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IDAHO PUBLIC
UTILITIES COMMISSION

LISA D. NORDSTROM
Senior Counsel

January 30, 2009

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
P.O. Box 83720
Boise, Idaho 83720-0074

Re: Case No. GNR-E-08-04
**IN THE MATTER OF THE COMMISSION'S CONSIDERATION OF FOUR
AMENDMENTS TO SECTION 111 OF THE PUBLIC UTILITY
REGULATORY POLICIES ACT OF 1978 (PURPA) CONTAINED IN THE
ENERGY INDEPENDENCE AND SECURITY ACT OF 2007**

Dear Ms. Jewell:

Enclosed please find for filing an original and seven (7) copies of Idaho Power Company's Response in the above matter.

In addition, I would appreciate it if you would return a stamped copy of this letter for Idaho Power's file in the enclosed stamped, self-addressed envelope.

Very truly yours,

Lisa D. Nordstrom

Lisa D. Nordstrom

LDN:csb
Enclosures

LISA D. NORDSTROM, ISB No. 5733
BARTON L. KLINE, ISB No. 1526
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
Telephone: 208-388-5825
Facsimile: 208-338-6936
lnordstrom@idahopower.com
bkline@idahopower.com

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Attorneys for Idaho Power Company

Street Address for Express Mail:
1221 West Idaho Street
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)	
COMMISSION'S CONSIDERATION OF)	CASE NO. GNR-E-08-04
FOUR AMENDMENTS TO SECTION)	
111 OF THE PUBLIC UTILITY)	IDAHO POWER COMPANY'S
REGULATORY POLICIES ACT OF)	RESPONSE
1978 (PURPA) CONTAINED IN THE)	
ENERGY INDEPENDENCE AND)	
SECURITY ACT OF 2007.)	
_____)	

COMES NOW, Idaho Power Company ("Idaho Power" or "the Company"), and in response to the directives contained in Order No. 30705 issued December 16, 2008, submits the following Response detailing its consideration or implementation of the four federal standards added to the Public Utility Regulatory Policies Act of 1978 ("PURPA") by the Energy Independence and Security Act of 2007 ("EISA").

I. INTEGRATED RESOURCE PLANNING

Idaho Power presently files an integrated resource plan ("IRP") with the Idaho PUC and the Oregon PUC every two years pursuant to Idaho PUC Order No. 22299 and Oregon PUC Order No. 89-507, respectively. On page 20 of Order No. 22299, the Idaho Commission ordered Idaho electric utilities to "give balanced consideration to demand-side and supply-side resources when formulating resource plans and when procuring resources." In acknowledging Idaho Power's 2002 IRP in Order No. 29189, the Idaho Commission further clarified:

Believing many DSM programs involving conservation, efficiency improvements and/or load shaping may sometimes be the least cost resource, we expect that the Company will have seriously exhausted and signed up all available cost-effective DSM prior to building a utility-owned supply-side resource or going out for a request for proposals for third party or contract supply-side resources. (Order No. 29189 at 21).

Idaho Power considers all resource types, including supply-side resources, demand-side resources, and transmission interconnections, in its integrated resource planning process. Idaho Power supports the Commissions' Orders and has implemented energy efficiency and demand-side measures in every integrated resource plan since the Commissions' Orders were published in the late 1980s. In response to the Idaho Commission's guidance in Order No. 29189, Idaho Power has also provided a side-by-side comparison of demand-side and supply-side resources since the 2004 Integrated Resource Plan.

Idaho Power filed its most recent integrated resource plan in 2006, which stated on page 24 that the two primary objectives of its DSM programs are to: (1) acquire all cost-effective resources in order to more efficiently meet the electrical system needs

and (2) provide Idaho Power customers with programs and information to help them manage their energy use and lower their bills. The Company also filed an update to the 2006 Integrated Resource Plan in June 2008. Idaho Power discussed demand-side actions, including energy efficiency programs and demand-reduction measures on pages 17 through 22 of the 2008 Integrated Resource Plan Update. The Company is presently preparing its 2009 Integrated Resource Plan for filing with the Idaho Commission in June 2009 pursuant Order No. 30317.

Idaho Power also includes energy efficiency and demand response programs in regional electrical plans within its service territory. These plans include the Treasure Valley Electrical Plan, the Wood River Valley Electrical Plan, the Magic Valley Electrical Plan (not yet published), and Eastern Idaho Electrical Plan (not yet published).

II. RATE DESIGN MODIFICATION TO PROMOTE ENERGY EFFICIENCY INVESTMENTS

Idaho Power is beginning its third year of two pilot programs as approved by the Idaho Commission in Order Nos. 30556 and 30268. The Fixed Cost Adjustment ("FCA") is a three-year pilot program which will annually adjust rates up or down to recover the difference between the fixed costs authorized by the Idaho Public Utilities Commission in Idaho Power's most recent general rate case and the fixed costs the utility actually recovers from customers through energy sales during the previous year. The Performance-Based DSM Incentive is a mechanism designed to reward the Company for performance above its DSM program goals and impose a penalty for performance below agreed-upon levels.

Idaho Power has consistently advocated for the principle that rate spread among the customer classes and component pricing within the customer classes should be

primarily cost-based. In the Company's last several general rate cases, this objective has been met by the implementation of seasonal rates for all metered service schedules, tiered summer rates for Residential and Small Commercial customers, and two-tiered blocked rates for Large General Service Customers taking secondary service. The Company is committed to providing customers cost-based price signals which encourage the efficient use of energy. In the Company's most recent general rate case, the cost-based rate proposals were designed to encourage increased energy efficiency among the Company's Residential, Large General Service, and Irrigation customer groups.

Idaho Power's Rate Schedule 91, the Energy Efficiency Rider ("Rider"), collects 2.5% of customers' base power rates to offset the costs of offering energy efficiency and demand response programs. The 2.5% level of Rider funding was approved in 2008 and it is estimated that Idaho Power will collect approximately \$17 million per year through this funding mechanism. Currently, Idaho Power has collected less funding through the Rider than it has invested. At year end 2008, Idaho Power's Rider account had a negative balance of \$3.9 million. In Case No. IPC-E-08-23, Idaho Power proposed funding the incentive portion of the Irrigation Peak Rewards demand response program through the Power Cost Adjustment ("PCA") mechanism. Although the program revisions were approved on January 14, 2009, by Order No. 30717, a determination of how to fund the program is still outstanding.

Idaho Power offers two demand response programs: the A/C Cool Credit Program and the Irrigation Peak Rewards Program. The A/C Cool Credit Program is an air conditioner cycling program that has been available to the Company's residential

customers since 2003. The Irrigation Peak Rewards Program is a timer-based direct load control program that has been available to the Company's agricultural irrigation customers since 2004. In 2008, these two demand response programs had the potential to reduce the Company's system peak demand by approximately 61 megawatts (line losses included). Idaho Power has an active customer education program through which it promotes the financial and environmental benefits associated with making home energy efficiency improvements. The Company also informs homeowners about federal and state incentives when applicable. Idaho Power does not operate a program that promotes home energy audits. However, upon request, a Company representative will conduct a home walk-through with a focus on providing energy savings tips. Idaho Power also offers a home self-evaluation energy usage tool that is available through its website.

III. CONSIDERATION OF SMART GRID INVESTMENTS

In the summer of 2008, Idaho Power created an internal committee to investigate Smart Grid investments specific to its system. The committee is composed of managers from distribution maintenance and reliability, energy efficiency, pricing and regulatory, metering, planning, grid operations, regional operations, and information technology. Idaho Power's Smart Grid committee is presently evaluating:

1. Existing infrastructure, including transmission and distribution facilities along with communications infrastructure;
2. Viable technologies for the service territory, including consideration of urban versus rural capabilities;

3. Adding the valuation of the cost-effectiveness, security, and societal benefit to the present comparison of reliability improvement, system performance enhancement, and project cost;

4. Rate and rate making impacts, including rate recovery of Smart Grid components and the accelerated depreciation of replaced assets; and

5. Operational and planning changes, including circuit configuration and operation to provide self-healing capability.

With regard to rate recovery, on August 4, 2008, Idaho Power applied for a Certificate of Public Convenience and Necessity in Case No. IPC-E-08-16 to install Advanced Metering Infrastructure ("AMI") technology throughout its service territory. The Company did not request a rate increase in conjunction with its Application; however, the Company did request that, in the ordinary course of events, it would be allowed to rate base the prudent capital costs of deploying AMI as it is placed in service, to accelerate the depreciation of the existing metering infrastructure replaced by AMI over the three-year deployment, and to include the operation and maintenance benefits in the accounting methodology. As described in greater detail in the Application, the total capital cost for the project will be approximately \$70.9 million plus certain additional costs.

IV. SMART GRID INFORMATION

Idaho Power is currently in the process of implementing AMI throughout its service territory. Implementation will be complete the fourth quarter of 2011. The advanced capability meters being deployed by Idaho Power Company will measure the usage information specified in this standard. This includes kilowatt-hour energy usage

(kWh) and demand (kW). Idaho Power's AMI system will collect hourly interval data, daily, for all retail customers. The system will validate, edit, and estimate the data as necessary to ensure high quality billing data.

Although the Company does not provide information on wholesale electricity prices, Idaho Power makes its time-based electricity retail prices available to its customers via the Company's service schedules posted on its website (idahopower.com). Time-based prices are also provided on the billing statement for those customers taking service under a time-variant service schedule.

Usage information for both kilowatt-hours and kilowatts, as applicable, is included on customers' billing statements. Usage information is also available to customers electronically through registered accounts accessed via the Company's website. Residential and commercial customers who currently have AMI installed have electronic access to hourly and daily usage information via the Company's website. As AMI is implemented throughout Idaho Power's service territory, this electronic access will be available to all customers. Idaho Power does not provide day-ahead price projections because no services currently offered rely on this information for billing or customer decision making purposes.

Idaho Power includes written information on the sources of electricity to its customers annually as part of its Power Cost Adjustment customer notice. This "fuel mix disclosure" complies with action item E-18 recommended in the 2007 Idaho Energy Plan. Although this notice does not include information on greenhouse gas emissions, Idaho Power is tracking the carbon dioxide ("CO₂") emissions of its generating

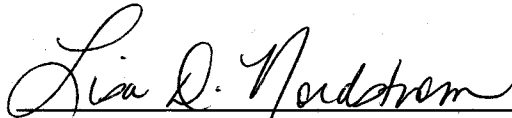
resources and is planning to make this information available on the Idaho Power website.

Customers who have AMI installed are able to access their own information at any time through the Company's website. Information that is available includes hourly and daily usage as well as usage by time block for those customers who take service under a time-of-use service schedule.

V. CONCLUSION

Idaho Power has considered the issues identified by the four new federal standards and has already implemented them or is currently in the process of doing so. The Company believes the Commission could find that utility efforts relating to integrated resource planning, energy efficiency rate design, and Smart Grid technology and investments meet the intent of the standards such that no further action is required in this docket.

DATED at Boise, Idaho, this 30th day of January 2009.



LISA D. NORDSTROM
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 30th day of January 2009 I served a true and correct copy of IDAHO POWER COMPANY'S RESPONSE upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

Kristine A. Sasser
Deputy Attorney General
Idaho Public Utilities Commission
472 West Washington
P.O. Box 83720
Boise, Idaho 83720-0074

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email kris.sasser@puc.idaho.gov

Avista Corporation

Kelly Norwood
Avista Corporation
1411 East Mission Avenue
P.O. Box 3727
Spokane, Washington 99220

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email kelly.norwood@avistacorp.com

Rocky Mountain Power

J. Ted Weston
Rocky Mountain Power
201 South Main Street, Suite 2300
Salt Lake City, Utah 84111

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email ted.weston@pacificorp.com

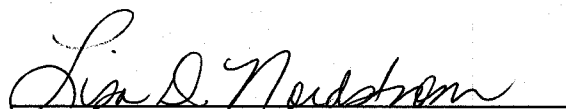
Wal-Mart

Scott H. DeBroff, Esq.
RHOADS & SINON, LLP
One South Market Square
P.O. Box 1146
Harrisburg, Pennsylvania 17108-1146

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email sdebloff@rhoads-sinon.com

Alicia R. Petersen, Esq.
RHOADS & SINON, LLP
One South Market Square
P.O. Box 1146
Harrisburg, Pennsylvania 17108-1146

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email apetersen@rhoads-sinon.com


LISA D. NORDSTROM