS, to perform their duties and service the citizens State of Idaho departments, offices and agencies own or lease a significant fleet of motor vehicles; and

WHEREAS, the State of Idaho can and should lead by example managing its state vehicle fleet to improve and protect air quality, reduce greenhouse gas emissions and reduce the amount of fossil fuels purchased and used; and

WHEREAS, reducing fossil fuel use and increasing fuel efficiency in the state's vehicle fleet will not only reduce greenhouse gas and air pollutant emissions but will also maximize efficiency in state government operations and reduce annual operating costs;

NOW, THEREFORE, I, C.L. "BUTCH" OTTER, Governor of the State of Idaho, by the authority vested in me under the Constitution and the laws of the State of Idaho do hereby order the following:

1. *All executive branch departments, agencies and offices of the State of Idaho shall decrease the amount of gasoline and diesel used in State vehicles by:
 - a. *increasing the fuel economy of its vehicles;*
 - b. *increasing the operating efficiency; and*
 - c. *reducing the number of miles driven by employees.**
2. *All executive branch departments, agencies and offices of the State of Idaho shall limit the purchase or lease of four-wheel drive sport utility vehicles and similar specialty vehicles to situations where there is a clear business need or the mission of the entity requires such vehicles.*
3. *All executive branch departments, agencies and offices of the State of Idaho shall give priority to the purchase and use of hybrid gas/electric and other fuel efficient/low emission and new petroleum efficient technology vehicles.*
4. *The Division of Purchasing will make available to all departments and agencies a list of available vehicle purchasing contracts, which will identify vehicles that meet the requirements of this executive order. Any purchase outside this list will need written justification signed by the director or administrator of the entity.*
5. *The Division of Purchasing will provide the Department of Environmental Quality and Office of the Governor a quarterly vehicle purchasing report.*



IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Idaho at the Capitol in Boise on this 20th day of December in the year of our Lord two thousand and seven, and of the Independence of the United States of America the two hundred thirty-second and of the Statehood of Idaho the one hundred eighteenth.

C.L. "BUTCH" OTTER
GOVERNOR

BEN YURSA
SECRETARY OF STATE

APPENDIX FF

Expo #	SFPO #	Order Date	Contract Delivery Date	Agency	App	Manufacturer	Make	Model/Description	Make	Category	Engine	Justification on file (Year/Make/Model)	Quantity	Order Total	Avg Order Vehicle Cost	Bid Assistance (\$/unit)	Total Retail (two Bid Assistance)
EXPO1480	SFPO1300	11/3/2008	2/28/2009	ICBVI	B	Chevrolet	Malibu	Hybrid	Malibu	MDSN	Hybrid	NR	1	\$23,301.00	\$23,301.00	\$0.00	\$23,301.00
EXPO1481	SFPO1305	11/7/2008	2/28/2009	ICBVI	B	Ford	Severna	Passenger Van	Severna	Van	FFV	NR	2	\$46,472.00	\$23,236.00	\$11,000.00	\$56,672.00
EXPO1482	SFPO1305	11/13/2008	2/18/2009	ICBVI	B	Ford	Sierra	350	Sierra	LDLT	Gas	Yes	1	\$19,473.00	\$19,473.00	\$7,600.00	\$26,773.00
EXPO1483	SFPO1305	11/13/2008	2/18/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$22,232.00	\$22,232.00	\$5,000.00	\$26,732.00
EXPO1484	SFPO1305	11/13/2008	2/18/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$468,639.80	\$468,639.80	\$143,000.00	\$611,639.80
EXPO1485	SFPO1305	11/13/2008	2/18/2009	ICBVI	B	Ford	Sierra	2500	Sierra	LDLT	FFV	NR	12	\$269,162.28	\$22,409.86	\$173,500.00	\$397,312.28
EXPO1486	SFPO1305	11/13/2008	2/18/2009	ICBVI	B	Ford	Sierra	2500	Sierra	LDLT	FFV	NR	1	\$268,306.59	\$24,208.99	\$71,500.00	\$337,806.59
EXPO1487	SFPO1305	11/13/2008	2/18/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$48,947.78	\$24,638.99	\$13,000.00	\$61,286.78
EXPO1488	SFPO1305	11/13/2008	2/18/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$32,756.11	\$23,956.11	\$6,000.00	\$30,756.11
EXPO1489	SFPO1305	11/13/2008	2/18/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$32,521.22	\$23,521.22	\$7,000.00	\$30,261.22
EXPO1490	SFPO1305	11/13/2008	2/18/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$34,097.65	\$24,097.65	\$7,300.00	\$31,397.65
EXPO1491	SFPO1305	11/13/2008	2/18/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$25,097.21	\$25,097.21	\$6,500.00	\$31,597.21
EXPO1492	SFPO1305	11/13/2008	2/18/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$24,523.59	\$24,523.59	\$7,200.00	\$31,723.59
EXPO1493	SFPO1305	11/13/2008	2/18/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$29,752.03	\$29,752.03	\$7,000.00	\$36,752.03
EXPO1494	SFPO1305	11/13/2008	2/18/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$13,696.50	\$13,696.50	\$4,000.00	\$17,696.50
EXPO1495	SFPO1305	11/13/2008	2/18/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$26,607.16	\$26,607.16	\$6,600.00	\$33,207.16
EXPO1496	SFPO1305	11/13/2008	2/18/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$24,803.00	\$24,803.00	\$6,000.00	\$30,803.00
EXPO1497	SFPO1305	11/13/2008	2/18/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$22,617.00	\$22,617.00	\$5,700.00	\$28,317.00
EXPO1498	SFPO1305	11/13/2008	2/18/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$33,718.00	\$18,859.00	\$25,000.00	\$43,718.00
EXPO1499	SFPO1305	11/13/2008	2/18/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$17,779.00	\$17,779.00	\$9,000.00	\$26,779.00
EXPO1500-01	SFPO1299	11/14/2008	2/17/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	2	\$48,344.00	\$24,172.00	\$28,100.00	\$74,754.00
EXPO1500-01	SFPO1299	11/14/2008	2/17/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$66,665.00	\$22,893.00	\$6,000.00	\$72,665.00
EXPO1500-01	SFPO1299	11/14/2008	2/17/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	3	\$22,693.00	\$22,693.00	\$6,000.00	\$28,693.00
EXPO1500-01	SFPO1299	11/14/2008	2/17/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$26,607.16	\$26,607.16	\$3,400.00	\$30,007.16
EXPO1500-01	SFPO1299	11/14/2008	2/17/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$12,383.00	\$12,383.00	\$3,400.00	\$15,783.00
EXPO1501	SFPO1299	11/14/2008	2/17/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$26,607.16	\$26,607.16	\$250.00	\$26,857.16
EXPO1502	SFPO1299	11/14/2008	2/17/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$103,978.50	\$26,025.50	\$0.00	\$130,004.00
EXPO1503	SFPO1299	11/14/2008	2/17/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	7	\$121,288.00	\$20,111.00	\$43,200.00	\$164,489.00
EXPO1504	SFPO1299	11/14/2008	2/17/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$50,374.00	\$30,714.00	\$7,200.00	\$67,574.00
EXPO1505	SFPO1299	11/14/2008	2/17/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$28,391.39	\$28,391.39	\$7,000.00	\$35,391.39
EXPO1506	SFPO1299	11/14/2008	2/17/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$24,100.04	\$24,100.04	\$1,000.04	\$25,100.04
EXPO1507	SFPO1299	11/14/2008	2/17/2009	ICBVI	B	Ford	Sierra	1500	Sierra	LDLT	FFV	NR	1	\$186,302.45	\$18,478.05	\$68,500.00	\$254,880.50
EXPO1508	SFPO1299	11/14/2008	2/17/2009	ICBVI	B	Ford	Sierra	2500	Sierra	LDLT	FFV	NR	9	\$41,513.04	\$20,756.52	\$13,000.00	\$54,513.04
EXPO1509	SFPO1299	11/14/2008	2/17/2009	ICBVI	B	Ford	Sierra	2500	Sierra	LDLT	FFV	NR	2	\$42,781.10	\$21,383.50	\$13,000.00	\$56,781.10
EXPO1510	SFPO1299	11/14/2008	2/17/2009	ICBVI	B	Ford	Sierra	2500	Sierra	LDLT	FFV	NR	2	\$39,927.50	\$19,483.75	\$16,000.00	\$55,427.50
EXPO1511	SFPO1299	11/14/2008	2/17/2009	ICBVI	B	Ford	Sierra	2500	Sierra	LDLT	FFV	NR	4	\$61,327.20	\$15,331.80	\$19,000.00	\$80,927.20
EXPO1512	SFPO1299	11/14/2008	2/17/2009	ICBVI	B	Ford	Sierra	2500	Sierra	LDLT	FFV	NR	1	\$24,807.00	\$24,807.00	\$6,200.00	\$31,007.00
EXPO1513	SFPO1299	11/14/2008	2/17/2009	ICBVI	B	Ford	Sierra	2500	Sierra	LDLT	FFV	NR	1	\$26,782.00	\$12,891.00	\$6,200.00	\$32,982.00
EXPO1514-01	SFPO1289	12/19/2008	3/12/2009	ICBVI	B	Dodge	Outback	SE	Outback	MDSN	Gas	NR	1	\$23,032.00	\$23,032.00	\$2,500.00	\$25,532.00
EXPO1515	SFPO1300	1/29/2009	3/30/2009	ICBVI	B	Dodge	Intalra	150	Intalra	LDLT	Gas	NR	1	\$18,508.00	\$18,508.00	\$10,500.00	\$29,008.00
EXPO1516	SFPO1300	1/29/2009	3/30/2009	ICBVI	B	Dodge	Intalra	1500	Intalra	LDLT	Gas	NR	2	\$36,346.00	\$18,173.00	\$10,000.00	\$46,346.00
EXPO1517	SFPO1304	1/6/2009	4/9/2009	ICBVI	B	Dodge	Sierra	2500	Sierra	LDLT	FFV	NR	1	\$20,193.00	\$20,193.00	\$2,000.00	\$22,193.00
EXPO1518	SFPO1304	1/6/2009	4/9/2009	ICBVI	B	Dodge	Sierra	2500	Sierra	LDLT	FFV	NR	1	\$24,239.48	\$24,239.48	\$7,000.00	\$31,239.48
EXPO1519	SFPO1304	1/6/2009	4/9/2009	ICBVI	B	Dodge	Sierra	2500	Sierra	LDLT	FFV	NR	1	\$31,844.03	\$31,844.03	\$6,000.00	\$37,844.03
EXPO1520	SFPO1305	1/26/2009	4/27/2009	ICBVI	B	Dodge	Sierra	2500	Sierra	LDLT	FFV	NR	1	\$12,044.95	\$12,044.95	\$4,000.00	\$16,044.95
EXPO1521	SFPO1305	1/26/2009	4/27/2009	ICBVI	B	Dodge	Sierra	2500	Sierra	LDLT	FFV	NR	2	\$25,140.00	\$12,570.00	\$6,000.00	\$33,640.00
EXPO1522-01	SFPO1302	2/8/2009	5/6/2009	ICBVI	B	Dodge	Sierra	2500	Sierra	LDLT	FFV	NR	1	\$13,580.85	\$13,580.85	\$4,900.00	\$18,480.85
EXPO1523	SFPO1302	2/17/2009	5/17/2009	ICBVI	B	Dodge	Sierra	2500	Sierra	LDLT	FFV	NR	1	\$23,353.49	\$23,353.49	\$6,194.53	\$29,548.02
EXPO1524	SFPO1302	2/17/2009	5/17/2009	ICBVI	B	Dodge	Sierra	2500	Sierra	LDLT	FFV	NR	1	\$24,308.04	\$24,308.04	\$7,000.00	\$31,308.04
EXPO1525	SFPO1302	2/17/2009	5/17/2009	ICBVI	B	Dodge	Sierra	2500	Sierra	LDLT	FFV	NR	1	\$18,628.00	\$18,628.00	\$4,600.00	\$23,228.00
EXPO1526	SFPO1304	3/4/2009	6/4/2009	ICBVI	B	Dodge	Sierra	2500	Sierra	LDLT	FFV	NR	1	\$15,922.53	\$15,922.53	\$2,800.00	\$18,722.53
EXPO1527	SFPO1301	3/10/2009	6/10/2009	ICBVI	B	Dodge	Sierra	2500	Sierra	LDLT	FFV	NR	1	\$18,439.00	\$18,439.00	\$6,000.00	\$24,439.00
EXPO1528	SFPO1299	3/10/2009	6/10/2009	ICBVI	B	Dodge	Sierra	2500	Sierra	LDLT	FFV	NR	2	\$37,988.00	\$18,989.00	\$21,000.00	\$58,988.00
EXPO1529	SFPO1302	3/23/2009	6/23/2009	ICBVI	B	Dodge	Sierra	2500	Sierra	LDLT	FFV	NR	1	\$23,042.84	\$23,042.84	\$6,700.00	\$29,742.84
EXPO1530	SFPO1302	3/23/2009	6/23/2009	ICBVI	B	Dodge	Sierra	2500	Sierra	LDLT	FFV	NR	1	\$23,042.84	\$23,042.84	\$6,700.00	\$29,742.84

APPENDIX GG

**Idaho Biofuels Infrastructure Grant (BIG) Program
Grant Award Summary**

GRANT RECIPIENT	FACILITY LOCATION	GRANT AMOUNT	PROJECT DESCRIPTION
Conrad & Bishoff	Idaho Falls	\$48,867	6,000 gal tank at 1 station for B10 & B20
Conrad & Bishoff	Idaho Falls	\$29,047	Station conversion to sell biodiesel blend
Baird Oil Co.	Caldwell	\$60,181	8,000 gal tank & dispenser at 1 station-B20/10
Hailey Chevron	Hailey	\$65,447	1 station, 5 dispensers-1 selling B10 & 4 selling B20
Bingham Coop.	American Falls	\$50,917	Tank cleaning & 4 dispensers for 1 station selling E10 & B5
Conrad & Bishoff	Idaho Falls	\$50,000	84,000 gal E100 bulk facility for ~ 16 E10 stations
Maverick	SE Idaho	\$46,755	6 tanks coating for E10 at 3 stations
Maverick	SC/SE Idaho	\$47,564	34 tanks cleaned for E10 at 17 stations
Valley Co-ops, Inc.	Jerome	\$75,034	New station - 3 B10 dispensers
Maverick	Pocatello	\$56,666	20,000 gal E100 bulk facility for ~ 16 E10 stations
Maverick	Burley	<u>\$66,819</u>	35,000 gal E100 bulk facility for ~ 8 E10 stations
		\$ 597,297	