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IDAHO PUBLIC UTILITIES COMMISSION

LISA D. NORDSTROM
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March 3, 2011

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. IPC-E-10-27
***IN THE MATTER OF AN INVESTIGATION OF APPROPRIATE COST
RECOVERY MECHANISMS FOR IDAHO POWER'S ENERGY EFFICIENCY
PROGRAMS***

Dear Ms. Jewell:

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

Also enclosed are nine (9) copies of Ric Gale's testimony filed in support of the Stipulation. One copy of Mr. Gale's testimony has been designated as the "Reporter's Copy." In addition, a disk containing a Word version of Mr. Gale's testimony is enclosed for the Reporter.

Very truly yours,

Lisa D. Nordstrom

LDN:csb
Enclosures

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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Idaho Power Company

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AN INVESTIGATION) CASE NO. IPC-E-10-27
OF APPROPRIATE COST RECOVERY)
MECHANISMS FOR IDAHO POWER'S) IDAHO POWER COMPANY'S
ENERGY EFFICIENCY PROGRAMS.) MOTION TO APPROVE
) STIPULATION
)

COMES NOW, Idaho Power Company ("Idaho Power" or "Company") and hereby moves the Idaho Public Utility Commission ("Commission") pursuant to RP 56 and 256 to approve the enclosed Stipulation on or before April 11, 2011. This Motion is based on the following:

I. PROCEDURAL BACKGROUND

1. On October 22, 2010, Idaho Power requested that the Commission issue its Order on or before March 15, 2011, accepting the Company's demand-side resources business model. To this end, Idaho Power also requests authorization to: (1) move demand response incentive payments into the Power Cost Adjustment ("PCA") on

a prospective basis beginning June 1, 2011, (2) establish a regulatory asset for Custom Efficiency program incentive costs beginning January 1, 2011, and (3) change the carrying charge on the Energy Efficiency Rider from the customer deposit rate to the Company's authorized rate of return. The Company did *not* request a change in customer rates as part of this docket.

2. On January 14, 2011, the Commission issued Procedural Order No. 32160 establishing the schedule as proposed by the parties. On February 7, 2011, the parties convened a settlement conference as noticed in the earlier Procedural Order. As a result of the discussions during the settlement conference, Idaho Power, Commission Staff, the Idaho Conservation League, NW Energy Coalition, Snake River Alliance, and Community Action Partnership Association of Idaho (the "Parties") agreed to resolve the contested issues in the case. The terms of the agreement are set forth in the Stipulation included as Attachment No. 1 to this Motion. Based upon the representation that a settlement had been reached, the Commission issued Order No. 32178 on February 14, 2011, vacating the remainder of the procedural schedule and setting new dates for comment and oral argument on the Stipulation.

3. Although it participated in the settlement conference, the Industrial Customers of Idaho Power did not sign the Stipulation. In addition, although the Idaho Irrigation Pumpers Association, Inc., did not sign the Stipulation, it does not oppose the Stipulation.

II. TERMS OF THE STIPULATION

4. The Parties agree that recovery of demand response incentive payments associated with the A/C Cool Credit program, the Irrigation Peak Rewards program, and the FlexPeak Management program should be shifted from the Idaho Energy Efficiency

Rider ("Rider") to the PCA on a prospective basis beginning June 1, 2011. To keep customer classes revenue neutral until new base rates are established in Idaho Power's next general rate case, an interim per kilowatt-hour ("kWh") tariff rate that recovers 100 percent of demand-side management ("DSM") costs shifted to the PCA will be implemented for each customer class in order to recover the same amount of revenue from each class as would have been recovered through a DSM Rider percentage charge against base rates. Idaho Power will compute DSM revenue collection by customer class for the PCA until such time as a level of demand response incentive payments is reflected in the Company's base rates.

5. After demand response incentive payments are reflected in base rates, 100 percent of deviation from these base rate expenses will be passed through the PCA and recovered from customers using a uniform rate per kWh, consistent with all other extraordinary power supply expenses. No agreement has been reached as to how demand response incentive amounts will be allocated to each customer class in an Idaho Power general rate case and all Parties will be able to propose allocation methodology at that time.

6. The Parties agree that the direct incentive payments of the Custom Efficiency program should be capitalized as a regulatory asset beginning January 1, 2011. A carrying charge equal to the current Commission authorized rate of return of 8.18 percent will be applied to the balance until the Commission includes the regulatory asset in Company rates as part of its next general rate case. The regulatory asset once placed in rates will earn the current Commission-approved authorized rate of return and will be amortized over a seven-year period. Because the stream of incentive payments is ongoing, a new regulatory asset subaccount will accumulate between rate cases and

later become amortized over a separate seven-year period concurrent with a change in rates.

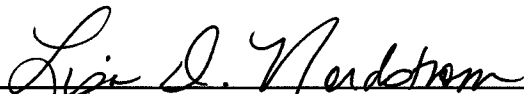
7. The Parties agree that the Energy Efficiency Rider carrying charge will remain at the customer deposit rate.

8. The Parties agree that the Stipulation represents a fair, just, and reasonable compromise of contested issues and that acceptance of the Stipulation by the Commission would be in the public interest. Therefore, the Parties recommend that the Commission approve the Stipulation and all of its terms and conditions without material change or condition.

III. CONCLUSION

9. For these reasons, Idaho Power requests that the Commission issue an Order approving the enclosed Stipulation on or before April 11, 2011, to facilitate filing of Idaho Power's PCA.

Respectfully submitted this 3rd day of March 2011.



LISA D. NORDSTROM
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on or about this 3rd day of March 2011 I served a true and correct copy of the within and foregoing IDAHO POWER COMPANY'S MOTION TO APPROVE STIPULATION upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

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Lisa D. Nordstrom

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-10-27
IDAHO POWER COMPANY

ATTACHMENT NO. 1

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF AN INVESTIGATION)
OF APPROPRIATE COST RECOVERY) CASE NO. IPC-E-10-27
MECHANISMS FOR IDAHO POWER'S)
ENERGY EFFICIENCY PROGRAMS.) STIPULATION
_____)

This stipulation ("Stipulation") is entered into by and among Idaho Power Company ("Idaho Power" or "Company"); the Staff of the Idaho Public Utilities Commission ("Staff"); the Community Action Partnership Association of Idaho ("CAPAI"); and the Idaho Conservation League, the NW Energy Coalition, and the Snake River Alliance ("Conservation Parties"). These entities are collectively referred to as the "Parties," and individually as "Party."

I. INTRODUCTION

1. The Parties agree that this Stipulation represents a fair, just, and reasonable compromise of contested issues and that acceptance of the Stipulation by the Idaho Public Utilities Commission ("IPUC" or "Commission") would be in the public

interest. Therefore, the Parties recommend that the Commission approve the Stipulation and all of its terms and conditions without material change or condition.

II. BACKGROUND

2. On October 22, 2010, Idaho Power filed an Application requesting that the Commission issue an Order accepting the Company's demand-side resources business model and adjust how the Company recovers the costs of specific demand-side management ("DSM") programs. More specifically, the Company proposes to (1) move associated demand response incentive payments into the Power Cost Adjustment ("PCA") on a prospective basis beginning June 1, 2011; (2) establish a regulatory asset for Custom Efficiency program incentive costs beginning January 1, 2011; and (3) change the carrying charge on the Energy Efficiency Rider from the customer deposit rate to the Company's authorized rate of return. The terms and conditions of this Stipulation shall impact only those DSM programs specified herein.

3. The parties convened a scheduling meeting on January 12, 2011, and adopted a schedule to process the case as set forth in Order No. 32160. During the course of the settlement conference that occurred on February 7, 2011, the Parties reached the settlement agreement described below.

4. Although it participated in the settlement conference, the Industrial Customers of Idaho Power did not sign the Stipulation.

5. Although the Idaho Irrigation Pumpers Association, Inc. did not sign the Stipulation, it does not oppose the Stipulation.

III. TERMS OF THE STIPULATION

6. The Parties agree that recovery of demand response incentive payments associated with the A/C Cool Credit program, the Irrigation Peak Rewards program, and

the FlexPeak Management program¹ should be shifted from the Idaho Energy Efficiency Rider to the PCA on a prospective basis beginning June 1, 2011. To keep customer classes revenue neutral until new base rates are established in Idaho Power's next general rate case, an interim per kilowatt-hour ("kWh") tariff rate that recovers 100 percent of DSM costs shifted to the PCA will be implemented for each customer class in order to recover the same amount of revenue from each class as would have been recovered through a percentage charge against base rates. Idaho Power will compute DSM revenue collection by customer class for the PCA until such time as a level of demand response incentive payments is reflected in the Company's base rates.

7. After demand response incentive payments are reflected in base rates, 100 percent of deviation from these base rate expenses will be passed through the PCA and recovered from customers using a uniform rate per kWh, as are all other extraordinary power supply expenses. No agreement has been reached as to how demand response incentive amounts will be allocated to each customer class in an Idaho Power general rate case and all Parties will be able to propose allocation methodology at that time.

8. The Parties agree that the direct incentive payments of the Custom Efficiency program should be capitalized as a regulatory asset beginning January 1, 2011. A carrying charge equal to the current Commission authorized rate of return of 8.18 percent will be applied to the balance until the Commission includes the regulatory asset in Company rates as part of its next general rate case. The regulatory asset once placed in rates will earn the current Commission approved authorized rate of return and

¹ FlexPeak Management program "demand response incentive payments" represent total payments from Idaho Power to the third-party administrator, EnerNOC, Inc.

will be amortized over a seven-year period. Because the stream of incentive payments is ongoing, a new regulatory asset subaccount will accumulate between rate cases and later become amortized over a separate seven-year period concurrent with a change in rates.

9. The Parties agree that the Energy Efficiency Rider carrying charge will remain at the customer deposit rate.

IV. ADDITIONAL PROVISIONS

10. The Parties agree that this Stipulation represents a compromise of the positions of the Parties. Therefore, other than any testimony filed in support of the approval of this Stipulation, and except to the extent necessary for a Party to explain before the Commission its own statements and positions with respect to the Stipulation, all statements made and positions taken in negotiations relating to this Stipulation shall be confidential and will not be admissible in evidence in this or any other proceeding.

11. The Parties submit this Stipulation to the Commission and recommend approval in its entirety. Parties shall support this Stipulation before the Commission, and no Party shall appeal a Commission Order approving the Stipulation or an issue resolved by the Stipulation. If this Stipulation is challenged by any person not a party to the Stipulation, the Parties to this Stipulation reserve the right to file testimony, cross-examine witnesses, and put on such case as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlements embodied in this Stipulation. Notwithstanding this reservation of rights, the Parties to this Stipulation agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

12. If the Commission rejects any part or all of this Stipulation, or imposes any additional material conditions on approval of this Stipulation, each Party reserves the right, upon written notice to the Commission and the other Parties to this proceeding, within fourteen days of the date of such action by the Commission, to withdraw from this Stipulation. In such case, no Party shall be bound or prejudiced by the terms of this Stipulation, and each Party shall be entitled to seek reconsideration of the Commission's Order, file testimony as it chooses, cross-examine witnesses, and do all other things necessary to put on such case as it deems appropriate.

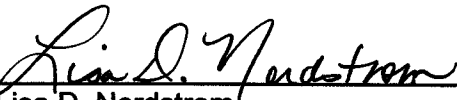
13. No Party shall be bound, benefited, or prejudiced by any position asserted in the negotiation of this Stipulation, except to the extent expressly stated herein, nor shall this Stipulation be construed as a waiver of the rights of any Party unless such rights are expressly waived herein. Execution of this Stipulation shall not be deemed to constitute an acknowledgment by any Party of the validity nor invalidity of any particular method, theory, or principle of regulation or cost recovery. No Party shall be deemed to have agreed that any method, theory, or principle of regulation or cost recovery employed in arriving at this Stipulation is appropriate for resolving any issues in any other proceeding in the future. No findings of fact or conclusions of law other than those stated herein shall be deemed to be implicit in this Stipulation.

14. The obligations of the Parties under this Stipulation are subject to the Commission's approval of this Stipulation in accordance with its terms and conditions and upon such approval being upheld on appeal by a court of competent jurisdiction.

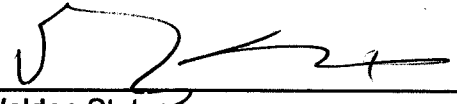
15. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

DATED this 1st day of March 2011.

Idaho Power Company

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Attorney for Idaho Power Company

Idaho Public Utilities Commission Staff

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Weldon Stutzman
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NW Energy Coalition

By  for
Nancy Hirsh

Snake River Alliance

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