IDAHO POWER
An IDACORP Company

IDAHO POWER COMPANY
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Monica B. Moen
Attorney

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IDAHO PUBLIC
UTILITIES COMMISSION

August 17, 2006

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

Re: Case No. IPC-E-06-17
Application

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of Idaho Power Company's Application.

I would appreciate it if you would return a stamped copy of this transmittal letter in the enclosed self-addressed, stamped envelope.

Very truly yours,

Monica B. Moen

Monica B. Moen

MBM:sh
Enclosures

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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR REVISION OF SCHEDULE 84 – NET METERING	CASE NO. IPC-E-06-17 APPLICATION

COMES NOW, Idaho Power Company (the "Company") and, in accordance with RP 052 and 201, et. seq., hereby applies to the Idaho Public Utilities Commission (the "Commission") for authority to revise net metering requirements in Schedule 84 for electric service to its customers. In support of this Application, Idaho Power submits the following:

I.

INTRODUCTION

Idaho Power is continually trying to improve its procedures and processes for all its operations, including those for net metering. The Company supports net metering and allowing all participating customers to realize the value of their generation. Therefore, the Company is proposing modifications to its net metering provisions to eliminate certain financial barriers to participation, to reduce cost-shifting to non-participating customers, and to treat all net metering customers in a fair, just and equitable manner.

II.

PROCEDURAL HISTORY

On February 13, 2002, the Commission issued Order No. 28951 (Case No. IPC-E-01-39) which gave Idaho Power authority to create a new tariff Schedule 84, Customer Energy Production Net Metering, and to remove the net metering option language in Schedule 86, Cogeneration and Small Power Production Non-Firm Energy. The Order allowed a net metering option for customers taking service under the Company's Schedule 1 – Residential Service (R1), and Schedule 7 – Small General Service (R7).

On August 21, 2002, the Commission issued Order No. 29094 (Case No. IPC-E-02-4) which allowed other retail customers not receiving service under Schedules 1 and 7 (non-R1/R7) the option to also participate in a net metering option.

The Company's current net metering program credits Residential and Small General Service customers at full retail rates for all kilowatt-hours (kWh) generated and, therefore, pays customers more than the actual value of the generation itself. Net metering allows Idaho Power to avoid some generation costs and perhaps some transmission costs, but few, if any, other costs. Therefore, Idaho Power does not recover its full costs of providing service from net metering customers. Those costs that are uncollected are absorbed by the Company in the short term and passed on to all Residential and Small General Service customers in the long term.

There is a major difference between energy provided to customers by Idaho Power and energy provided to Idaho Power by customers. Energy offered to customers by Idaho Power is firm, meaning that it is available at all times whenever customers desire to make use of it. Net generation, on the other hand, is provided by customers to Idaho Power on a non-firm basis, or on an "if and when available" basis. The difference between the value of firm versus non-firm energy is not recognized under the Company's current net metering tariffs for Schedule 1 and Schedule 7 customers.

In 2001, with the filing of Case No. IPC-E-01-39, the Company recognized that its proposal would result in some subsidy to those Residential and Small General Service customers that choose to develop net metered generation projects. However, as long as the eligibility for net metering is limited to small projects utilizing watt-hour meters and capped at a reasonable level, this subsidy would be small and would be partially offset by savings resulting from simplification of the net metering program.

In Order No. 29094, the Commission stated, "What the Company proposes is not unreasonable....If needed, it can be modified as we gain experience." Over these past four years, the Company has had the opportunity to examine how its customers have actually utilized the net metering option. As a result, the Company is now proposing some modifications to its net metering program to provide a more equitable result for its customers.

III.

MODIFICATIONS TO REDUCE COST-SHIFTING

By accepting a net metering tariff where Residential and Small General Service customer generation is credited at full retail rates, costs that are uncollected are shifted to these customer classes as a whole. When the generation merely offsets usage, the dollar impacts are relatively small. However, when generation exceeds usage, the cost-shifting may become much more material.

For example, in 2005, one Residential customer averaged excess generation of 12,076 kWh every month. A Small General Service customer also averaged excess generation of 15,913 kWh each month. In both cases, there was never a month when either customer registered positive net energy usage. Under current net metering provisions, these customers received full retail rates for their generation. The retail rate includes recognition of generation, transmission and distribution costs. However, all costs outside of the value of the generation are being shifted to all customers within the Residential and Small General Service customer classes.

Idaho Power continues to believe the primary purpose of net metering is to allow customers to realize the value of their generation by directly and immediately offsetting part or all of their energy consumption. The net metering program's current provisions immediately compensate customers for their generation. However, the Company contends that generation in excess of consumption should be viewed differently.

Although power purchased under net metering is non-firm energy and is of less value for meeting system loads than would be an alternative wholesale purchase of firm energy, net metering customers are frequently being paid higher prices for this non-firm energy than Idaho Power would have otherwise paid for energy purchased on the wholesale market. Generation in excess of consumption should not receive compensation is excess of the value provided at the expense of customers who do not choose to develop generation facilities.

Idaho Power Company is requesting that its net metering provisions be revised to treat all its customers in a fair and equitable manner. Upon approval of the Company's proposal, Schedule 1 and Schedule 7 customers who generate electricity in excess of their usage would be treated the same as non-R1/R7 net metering customers who provide a non-firm energy product to the Company. They would be credited an amount per kWh equal to 85% of the most recently calculated monthly per kWh Avoided Energy Cost as defined in Schedule 84. Furthermore, excess generation provided by Schedule 1 and Schedule 7 net metering customers would be considered an energy resource with the costs to be spread to all retail customers through the PCA mechanism, the same treatment as is currently afforded excess generation provided by non-R1/R7 customers.

IV.

MODIFICATIONS TO ELIMINATE A FINANCIAL BARRIER

Currently, non-R1/R7 customers are required to have a meter that is separate from the retail load metering at the point of delivery. Some of these customers find the requirement for a separate meter to be a financial barrier to installing smaller net metering systems. To encourage participation among non-R1/R7 customers, the Company is proposing to expand the options for these customers through changes to Schedule 84. If a non-R1/R7 customer's generation facility has a total nameplate capacity rating which is no more than 2% of their basic load capacity (BLC)[1] and the system is 25 kW or smaller, the customer could participate in net metering on the same basis as the Company's Residential and Small General Service customers. All energy received and delivered by the Company could be through the single existing retail meter. This one-meter option would make the installation of small net metering systems much easier for non-R1/R7 customers. Since one of the criteria is the generation facility's capacity can not be more than 2% of the customer's BLC, it is unlikely that a customer exercising this option would ever have excess net generation. However, if this were the case, the excess energy would not receive any net metering program financial credits.

V.

ALTERNATIVES TO NET METERING

Net metering customers with significant generation in excess of usage have other alternatives available under the Company's Tariff to develop small, renewable energy projects. For non-firm energy generation, customers have the option to participate under Schedule 86, Cogeneration and Small Power Production Non-Firm Energy. For firm energy generation, qualifying facilities (QFs) are entitled to published avoided cost rates under PURPA. Therefore, if customers are not satisfied with the

[1] Basic Load Capacity is the the average of the two greatest non-zero monthly Billing Demands established during the 12-month period which includes and ends with the current Billing Period.

credit they receive through the net metering option, they could apply to be a firm or non-firm Qualified Facility (QF) project.

VI.

CUSTOMER COMMUNICATION

As of July 2006, the Company had a total of 26 Idaho net metering customers from all rate classes. All have received a letter outlining the proposed revisions contained in this Application. A Company representative intends to make a follow-up contact with each net metering customer by August 18, 2006 to answer any questions they may have.

VII.

TARIFF CHANGES

Attachment No. 1 to this Application is a copy of Applicant's proposed revised Schedule 84.

Attachment No. 2 to this Application shows the changes to the Company's Schedules 84 in legislative format. Proposed changes are shown by highlighting proposed additions or amendments, or by striking through deletions, in the existing Schedule 84.

VIII.

MODIFIED PROCEDURE

The Company believes that consideration by the Commission of the proposals contained in this Application does not require an evidentiary proceeding and, accordingly, the Company requests that this Application be processed under RP 201 allowing for consideration of issues under modified procedure, i.e., by written submissions rather than by an evidentiary hearing.

IX.

NOTICES

Communications with reference to this Application should be sent to the following:

Maggie Brilz Director, Pricing Idaho Power Company P. O. Box 70 Boise, Idaho 83707 mbrilz@idahopower.com	Barton L. Kline Monica B. Moen Idaho Power Company P. O. Box 70 Boise, Idaho 83707 bkline@idahopower.com mmoen@idahopower.com

WHEREFORE, Idaho Power respectfully requests that the Commission approve under Modified Procedure the proposed revisions to tariff Schedules 84 effective September 18, 2006.

Dated this 17th day of August, 2006.

Monica B. Moe

Monica B. Moen

IDAHO POWER COMPANY

CASE NO. IPC-E-06-17

APPLICATION

ATTACHMENT NO. 1

SCHEDULE 84
CUSTOMER ENERGY
PRODUCTION NET METERING

AVAILABILITY

Service under this schedule is available throughout the Company's service territory within the State of Idaho for Customers intending to operate as Sellers under this schedule to generate electricity to reduce all or part of their monthly energy usage.

Service under this schedule is available on a first-come, first-served basis until the cumulative generation nameplate capacity of net metering systems equals 2.9 MW, which represents one-tenth of one percent of the Company's retail peak demand during 2000. No single Seller may connect more than 20 percent of the cumulative generation nameplate capacity connected under this schedule.

APPLICABILITY

Service under this schedule is applicable to any Seller that:

1. Owns and/or operates a Generation Facility fueled by solar, wind, biomass, or hydropower, or represents fuel cell technology; and

2. Maintains its retail electric service account for the loads served at the Point of Delivery adjacent to the Generation Interconnection Point as active and in good standing; and

3. Meets all applicable requirements of the Company's Schedule 72 and Generation Interconnection Process; and

4. Takes retail electric service under:

a. Schedule 1 or Schedule 7; and

Owns and/or operates a Generation Facility with a total nameplate capacity rating of 25 kW or smaller that is interconnected to the Seller's individual electric system on the Seller's side of the Point of Delivery, thus all energy received and delivered by the Company is through the existing watt-hour retail meter.

b. Schedules other than Schedule 1 or Schedule 7; and

Owns and/or operates a Generation Facility with a total nameplate capacity rating of 100 kW or smaller that is interconnected at a Generation Interconnection Point that is adjacent to the Seller's Point of Delivery and is metered at the same voltage through a meter that is separate from the retail load metering at the Seller's Point of Delivery.

One-Meter Option: A separate meter from the existing retail load metering at the Seller's Point of Delivery is not required if:

1. The Generation Facility has a total nameplate capacity rating of 25 kW or smaller, and

SCHEDULE 84
CUSTOMER ENERGY
PRODUCTION NET METERING
(Continued)

APPLICABILITY (Continued)

2. The Generation Facility has a total nameplate capacity rating no more than 2% of the Seller's Basic Load Capacity (BLC) or comparable average maximum monthly Billing Demands.

A Seller who uses the One-Meter Option will not receive financial credit for any Excess Net Energy during the Billing Period.

DEFINITIONS

Avoided Energy Cost is the monthly weighted average of the daily on-peak and off-peak Dow Jones Mid-Columbia Electricity Price Index (Dow Jones Mid-C Index) prices for non-firm energy. This rate is calculated based upon the previous calendar month's data. If the Dow Jones Mid-C Index prices are not reported for a particular day or days, the average of the immediately preceding and following reporting periods or days will be used.

Basic Load Capacity (BLC) is the average of the two greatest non-zero monthly Billing Demands established during the 12-month period which includes and ends with the current Billing Period.

Excess Net Energy means the positive difference between the kWh generated by a Seller and the kWh supplied by the Company over the applicable Billing Period.

Generation Facility means all equipment used to generate electric energy where the resulting energy is either delivered to the Company via a single meter at the Point of Delivery or Generation Interconnection Point, or is consumed by the Seller.

Generation Interconnection Process is the Company's generation interconnection application and engineering review process developed to ensure a safe and reliable generation interconnection.

Interconnection Facilities are all facilities reasonably required by Prudent Electrical Practices and the applicable electric and safety codes to interconnect and safely deliver energy from the Generation Facility to the Point of Delivery or Generation Interconnection Point.

Generation Interconnection Point is the point where the conductors installed to allow receipt of Seller's generation connect to the Company's facilities adjacent to the Seller's Point of Delivery.

Point of Delivery is the retail metering point where the Company's and the Seller's electrical facilities are interconnected to allow Seller to take retail electric service from the Company.

Prudent Electrical Practices are those practices, methods and equipment that are commonly used in prudent electrical engineering and operations to operate electric equipment lawfully and with safety, dependability, efficiency and economy.

SCHEDULE 84
CUSTOMER ENERGY
PRODUCTION NET METERING
(Continued)

DEFINITIONS (Continued)

Schedule 72 is the Company's service schedule which provides for interconnection to non-utility generation or its successor schedule(s) as approved by the Commission.

Seller is any Customer that owns and/or operates a Generation Facility and desires to interconnect the Generation Facility to the Company's system to potentially sell net surplus energy to the Company.

MONTHLY BILLING

The Seller shall be billed in accordance with the Seller's applicable standard service schedule, including appropriate monthly charges.

CONDITIONS OF PURCHASE AND SALE

The conditions listed below shall apply to all transactions under this schedule.

1. Balances of generation and usage by the Seller:

a. If electricity supplied by the Company during the Billing Period exceeds the electricity generated by the Seller and delivered to the Company during the Billing Period, the Seller shall be billed for the net electricity supplied by the Company at the Seller's standard schedule retail rate, in accordance with normal metering practices.

b. If electricity generated by the Seller during the Billing Period exceeds the electricity supplied by the Company during the Billing Period, the Seller:

i. Shall be billed for the applicable Demand and other non-energy charges for the Billing Period under the Seller's standard service schedule, and

ii. Shall be financially credited an amount per kWh equal to 85 percent of the most recently calculated monthly per kWh Avoided Energy Cost for the kWh of Excess Net Energy delivered to the Company.

iii. Shall not be financially credited for Excess Net Energy delivered to the Company if taking service under a schedule other than Schedule 1 or Schedule 7 and the qualified Seller is utilizing the One-Meter Option.

iv. Shall, if taking service under a schedule other than Schedule 1 or Schedule 7, be billed the applicable retail rate for any net usage delivered by the Company and recorded on the Seller's generation meter.

SCHEDULE 84
CUSTOMER ENERGY
PRODUCTION NET METERING
(Continued)

CONDITIONS OF PURCHASE AND SALE (Continued)

2. As a condition of interconnection with the Company, the Seller shall:

a. Complete and maintain all requirements of interconnection in accordance with the applicable portions of Schedule 72.

b. Complete and maintain all requirements of the Company's Generation Interconnection Process.

c. Obtain written confirmation from the Company that all conditions to interconnection have been fulfilled prior to operation of the Generation Facility. Such confirmation shall not be unreasonably withheld by the Company.

3. The Seller shall never deliver or attempt to deliver energy to the Company's system when the Company's system serving the Seller's Generation Facility is de-energized for any reason.

4. The Company shall not be liable directly or indirectly for permitting or continuing to allow an attachment of a net metering facility to the Company's system, or for the acts or omissions of the Seller that cause loss or injury, including death, to any third party.

5. The Seller is responsible for all costs associated with the Generation Facility and Interconnection Facilities. The Seller is also responsible for all costs associated with any Company additions, modifications, or upgrades to any Company facilities that the Company determines are necessary as a result of the installation of the Generation Facility in order to maintain a safe, reliable electrical system.

6. The Company shall not be obligated to accept, and the Company may require the Seller to curtail, interrupt or reduce deliveries of Energy if the Company, consistent with Prudent Electrical Practices, determines that curtailment, interruption or reduction is necessary because of line construction or maintenance requirements, emergencies, or other critical operating conditions on its system.

7. If the Company is required by the Commission to institute curtailment of deliveries of electricity to its customers, the Company may require the Seller to curtail its consumption of electricity in the same manner and to the same degree as other Customers within the same customer class who do not own Generation Facilities.

8. The Seller shall grant to the Company all access to all Company equipment and facilities including adequate and continuing access rights to the property of the Seller for the purpose of installation, operation, maintenance, replacement or any other service required of said equipment as well as all necessary access for inspection, switching and any other operational requirements of the Seller's Interconnections Facilities.

IDAHO POWER COMPANY

CASE NO. IPC-E-06-17

APPLICATION

ATTACHMENT NO. 2

SCHEDULE 84
CUSTOMER ENERGY
PRODUCTION NET METERING

AVAILABILITY

Service under this schedule is available throughout the Company's service territory within the State of Idaho for Customers intending to operate as Sellers under this schedule to generate electricity to reduce all or part of their monthly energy usage.

Service under this schedule is available on a first-come, first-served basis until the cumulative generation nameplate capacity of net metering systems equals 2.9 MW, which represents one-tenth of one percent of the Company's retail peak demand during 2000. No single Seller may connect more than 20 percent of the cumulative generation nameplate capacity connected under this schedule.

APPLICABILITY

Service under this schedule is applicable to any Seller that:

1. Owns and/or operates a Generation Facility fueled by solar, wind, biomass, or hydropower, or represents fuel cell technology; and

2. Maintains its retail electric service account for the loads served at the Point of Delivery adjacent to the Generation Interconnection Point as active and in good standing; and

3. Meets all applicable requirements of the Company's Schedule 72 and Generation Interconnection Process; and

4. Takes retail electric service under:

a. Schedule 1 or Schedule 7; and

Owns and/or operates a Generation Facility with a total nameplate capacity rating of 25 kW or smaller that is interconnected to the Seller's individual electric system on the Seller's side of the Point of Delivery, thus all energy received and delivered by the Company is through the existing watt-hour retail meter.

b. Schedules other than Schedule 1 or Schedule 7; and

Owns and/or operates a Generation Facility with a total nameplate capacity rating of 100 kW or smaller that is interconnected at a Generation Interconnection Point that is adjacent to the Seller's Point of Delivery and is metered at the same voltage through a meter that is separate from the retail load metering at the Seller's Point of Delivery.

One-Meter Option: A separate meter from the existing retail load metering at the Seller's Point of Delivery is not required if:

1. The Generation Facility has a total nameplate capacity rating of 25 kW or smaller, and

2. The Generation Facility has a total nameplate capacity rating no more than 2% of the Seller's Basic Load Capacity (BLC) or comparable average maximum monthly Billing Demands.

A Seller who uses the One-Meter Option will not receive financial credit for any Excess Net Energy during the Billing Period.

SCHEDULE 84
CUSTOMER ENERGY
PRODUCTION NET METERING
(Continued)

DEFINITIONS

Avoided Energy Cost is the monthly weighted average of the daily on-peak and off-peak Dow Jones Mid-Columbia Electricity Price Index (Dow Jones Mid-C Index) prices for non-firm energy ~~published in the Wall Street Journal~~. This rate is calculated based upon the previous calendar month's data. If the Dow Jones Mid-C Index prices are not reported for a particular day or days, the average of the immediately preceding and following reporting periods or days will be used.

Basic Load Capacity (BLC) is the average of the two greatest non-zero monthly Billing Demands established during the 12-month period which includes and ends with the current Billing Period.

Excess Net Energy means the positive difference between the kWh generated by a Seller and the kWh supplied by the Company over the applicable Billing Period.

Generation Facility means all equipment used to generate electric energy where the resulting energy is either delivered to the Company via a single meter at the Point of Delivery or Generation Interconnection Point, or is consumed by the Seller.

Generation Interconnection Process is the Company's generation interconnection application and engineering review process developed to ensure a safe and reliable generation interconnection.

Interconnection Facilities are all facilities reasonably required by Prudent Electrical Practices and the applicable electric and safety codes to interconnect and safely deliver energy from the Generation Facility to the Point of Delivery or Generation Interconnection Point.

Generation Interconnection Point is the point where the conductors installed to allow receipt of Seller's generation connect to the Company's facilities adjacent to the Seller's Point of Delivery.

Point of Delivery is the retail metering point where the Company's and the Seller's electrical facilities are interconnected to allow Seller to take retail electric service from the Company.

Prudent Electrical Practices are those practices, methods and equipment that are commonly used in prudent electrical engineering and operations to operate electric equipment lawfully and with safety, dependability, efficiency and economy.

Schedule 72 is the Company's service schedule which provides for interconnection to non-utility generation or its successor schedule(s) as approved by the Commission.

Seller is any Customer that owns and/or operates a Generation Facility and desires to interconnect the Generation Facility to the Company's system to potentially sell net surplus energy to the Company.

MONTHLY BILLING

The Seller shall be billed in accordance with the Seller's applicable standard service schedule, including appropriate monthly charges.

SCHEDULE 84
CUSTOMER ENERGY
PRODUCTION NET METERING
(Continued)

CONDITIONS OF PURCHASE AND SALE

The conditions listed below shall apply to all transactions under this schedule.

1. Balances of generation and usage by the Seller:

a. If electricity supplied by the Company during the Billing Period exceeds the electricity generated by the Seller and delivered to the Company during the Billing Period, the Seller shall be billed for the net electricity supplied by the Company at the Seller's standard schedule retail rate, in accordance with normal metering practices.

b. If electricity generated by the Seller during the Billing Period exceeds the electricity supplied by the Company during the Billing Period, the Seller:

i. Shall be billed for the applicable Demand and other non-energy charges for the Billing Period under the Seller's standard service schedule, and

ii. Shall be financially credited ~~for the net energy delivered to the Company during the Billing Period at the Seller's standard service schedule retail rate for Schedule 1 or Schedule 7 service. Sellers taking service under schedules other than Schedule 1 or Schedule 7 will be credited~~ an amount per kWh equal to 85 percent of the most recently calculated monthly per kWh Avoided Energy Cost for the kWh of Excess ~~net~~ Net ~~energy~~ Energy delivered to the Company.

iii. Shall not be financially credited for Excess Net Energy delivered to the Company if taking service under a schedule other than Schedule 1 or Schedule 7 and the qualified Seller is utilizing the One-Meter Option.

~~iii.~~ iv. Shall, if taking service under a schedule other than Schedule 1 or Schedule 7, be billed the applicable retail rate for any net usage delivered by the Company and recorded on the Seller's generation meter.

2. As a condition of interconnection with the Company, the Seller shall:

a. Complete and maintain all requirements of interconnection in accordance with the applicable portions of Schedule 72.

b. Complete and maintain all requirements of the Company's Generation Interconnection Process.

c. Obtain written confirmation from the Company that all conditions to interconnection have been fulfilled prior to operation of the Generation Facility. Such confirmation shall not be unreasonably withheld by the Company.

3. The Seller shall never deliver or attempt to deliver energy to the Company's system when the Company's system serving the Seller's Generation Facility is de-energized for any reason.