

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 3, 2002**

REGULAR X CONSENT _____ EFFECTIVE DATE December 4, 2002

DATE: November 25, 2002

TO: John Savage through Lee Sparling and Ed Busch

FROM: Ed Krantz

SUBJECT: IDAHO POWER COMPANY: (Advice No. 02-07) Requests authorization to discontinue the Conservation Program Recovery Charge, Schedule 96.

STAFF RECOMMENDATION:

I recommend that the Commission approve Idaho Power Company's Application to Waive Statutory Notice and allow the proposed tariff sheet in Advice No. 02-07 to go into effect with service on and after December 4, 2002.

DISCUSSION:

On November 25, 2002, Idaho Power Company filed Advice No. 02-07, which modifies Schedule 96 to discontinue the Conservation Program Recovery Charge. The company's application includes an Application to Waive Statutory Notice that will allow the tariffs to become effective with service beginning December 4, 2002.

OPUC Order No. 98-448 authorized Idaho Power to recover its deferred demand side management/conservation (DSM) expenditures over approximately a five-year period through a 2.62 percent surcharge. The deferred account has been adjusted periodically to include recovery of quarterly payments to the Northwest Energy Efficiency Alliance (NEEA) as well as Oregon's share of certain other DSM program expenditures.

Idaho Power originally estimated that recovery of the DSM deferred account balance would be completed in early 2003. However, due to an accounting error, the company has over-collected from customers approximately \$190,000. Accordingly, Idaho Power requests authorization to discontinue the surcharge as soon as possible (December 4, 2002). While the company could refund the credit balance in the deferred account, it has proposed that the excess funds collected remain in the account, earn interest at Idaho Power's authorized rate of return of 8.95 percent, and be used to offset future energy conservation measures

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and programs, including NEEA payments. Staff believes this is a reasonable approach and recommends approval of the company's application.

Staff further recommends that the company file a report on a semi-annual basis, showing the monthly activity for the DSM balancing account, including interest, within 45 days after the end of each six-month period ending July and December.

PROPOSED COMMISSION MOTION:

Approve Idaho Power Company's Application to Waive Statutory Notice and allow the tariff sheet as filed in Advice No. 02-07 to become effective with service on and after December 4, 2002.

IdahoPower 02-07

cc: Ed Busch
Judy Johnson