

the Company to cycle their central air conditioners. The two-year Program would begin in the spring of 2003 and expire on September 30, 2004. *Id.* at 4.

Eligibility and Terms of Participation

YOU ARE FURTHER NOTIFIED that the Program would be offered to residential customers in Boise and Meridian who are homeowners with central air conditioning. *Id.* The AC Cycling Pilot Program will be limited to a total of five hundred customers. Idaho Power would solicit two hundred customers to participate in the Program the first year and an additional three hundred customers for the second year. The Application states that the Company may choose to solicit customers for participation based on their energy usage, physical location, size of home or other factors aimed at creating a diverse population for the Program. *Id.* The Company may also solicit participants to fill any vacancies caused by attrition in order to maintain the participation objectives. The Company would retain the sole right to ultimately select or reject Program participants. *Id.*

YOU ARE FURTHER NOTIFIED that participants would receive an intelligent programmable thermostat from the Company, which would install it and set the thermostat's initial program. These programmable thermostats will receive a signal from Idaho Power to initiate load control when peak load reduction is needed for system reliability or economic reasons. Air conditioner cycling will be limited to a maximum of four hours per day between the hours of 1:00 p.m. and 9:00 p.m. for no more than 10 weekdays per month in June, July and August. *Id.* at 3.

YOU ARE FURTHER NOTIFIED that participants would also receive a \$5 credit on their July, August and September Idaho Power bills for each month that they successfully participate in the Program. *Id.* Each participant would be allowed to temporarily "opt out" of the Program for one day each month after providing Idaho Power with notification by 4:00 p.m. the preceding day. *Id.* at 3-4.

Termination of Participation

YOU ARE FURTHER NOTIFIED that the Application proposes that the term of Program participation be from the time the customer signs the participation agreement until September 30, 2004, unless the customer notifies Idaho Power in writing that the customer does not desire to continue Program participation. *Id.* at 4. If a customer notifies the Company that

he/she wishes to cease participating in the Program before completing an entire Air Conditioning Season (June, July, August), the customer may terminate participation and either return the thermostat in working condition to the Company within a certain period of time or be charged \$100 for the thermostat. *Id.* There would be no penalty for terminating participation if a customer satisfactorily took part in a minimum of one complete Air Conditioning Season.

Funding

YOU ARE FURTHER NOTIFIED that the Application indicates that the Energy Efficiency Advisory Group (“EEAG”) has concurred with the Company’s proposal to use Energy Efficiency Rider funds, collected under Idaho Power Schedule 91, to finance the AC Cycling Pilot Program. *Id.* at 5. The cost of the Program will be approximately \$410,000 per year for each of the two Program years. *Id.* Although the AC Cycling Pilot Program may result in reduced revenues for Idaho Power, the Company’s Application indicated that it would not request recovery of the reduced revenue. *Id.*

Program Goals

YOU ARE FURTHER NOTIFIED that the goal of the AC Cycling Pilot Program is to assess the effectiveness of air conditioning thermostat control in reducing peak load. Idaho Power would also assess customer participation, volunteerism, satisfaction and retention. Furthermore, Idaho Power would gain operating experience in management of the Program itself, test the chosen equipment, and evaluate different marketing strategies. Idaho Power’s Application states that the Company will include the results of the AC Cycling Program in the annual report to the Commission detailing the EEAG activities. *Id.* This report will include the Company’s response to EEAG recommendations, the associated program costs, the DSM accounting numbers and customer response data.

YOU ARE FURTHER NOTIFIED that the Application indicated that other electricity providers have reported load reductions of approximately two-kilowatts per household with similar air conditioner cycling programs. *Id.* Because half of the participant houses will be cycled at any one time, this number translates into one-kilowatt load reduction per participant. Idaho Power hopes to achieve a 200-kilowatt load reduction per cycling episode the first year and a 500-kilowatt load reduction the second year with full participation.

Procedure

YOU ARE FURTHER NOTIFIED that according to the Application, the Company believes that the Commission can properly consider the proposal with written submissions rather than an evidentiary proceeding. *Id.* at 6. Accordingly, the Company requested that this Application be processed under Modified Procedure.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. IPC-E-02-13. The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented in this case, and that the issues raised by the Company's filing may be processed under Modified Procedure. In so doing, the Commission notes that Modified Procedure and written comment have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that the Commission will not hold a hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used. Reference IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that if no protests or comments are received within the deadline, the Commission may consider the matter and enter its Order without a hearing. If protests or comments are filed within the deadline, the Commission will consider them and may set the matter for hearing or may decide the matter and issue its Order on the basis of the written positions before it. Reference IDAPA 31.01.01.204.

NOTICE OF COMMENT DEADLINES

YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments or protests** with respect to the Application and the use of Modified Procedure in Case No. IPC-E-02-13 is **Friday, February 21, 2003**. Reference IDAPA 31.01.01.202.02. Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that the **deadline for Idaho Power Company to file written reply comments** with respect to this case is **Friday, February 28, 2003**.

YOU ARE FURTHER NOTIFIED that written comments concerning this Application must be mailed to the Idaho Public Utilities Commission and the Idaho Power Company at the following addresses:

COMMISSION SECRETARY
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074

Street Address for Express Mail:

472 W WASHINGTON ST
BOISE, ID 83702-5983

MONICA MOEN
PETER P. PENGILLY
IDAHO POWER COMPANY
PO BOX 70
BOISE, ID 83707-0070
Email: mmoen@idahopower.com
ppengilly@idahopower.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's homepage located at www.puc.state.id.us under the "Comments and Questions" icon. Once at the "Comments and Questions" page fill in the case number as it appears on the front of this document, and enter your comments. These comments must also be sent to the Applicant at the e-mail addresses listed above.

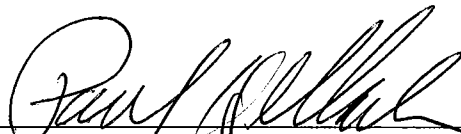
YOU ARE FURTHER NOTIFIED that Idaho Power's Application can be viewed online at www.puc.state.id.us by clicking on "File Room" and "Electric Cases," or it can be viewed during regular business hours at the Idaho Public Utilities Commission, 472 West Washington Street, Boise, Idaho and Idaho Power Company located at 1221 West Idaho Street in Boise, Idaho (388-2200).

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter and Idaho Power Company, an electric utility, pursuant to the authority and power granted under Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

IT IS HEREBY ORDERED that the foregoing scheduling be adopted.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 13th
day of January 2003.



PAUL KJELLANDER, PRESIDENT




MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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