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Idaho Power Files Requests With Idaho Public Utilities Commission

BOISE, IDAHO (Mar. 14, 2008)--Idaho Power today filed applications with the Idaho Public Utilities Commission (IPUC) requesting commission approval of two actions related to energy efficiency initiatives. One action seeks the first rate adjustments under the pilot Fixed Cost Adjustment (FCA) while the other proposes increased funding for energy efficiency.

Fixed Cost Adjustment

The first application proposes rate changes for residential and small commercial customers in compliance with the FCA. The purpose of the FCA is to encourage utility investment in energy efficiency programs and activities. This is a three-year pilot program approved by the IPUC last year. It authorizes Idaho Power to separate the recovery of fixed costs of providing electrical service to its residential and commercial customers from the actual sale of electricity to these customers.

Electricity rates include a variable cost component containing the cost of electricity. The fixed cost component is tied to the cost of power lines and infrastructure required to deliver electricity. Normally utilities recover these two cost components through electricity sales. When recovery of fixed costs is tied to the sale of electricity, utilities have a disincentive to encourage reduced energy usage since the reduced usage results in the loss of the fixed cost recovery.

Energy efficiency is an important part of Idaho Power's resource portfolio that balances electricity supplies with demand for energy. When the IPUC authorized this mechanism, its intent was to facilitate energy efficiency investments for residential and small business customers.

The FCA provides for an IPUC-determined amount of fixed costs to be recovered from residential and small commercial customers. If, because of reduced electricity use during the year, the company under-collects the authorized fixed cost amount, it can collect the difference through a surcharge. If Idaho Power over-collects the authorized amount, the company refunds the difference through a credit.

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During 2007, the company over-collected fixed costs from residential customers and under-collected fixed costs from its commercial customers. Therefore, residential customers are proposed to receive a 1.17 percent monthly reduction beginning June 1. Due to under-collection, small commercial customers are proposed to receive a 3.0 percent monthly surcharge June 1.

Increase In Energy Efficiency Rider

Idaho Power also filed a request to increase the monthly Energy Efficiency Rider for all customers from 1.5 percent of a customers' electricity bill to 2.5 percent. Energy efficiency programs play an important role in helping customers save energy and money.

These programs help Idaho Power meet a growing need for electricity by reducing the amount of power the company must buy or generate. Last year the company's combined energy efficiency programs saved 91.2 million kilowatt-hours (kWh) of electricity or enough energy to serve over 7,200 homes for one year.

If approved, this proposal will collect approximately \$16 million annually or an increase of \$7 million over the current annual amount. With funds generated by this increase the company will continue to enhance and expand its energy efficiency programs providing cash incentives along with information and services to its retail customers.

Overall Impact of These Actions

If approved by the Idaho Public Utilities Commission, these requests collectively will have differing impacts on the rates paid by Idaho customers. The chart below shows the average change for each customer group.

Customer Group	Overall Percent Change
Residential	Less than 1%
Small Commercial	3.9%
Large Commercial	1.0%
Irrigation	1.3%
Industrial	1.0%

For an average residential customer using 1,050 kilowatt-hours of electricity each month, the bill would decrease by a few cents each month.

Idaho Power's proposals are open to public review and comment. They are on the company's Web site—www.idahopower.com/rates. Copies also are available at Idaho Power's offices and at the Idaho Public Utilities Commission offices in Boise.