SCHEDULE 78
RESIDENTIAL ENERGY CONSERVATION PROGRAM

AVAILABILITY

This schedule is available throughout the Company's service area within the State of Oregon to residential Customers who qualify for the Residential Energy Conservation Program.

DEFINITIONS

Cash Payment means a payment made by the Company to the dwelling owner or to the contractor on behalf of the dwelling owner for energy conservation measures.

Commission means the Oregon Public Utility Commission.

Cost-Effective means that an energy conservation measure that provides or saves a specific amount of energy during it's life cycle results in the lowest present value of delivered energy costs of any available alternative. However, the present value of the delivered energy costs of an energy conservation measure shall not be treated as greater than that of a non-conservation energy resource or facility unless that cost is greater than 110 percent of the present value of the delivered energy cost of the non-conservation energy resource or facility.

Dwelling means real or personal property within the state inhabited as the principal residence of a dwelling owner or a tenant including a mobile home, a floating home and a single unit in multiple-unit residential housing, but not a recreational vehicle.

Dwelling Owner means the person who has legal title to a dwelling, including the mortgagor under a duly recorded mortgage of real property, the trustor under a duly recorded deed of trust or a purchaser under a duly recorded contract for the purchase of real property, and whose dwelling receives space heating from the Company.

Eligible Customer means any Customer receiving residential service. Responsibility for furnishing the energy audit lies within the utility providing the primary source of space heating energy. If the Company is not the primary supplier of space heating energy, it may discharge its energy audit obligation by arranging for the primary supplier of space heating energy to perform the energy audit.

Energy Audit means:

1. The measurement and analysis of the heat loss and energy utilization efficiency of a dwelling.

2. An analysis of the energy savings in mills per kWh and dollar savings potential that would result from providing energy conservation measures for the dwelling.

3. An estimate of the cost of the energy conservation measures including labor for the installation of items designed to improve the space heating and energy utilization efficiency of the dwelling and the items installed.

4. A determination of whether the energy conservation measure is cost effective.

5. A preliminary assessment, including feasibility and a range of costs, of the potential and opportunity for installation of passive solar space heating and solar domestic water heating in the dwelling, and solar swimming pool heating, if applicable.

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DEFINITIONS (Continued)

Energy Conservation Measures means measures that include the installation of items and the items installed to improve the space heating and energy utilization efficiency of a dwelling. These items include but are not limited to, caulking, weatherstripping and other infiltration preventative materials, ceiling insulation, crawl space insulation, vapor barrier materials, timed thermostats (except when used with heat pumps), insulation of heating ducts, hot water pipes and water heaters in unheated spaces, storm doors and windows and double glazed windows. Energy Conservation Measures does not include the dwelling owner's own labor.

Residential Customer means dwelling owner or tenant who is billed by the Company for electric service received at the dwelling.

Residential Space Heating Customer means a residential Customer who uses electricity as the primary source of space heating.

Space Heating means the heating of living space within a dwelling.

Tenant means a tenant as defined in ORS 91.705 or any other tenant.

NOTIFYING CUSTOMER OF PROGRAM

Upon approval by the Commission of the Company's Residential Energy Conservation Program, the Company shall promptly implement the program by sending a notice described in this section to all its Residential Customers and shall give similar notice at least once every year thereafter.

The Company will mail to a dwelling owner an offer to provide financing for Energy Conservation Measures when a tenant who is a residential space heating Customer requests that the offer be mailed to the dwelling owner, and furnishes the dwelling owner's name and address with the request.

The Notice Shall Set Forth:

1. That assistance and technical advice regarding energy conservation is available from the Company including an energy audit of a dwelling without direct charge if requested by the Residential Customer.

2. That financing for Energy Conservation Measures is available from the Company to an eligible dwelling owner in the form of a loan or cash payment.

3. That provides an address and telephone number that the Customer can call to obtain these services from the Company.

ENERGY AUDIT

The Company will provide, within 60 days of a request by a residential space heating Customer or a dwelling owner, assistance and technical advice concerning various methods of saving energy in that Customer's or dwelling owner's dwelling, including, but not limited to an energy audit.

The energy audit shall include:

1. The measurement and analysis of the heat loss and energy utilization efficiency of a dwelling.

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ENERGY AUDIT (Continued)

2. An analysis of the energy savings in mills per kWh and dollar savings potential that could result from providing Energy Conservation Measures for the dwelling.

3. An estimate of the cost of the Energy Conservation Measures including labor for the installation of items designed to improve the space heating and energy utilization efficiency of the dwelling excluding the dwelling owner's own labor, and the items installed.

4. A determination of whether the Energy Conservation Measure is cost-effective.

5. A preliminary assessment, including feasibility and a range of costs, of the potential and opportunity for installation of passive solar space heating and solar domestic water heating in the dwelling and solar swimming pool heating, if applicable.

If the dwelling requested to be audited is a rental unit, the audit shall include a heating cost estimate using average temperatures and typical lifestyles. A statement shall be included to the effect that a household's energy bill will contain charges for uses in addition to space heating. Such heating cost estimate and statement shall be displayed on the audit or a separate document suitable for conspicuous posting.

Upon a dwelling owner's request, the Company will provide information relative to the specific site of a dwelling with access to water resources that have hydroelectric potential, wind (which means the natural movement of air at an annual average speed of at least 8 miles an hour) and a resource area known to have geothermal space heating potential.

If sufficient data is not available to provide a valid audit based upon normal energy consumption, the Company shall make a reasonable estimate of such consumption for the purpose of completing the audit.

COST-EFFECTIVENESS GUIDELINE

"Cost-effective", as defined in Oregon Laws 1981, Chapter 778, relates an Energy Conservation Measure's cost, life cycle and the cost of alternative energy facilities.

The following Energy Conservation Measures are determined to be always cost-effective:

1. Caulking

2. Weatherstripping

3. Ground cover, when installed in conjunction with under-floor insulation

4. Vapor barrier materials, when installed in conjunction with wall, ceiling, or under-floor insulation

5. Timed (set-back) thermostats (except when used with heat pumps)

6. Water heater, steam pipe, hot and cold water pipe-wraps

7. Dehumidifiers, when installed in conjunction with storm windows and doors, and caulking and weatherstripping of all openings allowing infiltration

8. Attic ventilation, excluding power ventilators, when installed in conjunction with ceiling insulation

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COST-EFFECTIVENESS GUIDELINE (Continued)

The following Energy Conservation Measures shall be deemed to have the following life cycles:

1. Attic, ceiling, wall and under-floor insulation: 30 years

2. Insulation of walls in heated basements: 30 years

3. Insulation of heating system supply and return air ducts: 30 years

4. Thermal doors: 30 years

5. Storm windows: 15 years

6. Replacement windows meeting the requirements of Chapter 53 of the Oregon Residential Energy Code: 25 years

7. Storm doors: 7 years

COST-EFFECTIVE COMPUTATIONS

Energy Conservation Measures having an expected life cycle of 7 years shall be considered Cost-Effective if the installed cost is less than $0.31 per annual kWh saved. Energy Conservation Measures having an expected life cycle of 15 years, 25 years, and 30 years shall be considered Cost-Effective if the installed cost is less than $0.45 per annual kWh saved, $0.52 per annual kWh saved, and $0.54 per annual kWh saved, respectively. (I) (R)

FINANCING

The Company will provide financing for Energy Conservation Measures at the request of a dwelling owner who occupies the dwelling as a residential space heating Customer or rents the dwelling to a tenant who is a residential space heating Customer if the dwelling has an electrical space heating system, installed and operational, which is designed to heat the living space of the dwelling. The financing program shall give the eligible dwelling owner a choice between a cash payment or a loan. As a condition of eligibility for either a cash payment or a loan, an Energy Audit of the dwelling will be required in order to determine which Energy Conservation Measures are Cost-Effective.

The Company will offer to all qualifying owners a choice between the following levels of assistance:

COST EFFECTIVE MEASURES

1. A loan by the Company not to exceed $5,000, upon approved credit, to be used to pay for the Energy Conservation Measures over a period of time not to exceed 10 years. Minimum monthly payment will be $15. Interest will be paid at a 6½ percent annual rate for the cost of those measures, or a portion of the cost thereof, which are in accordance with the Cost-Effectiveness criteria of this schedule; or

2. A cash payment to the dwelling owner for 25 percent of the Cost-Effective portion of the Energy Conservation Measures recommended, including installation (but not including the dwelling owner's own labor), not to exceed the cost of the measure, up to a maximum cash payment of $1,000.

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COST EFFECTIVE MEASURES (Continued)

If the dwelling is a rental unit, the following additional assistance is available to qualifying dwelling owners beginning in the tax year after December 31, 1985:

1. If the loan under 1 above is selected, the dwelling owner shall be liable to repay to the utility the loan amount minus the present value of the tax credits to Idaho Power established pursuant to ORS 469.185 to 469.225; or

2. If the cash payment under 2 above is selected, the cash payment shall be supplemented by an amount equal to the present value of the tax credits to Idaho Power established pursuant to ORS 469.185 to 469.225.

NON COST EFFECTIVE MEASURES

A loan arranged or issued by the Company for the non Cost-Effective portion of Energy Conservation Measures not to exceed the difference between $5,000 and the amount loaned under paragraph 1 above. Measures over a period of time not to exceed 10 years. Interest will be paid at the annual rate established by the Public Utility Commission of Oregon and the minimum monthly payment will be $15.

An eligible dwelling owner may obtain up to $5,000 in loans or $1,000 in cash payments for each dwelling. For any dwelling, whenever the combined interest rate computed for both Cost-Effective and Non Cost-Effective measures financed under this schedule exceeds 12 percent, the interest rate for the loan financing the Non Cost-Effective measures shall be recomputed so that the combined rate for the two loans equals 12 percent.

A dwelling owner who acquires a dwelling for which a previous loan was obtained under the program may obtain a loan or cash payment for Energy Conservation Measures for the newly acquired dwelling under circumstances including, but not necessarily limited to, when (a) the new dwelling owner chooses the same financing option chosen by the previous dwelling owner who obtained financing under this program; and (b) there remain Cost-Effective Energy Conservation Measures to be undertaken with regard to the dwelling. Provided, however, there may be no more than two loans or cash payment for each dwelling.

No cash payment shall be allowed or paid for the cost of Energy Conservation Measures provided more than one year before the date of the application for payment.

The Company shall charge or bill a dwelling owner on the periodic utility bill for the loan repayment of those Energy Conservation Measures installed.

A dwelling owner served by the Company who applies for financing of Energy Conservation Measures, may use an Energy Audit obtained from the Company under Oregon Laws, 1977, Chapter 889, before November 1, 1981, without obtaining a new energy audit.

Energy Conservation Measures installed in conjunction with construction of a new dwelling or construction which increases or otherwise changes the living space in the dwelling such as an addition, substantial alteration or remodeling, shall not be financed under the financing program.

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CREDIT APPLICATIONS AND SECURITY FOR LOANS

Dwelling owners who desire loan financing will complete and sign a credit application. The Company will investigate credit applications in-house or through commercial credit rating bureaus and shall approve or reject applications. If credit is approved by the Company, the dwelling owner shall sign a promissory note in an amount not to exceed the cost of the Energy Conservation Measures, which promissory note shall bear interest at the rate or rates specified above. The Company will prepare and provide all documents necessary to complete financing arrangements.

OTHER SERVICES

The Company shall verify through post-installation inspections that Energy Conservation Measures financed by the Company are installed in a workmanlike manner.

The Company shall not disburse any funds used for principal payment until such post-installation inspections have been completed.

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