

# Davison Van Cleve PC

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June 25, 2010

## *Via Email and U.S. Mail*

Maury Galbraith  
Oregon Public Utility Commission  
550 Capitol Street, N.E., Suite 215  
Salem OR 97301-2551

Re: In the Matter of IDAHO POWER COMPANY Advice No. 10-12

Dear Mr. Galbraith:

On June 21, 2010, Idaho Power Company (“Idaho Power”) filed Advice No. 10-12 with the Public Utility Commission of Oregon (“OPUC” or “Commission”), requesting revisions to Schedule 93, effective July 1, 2010, to implement a “Solar Photovoltaic Pilot Program Rider.” The Industrial Customers of Northwest Utilities (“ICNU”) has serious concerns about Advice No. 10-12 for the reasons explained below, and urges Staff to recommend to the Commission that Advice No. 10-12 be suspended, and that the revisions to Schedule 93 not be permitted to go into effect on July 1, 2010.

Of primary concern, Idaho Power grossly misstates the law relevant to solar photovoltaic (“PV”) pilot program cost recovery. Idaho Power wrongly affirms that ORS § 757.365(10) “provides that all prudently incurred costs associated with the Solar Photovoltaic Pilot Program are recoverable in rates from *all* customer groups by the utilities.” Advice No. 10-12 at 1 (emphasis added). This section of the statute was amended in the Oregon Legislature’s special 2010 session, by House Bill (“HB”) 3690. Specifically, effective March 18, 2010, ORS § 757.365(10) was amended to simply state: “All prudently incurred costs associated with compliance with this section are recoverable in the rates of an electric company.” HB 3690. The language of the original statute—which Idaho Power cites as authority to levy a uniform rate increase upon all customer classes—has been intentionally dropped. Oregon law no longer directs that “[t]he costs associated with the resource value are recoverable in the rates of *all* retail electricity consumers.” *Former* ORS § 757.365(10) (emphasis added).

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Moreover, the Commission expressly reserved the issue of cost allocation until the time in which solar PV pilot program costs were to be amortized in rates. Order No. 10-198 at 22. As Idaho Power notes, the OPUC granted its request “to recover 100 percent of its costs through a rider mechanism *similar* to its currently approved Energy Efficiency Rider.” *Id.* at 21 (emphasis added). But plainly, by immediately thereafter reserving its determination on the contested issue of cost allocation, the Commission was not giving Idaho Power a license to levy uniform pilot program recovery charges across all customer classes. In short, Idaho Power has been authorized to recover its costs through a mechanism “similar” to its Energy Efficiency Rider, not through an *identical* mechanism. How costs will be allocated in Idaho Power’s Solar Photovoltaic Pilot Program Rider is a question which must yet be brought before the OPUC.

In light of these facts, ICNU respectfully requests a Staff recommendation advising the Commission to suspend the effective date of Advice No. 10-12. This will allow a proper investigation into solar PV pilot program cost allocation across customer classes. Such a course appears to be the intent of the OPUC’s decision in Order No. 10-198.

Thank you for your consideration of this matter. Please do not hesitate to contact me if you have any questions.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Melinda J. Davison', written in a cursive style.

Melinda J. Davison