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February 28, 2011

VIA ELECTRONIC AND U.S. MAIL

PUC Filing Center
Public Utility Commission of Oregon
PO Box 2148
Salem, OR 97308-2148

**Re: UM 1505 – In the Matter of the Public Utility Commission of Oregon Solar
Photovoltaic Program Draft Report Comments and Recommendations**

Attention Filing Center:

Enclosed for filing in the above-referenced docket are an original and one copy of Idaho Power's Closing Comments.

A copy of this filing has been served on all parties to this proceeding as indicated on the attached certificate of service. Please contact me with any questions.

Very truly yours,

A handwritten signature in cursive script that reads "Wendy McIndoo".

Wendy McIndoo
Legal Assistant

Enclosures
cc: Service List

CERTIFICATE OF SERVICE

1 I hereby certify that I served a true and correct copy of the foregoing document in
2 Docket UM 1505 on the following named person(s) on the date indicated below by email
3 and/or first-class mail addressed to said person(s) at his or her last-known address(es)
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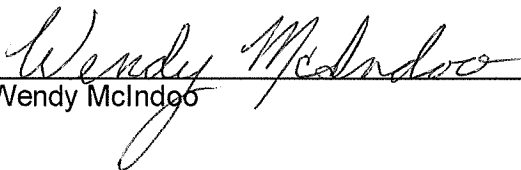
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1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 **UM 1505**

4 In the Matter of

5 PUBLIC UTILITY COMMISSION OF
6 OREGON,

7 Solar Photovoltaic Program Draft Report
8 Comments and Recommendations.

**CLOSING COMMENTS OF IDAHO
POWER COMPANY**

9 Idaho Power Company ("Idaho Power" or "Company") submits the following Closing
10 Comments in response to issues raised in the Opening Comments filed by parties on
11 February 11, 2011, and at the workshop held on February 18, 2011.

12 **I. INTRODUCTION**

13 In these comments Idaho Power addresses several important issues that apply to it
14 as the Company prepares for its final enrollment period in the Public Utility Commission of
15 Oregon's ("Commission") Solar Photovoltaic ("PV") Pilot Program. The Company again
16 emphasizes that its program is differently situated than the programs of both Portland
17 General Electric ("PGE") and PacifiCorp. Reflective of Idaho Power's smaller Oregon
18 customer base, its capacity allotment and number of participants are significantly less than
19 PGE and PacifiCorp. Moreover, Idaho Power's program does not include a bidding
20 process for medium and large projects. And perhaps most importantly for the purposes of
21 these comments, for Idaho Power the next enrollment window will be its last. Therefore,
22 these comments are intended to apply to Idaho Power's program only and not to those of
23 PGE and PacifiCorp.

24 Idaho Power also emphasizes that when evaluating any proposed change to the
25 Solar PV Pilot Program, the Commission remain mindful of the costs resulting from the
26 change. As noted in the January 1, 2011, Report to the Legislative Assembly, Idaho

1 Power's estimated rate impact has already exceeded the 0.25 percent of revenue
2 requirement set forth in ORS 757.365(7). Because the costs of this program are
3 recoverable in rates from all customers, the impact of these costs is felt by more than just
4 the participants in the program. Therefore any change that will result in increased costs
5 should be carefully examined to determine if the potential benefits match the increased
6 costs.

7 II. DISCUSSION

8 A. Idaho Power Does Not Oppose a Lottery System.

9 As reflected in Idaho Power's Opening Comments, the Company does not oppose
10 the move to a lottery system rather than the current "first come, first served" system. And
11 although Idaho Power generally values consistency throughout the Solar PV Pilot Program
12 and across all service territories, the Company does not oppose implementing a lottery
13 system for the next enrollment period even if PGE and PacifiCorp maintain the current
14 system. That said, the Company has several concerns related to a transition to a lottery
15 system.

16 *First*, the change may necessitate a delay in the April 1 enrollment window. If the
17 Commission requires Idaho Power to move to a lottery system, the Company may be able
18 to implement the changes prior to the April 1 window, provided the system adopted by the
19 Commission does not materially differ from that proposed by the Company in its Opening
20 Comments and the Commission issues an order requiring the change by March 15 at the
21 latest. Any changes to Idaho Power's proposed methodology, however, may make the
22 implementation of a lottery much more difficult prior to April 1.

23 The Company is also mindful of the customer impact of adopting a new enrollment
24 process so close in time to the April 1 enrollment window. In addition to limiting the notice
25 to customers, the use of a lottery system may also raise issues of applicant confidence in
26 the selection process. As pointed out in the Company's Opening Comments, customer

1 confidence is key to any lottery system. If customers perceive that the implementation of
2 the lottery system was rushed, then its results may be called into questioned.

3 In light of these concerns, the Company would prefer a postponement to May 1 if the
4 Commission implements a lottery system for its enrollment process. This will allow
5 sufficient time for the Company to implement and test its new system and provide
6 sufficient notice to potential participants so that they are able to plan ahead.

7 *Second*, regardless of the enrollment window, a lottery system will increase the
8 administrative costs of the Solar PV Pilot Program. In addition to the increased costs to
9 develop and implement the system, administrative costs associated with handling the
10 increased number of submitted applications will be substantial. Thus, any change in the
11 system will increase costs, which for Idaho Power are already greater than the 0.25
12 percent of class revenue requirement set forth in ORS 757.365(7). The Company
13 believes that it is unclear whether the benefits of a lottery outweigh the increased
14 administrative costs.

15 **B. The VIR Should Not Be Reduced More Than 10 Percent Unless the Enrollment**
16 **Window is Delayed.**

17 In opening comments, Staff indicated that it intends to seek a reduction of greater
18 than 10 percent in the VIR for the April 1 enrollment window.¹ The Company believes that
19 the current VIR, even if reduced by 10 percent, is excessive and does not match the
20 actual costs and benefits resulting from the Solar PV Pilot Program. Thus, the Company
21 is generally supportive of a reduction of greater than 10 percent. However, if the
22 Commission chooses to decrease the VIR by more than 10 percent, it should delay the
23 April 1 enrollment window. This delay will provide potential applicants with sufficient time
24 to analyze the new rates and determine whether they wish to participate in the program at

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26 ¹ Staff's Opening Comments and Recommendations at 3.

1 the new rate. Without sufficient time for this analysis, it is unclear whether such a
2 reduction will result in decreased demand because applicants may be unable to determine
3 the potential impact of the reduction prior to submitting an application.

4 Thus, while the Company does not oppose a re-evaluation of the VIR level, it is
5 unclear that it can occur in the timeframe allotted.

6 **III. CONCLUSION**

7 Idaho Power appreciates the opportunity to file these comments and participate in
8 the evolution of the Solar PV Pilot Program. In summary, Idaho Power believes that if the
9 Commission adopts any substantive change to the enrollment process or the VIR it should
10 also delay the enrollment window to May 1. In light of parties concerns about such a
11 delay, the Company supports maintaining the current program and moving forward with
12 the April 1 enrollment.

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DATED: February 28, 2011.

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