

March 16, 2007

Public Utilities Commission of Oregon
Attn: Filing Center
550 Capitol Street NE, Suite 215
P. O. Box 2148
Salem, OR 97308-2148

RE: Tariff Advice No. 07-03
Revision to Schedule 98

Dear Sir or Madam:

Idaho Power Company herewith transmits for filing Fourth Revised Sheet No. 98-1. The Company respectfully requests that revised Schedule 98, Residential and Small Farm Energy Credit, become effective April 30, 2007. Idaho Power desires to continue to apply the credit to all Kwh's consumed during the billing month and hereby request the Commission to once again waive Rule 860-022-032.

Pursuant to guidelines received from the Bonneville Power Administration (BPA), Idaho Power is proposing that certain long-term care facilities be eligible to receive the Residential and Small Farm Energy Credit. Qualified long term care facilities would include those taking service under Schedule 7 or 9 who are not providing full medical care to residents and where the average patient stay is 30 days or longer. Attached you will find a copy of the letter from the BPA informing Idaho Power of the eligibility guidelines.

If you have any questions regarding this filing, please call Courtney Waites at (208)388-5612.

Sincerely,



Barton L. Kline
Senior Attorney

BLK:cw

Enclosures

c: Ric Gale
P&RS Files
Legal Files



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

12-1-06 4:11:51 PM

POWER SERVICES

December 8, 2006

In reply refer to: PFR-6

John R. Gale, Vice President
Regulatory Affairs
Idaho Power Company
1221 West Idaho Street
Boise, ID 83702

Dear Mr. Gale,

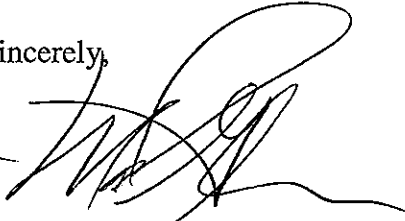
Re: Residential Exchange Program Settlement Agreement, BPA Contract No. 00PB-12158 and 00PB-12158, Recent Determination Decision and Eligibility Guidelines

In recent months Paul A. Brodie of our staff and Phil Obenchain of Idaho Power Company have had a number of exchanges concerning the treatment of nursing home loads qualifying for the Residential Exchange Program (REP) Credit. Phil indicated that since the inception of the REP Settlement Agreements, Idaho Power Company has treated these loads as commercial loads that did not qualify for the REP credit. Paul informed Phil that these loads did in fact qualify for the REP credit. Subsequently, in a separate review of nursing homes receiving the REP credit, PacifiCorp identified an issue regarding instances where nursing homes were part of a joint-use-facility that included a non-eligible hospital load. PacifiCorp requested that BPA issue an Eligibility Determination that provided guidance on how to allocate the metered load between the nursing home and hospital functions. Enclosed is a copy of BPA's decision on the treatment of such nursing home loads.

In order to help ensure uniform and consistent treatment, we ask that Idaho Power Company please review its application of the REP credit to nursing homes that are eligible to receive the credit. BPA is sending a copy of BPA's nursing home determination to each investor-owned utility and the state commissions to help ensure consistent nursing home eligibility determinations. In addition to the eligibility decision, we have also included a copy of BPA's *Customer Load Eligibility Guidelines* for your reference to help guide your staff in making decisions concerning eligible loads. In those instances where a fact situation has not been encountered before, or where the policy outlined in the guidelines does not clearly address the facts surrounding an eligibility determination question, please consult BPA in making the eligibility determination. In the event that a retail customer feels that they qualify for the Settlement Benefit Credit after having been denied the credit by an investor-owned utility, they are entitled to a final eligibility determination by BPA.

We look forward to working with you and your staff regarding eligibility determinations in addition to addressing any questions or concerns that you might have on procedures and policies used to account for and distribute REP Settlement benefits. If you have questions concerning BPA's REP Settlement Program, please call Paul Brodie at (503) 230-3414. Thank you for your help in supporting the administration of this important program.

Sincerely,



Mark O. Gendron,
Vice President for Northwest Requirements Marketing

2 Enclosures

cc:

Scott Brattebo, Director Regulatory Affairs, PacifiCorp

Randy Lobb, Administrator Utilities Division, Idaho Public Utilities Commission

December 8, 2006

Residential Exchange Program (REP) Settlement Load Eligibility Determination

Eligibility of Nursing Homes, Long-Term Care Facilities, and Assisted Living Care Facilities to Receive the REP Credit

Section 3(18) of the Northwest Power Act defines "residential use" or "residential load" as "all usual residential, apartment, seasonal dwelling and farm electrical loads or uses, but only the first four hundred horsepower during any monthly billing period of farm irrigation and pumping for any farm." Exhibit A of the REP Settlement Agreements also helps to define eligible residential loads, but is silent regarding nursing homes and hospitals. BPA's Customer Load Eligibility Guidelines, however, provide the following guidance on qualifying loads:

Nursing Home - The loads associated with nursing homes are eligible to receive the Residential Exchange Program credit. When the average length of stay is 30 days or longer and does not provide full medical care similar to the medical facilities, equipment, and staff normally provided by hospitals, clinics, or similar institutions.

Hospitals - The loads associated with hospitals are ineligible to receive the Residential Exchange Program credit. These loads are neither a farm nor a residence.

The electrical loads for nursing homes, long-term care facilities, and assisted living care facilities generally qualify for the REP credit. A general guideline is that when the average length of stay is 30 days or longer, the dwelling or facility qualifies as a residence. Residences that qualify for the credit can be single family or multi-family dwellings. If the assisted living facility provides full medical care that is similar to the medical facilities, equipment, and staffing of a hospital, then that portion of the facility's electrical loads would be ineligible. Generally, most of the load associated with an assisted living facility would qualify for the credit.

As the demographics of our society change with the "graying of America," more and more people will be choosing to live in retirement centers and assisted living facilities. These facilities are the new residences of an increasing share of the population. The residents of these facilities are intended to receive a benefit from lower electrical rates due to the REP credit. It is also important that there is a level playing field associated with the ownership and operation of the facilities receiving the REP credit to ensure that there is not a competitive advantage or disadvantage due to disparate policies of utilities receiving REP benefits.

In order to ensure that all eligible residential ratepayers who are served by qualifying investor-owned utilities receive REP benefits and to ensure that there is a level playing field for the nursing home industry in the Pacific Northwest, it is important that all utilities participating in the REP Settlements review their regulatory practices surrounding the eligibility of these facilities.

Guidance in Determining the Eligibility of Loads Associated with Joint Use Facilities

There are a number of nursing home and care facilities in the region that are physically connected to hospitals or clinics providing higher levels of medical care. These occur for the most part in smaller rural communities that cannot afford to run separate facilities. Frequently the electric loads associated with the nursing home facility and the hospital are metered through a single meter. The utility administering the REP needs to make a reasonable attempt to separate the metered load associated with the nursing home facility in determining the loads that are eligible to receive the credit. BPA was asked to furnish guidance in developing a method to determine the portion of the metered load that qualifies for the credit.


One simple approach for estimating the portion of metered loads attributed to a nursing home facility is to base it on the square footage of the facility that is connected to nursing home care in relation to the total square footage of the nursing home and hospital areas combined. The first step in this calculation is to determine the square footage of the common areas of the joint facility such as administrative offices, maintenance facilities, food preparation areas, laundry facilities, and similar common areas. This amount should be subtracted from the total square footage of the combined nursing home and hospital facility. The second step is to determine the square footage that is directly used for the nursing home. The third step is to determine the square footage that is used directly for the hospital. The fourth step is to take the ratio of the nursing home square footage to the combined nursing home and hospital areas. The ratio determined by the fourth step is applied to the total facilities metered load (nursing home, hospital and common areas). This determines the REP-eligible load of the nursing home. This allocation approach assumes that the square footage of the direct usage areas (hospital or nursing home) is a reasonable indicator of what function (hospital or nursing home) the power used in the common area is supporting. An example of this allocation approach is presented below:

Example: A small rural town in southern Idaho has a combined hospital and nursing home facility that has a single electric meter. The total facility comprises 100,000 square feet. A review of the facility by the Investor-Owned Utility customer service representative disclosed that 60,000 square feet were directly used by functions associated with the hospital, 30,000 square feet were directly used in providing nursing home care, and 10,000 square feet were associated with common areas (food preparation areas, maintenance and storage, laundry facilities, and administrative offices). Ninety-percent of the facility (90,000 sq. ft. divided by 100,000 sq. ft.) was associated with direct usage. The nursing home care portion comprised 33 percent (one-third) of the direct use areas (30,000/

(30,000 + 60,000). The customer service representative determined that one-third of the total monthly metered amount would be eligible load qualifying for the REP credit.

The above allocation method of square footage was chosen for its simplicity and ease of use. For other joint use facilities, the utility administering the REP credit should develop a method for determining the allocation of the metered energy into eligible load qualifying for the REP credit versus ineligible load that does not qualify for the REP credit and apply the methodology on a consistent basis to all joint use facilities.

Determination: Nursing homes, assisted living facilities, and similar facilities qualify for the REP Credit. Nursing homes, assisted living facilities, and similar facilities that are physically connected to a hospital facility also qualify for the REP Credit. Where both the nursing home facility (qualifying load) and the hospital facility (non-qualifying load) have their electrical power requirements metered through a single meter, utilities should use the foregoing allocation method to determine that portion of the metered energy that is attributable to the qualifying load.



Paul A. Brodie, CPA,
Residential Exchange Settlement –
Benefits Oversight Function

SCHEDULE 98
RESIDENTIAL AND SMALL FARM
ENERGY CREDIT

APPLICABILITY

This schedule is applicable to the qualifying electric energy delivered to residential Customers taking service under Schedule 1, qualifying long-term care facilities taking service under Schedule 7 or Schedule 9 who (C) are not providing full medical care to residents and where the average patient stay is 30 days or longer, and to (C) agricultural Customers operating a water pumping or water delivery system used to irrigate agricultural crops or livestock pasturage under Schedule 24.

The Residential and Small Farm Energy Credit ("Credit") is the result of the Settlement Agreement between the Company and BPA dated October 31, 2000. The Settlement Agreement provides for the determination of benefits during the period October 1, 2001 through September 30, 2011. The Credit under this schedule is effective October 26, 2001. This schedule shall expire when the benefits derived from the Settlement Agreement for the period October 1, 2001 through September 30, 2011 have been credited to customers as provided for under this schedule.

QUALIFYING ELECTRIC ENERGY

All kWh of energy delivered during the Billing Period to residential Customers taking service under Schedule 1 and qualifying long-term care facilities taking service under Schedule 7 or Schedule 9, as described above, qualifies for the Credit under this schedule. The kWh of energy delivered during the Billing Period to applicable agricultural Customers taking service under Schedule 24 which qualifies for the Credit under this schedule is limited to either the agricultural Customer's actual metered energy or 222,000 kWh, whichever is less. Agricultural Customers will be identified by tax identification number or Social Security Number for purposes of determining qualifying electric energy under this schedule. (C) (C)

CREDIT ADJUSTMENT

An energy credit factor for residential Customers and qualifying long-term care facilities will be computed every twelve months. The energy credit factor is determined by dividing the sum of monthly benefit derived from the Settlement Agreement for each month of the twelve-month rate period by the sum of the projected monthly kWh of energy consumption by residential Customers and qualifying long-term care facilities. The current computation of the energy credit factor is \$0.005629/kWh. A Credit equal to the current factor times the qualifying kWh of electric energy for the Billing Period will be included on each Customer billing. (C) (C) (T) (T)

An energy credit factor for applicable agricultural Customers will be computed on an annual basis by dividing the annual benefit derived from the Settlement Agreement by the qualifying kWh of electric energy billed to applicable agricultural Customers for the October through September Billing Periods. A Credit equal to the credit adjustment factor times the qualifying kWh of electric energy billed to each applicable agricultural Customer during the October through September Billing Periods will be issued to each applicable agricultural Customer in December of each year. (T)