

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF IDAHO POWER COMPANY FOR)	CASE NO. IPC-E-11-19
AUTHORITY TO CONVERT SCHEDULE 54)	
– FIXED COST ADJUSTMENT – FROM A)	NOTICE OF APPLICATION
PILOT SCHEDULE TO AN ONGOING)	
PERMANENT SCHEDULE)	NOTICE OF
)	INTERVENTION DEADLINE
)	
)	ORDER NO. 32389

YOU ARE HEREBY NOTIFIED that on October 19, 2011, Idaho Power Company filed an Application requesting a Commission Order authorizing the Company to convert its current Schedule 54 – Fixed Cost Adjustment (FCA) – from a pilot program to a permanent schedule. The Commission in Order No. 30267, Case No. IPC-E-04-15, approved implementation of a three-year FCA pilot program applicable to residential and small general service customers. In October 2009, the Company filed an application seeking to convert the pilot program to a permanent program. The Commission denied the Company's request and instead extended the pilot program for an additional two-year period. Order No. 31063. The FCA pilot program is set to expire on December 31, 2011.

YOU ARE FURTHER NOTIFIED that the FCA purports to remove recovery of a portion of the Company's fixed costs from its energy sales. To accomplish this, the average number of customers in the residential and small general service classes is multiplied by the fixed-cost per customer rate (FCC), which is established as part of determining the Company's revenue requirement in a general rate case. The product of the calculation of the average number of customers and the FCC establishes the allowed fixed costs recovery amount. The allowed fixed-cost recovery amount is then compared to the amount of fixed cost actually recovered by Idaho Power. The actual fixed costs recovered is determined by the Company's weather-normalized sales for each class multiplied by sales figures by the fixed-cost per energy rate (FCE), which is also established in a general rate case. The difference between the allowed fixed-cost recovery amount and the actual fixed costs recovered is the amount recovered for each class by adjusting the FCA.

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YOU ARE FURTHER NOTIFIED that the Application states that the purpose of the pilot program was to test the FCA mechanism to determine “its efficacy in removing the unintended rate design disincentive for the Company to aggressively pursue DSM programs.” Application, p. 5. The Company contends the first four years of the pilot program indicate that the FCA mechanism is working as intended and operates to mitigate the adverse affects of energy efficiency by ensuring that the fixed costs authorized by the Commission for recovery are being recovered through the FCA mechanism. *Id.* The Company proposes to make the program permanent for the residential and small general service customer classes, and proposes to true-up the FCA by combining the deferral balances of each class and implementing rates for each class that represent a uniform percent change. Idaho Power asserts that by combining the residential and small general service FCA balances and determining the rate adders based on an equal FCA rate adjustment for each class, the overall rate impact to customers in these classes is more representative of the total amount of the required fixed-cost recovery for each class. Application, pp. 5-6.

YOU ARE FURTHER NOTIFIED that Idaho Power asserts in its Application that making the FCA permanent removes the Company’s financial disincentive to acquire demand-side management (DSM) resources: “Severing the link between energy sales and the recovery of fixed costs represents a logical evolution of historic ratemaking practices, an evolution that allows Idaho Power to pursue both programmatic and non-programmatic DSM initiatives without running the risk of financially harming its shareholders.” Application, p. 4. Idaho Power contends that making the FCA permanent “sends the appropriate signal to Idaho Power that this Commission believes the Company continues to be on the right track in its pursuit of DSM resources.” *Id.*

YOU ARE FURTHER NOTIFIED that Idaho Power is also proposing to eliminate the annual reports required by the pilot program showing the specific ways in which the Company increased its investment in energy efficiency and DSM programs. The Company proposes to eliminate the separate annual reporting requirement because the Company’s acquisition of energy efficiency and DSM programs are reported in the Company’s annual DSM reports. The Company would continue monthly reporting of the FCA balance and to file annual applications seeking approval of FCA true-up balances. The Company requests that the

Commission issue an Order no later than March 30, 2012, making the Schedule 54 FCA program permanent effective January 1, 2012.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers, testimonies and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and testimonies are also available on the Commission's web site at www.puc.idaho.gov by clicking on "File Room" and then "Electric Cases."

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* § 61-501, 61-502, and 61-503. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF INTERVENTION DEADLINE

YOU ARE FURTHER NOTIFIED that **persons desiring to intervene** in this matter for the purpose of presenting evidence or cross-examining witnesses at hearing **must file a Petition to Intervene** with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073. Persons intending to participate at the hearing must file a Petition to Intervene **14 days from the service date of this Order**. Persons desiring to present their views without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or the parties.

YOU ARE FURTHER NOTIFIED that once the deadline for intervention has passed, the Commission Secretary will prepare and distribute a Notice of Parties. The Commission anticipates that the parties will subsequently convene an informal prehearing conference to determine the scheduling of discovery, testimony, technical hearings, and other matters. The Notice of Parties shall also assign exhibit numbers to each party in this proceeding.

YOU ARE FURTHER NOTIFIED that the following persons are designated as Idaho Power's representatives in this matter:

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YOU ARE FURTHER NOTIFIED that all hearings and prehearing conferences in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act (ADA). Persons needing the help of a sign language interpreter or other assistance in order to participate in or to understand testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing. The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION
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(208) 334-0338 (Telephone)
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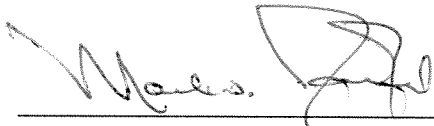
ORDER

IT IS HEREBY ORDERED that persons desiring to intervene in this matter shall file a Petition to Intervene within 14 days from the service date of this Order.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *2nd*
day of November 2011.



PAUL KJELLANDER, PRESIDENT

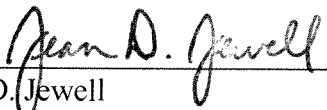


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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