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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
IDAHO POWER COMPANY REQUESTING) CASE NO. IPC-E-06-22
APPROVAL OF REVISIONS TO ITS)
IRRIGATION PEAK REWARDS PROGRAM,)
SCHEDULE 23.) COMMENTS OF THE
_____) COMMISSION STAFF**

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Weldon B. Stutzman, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 30149 on October 18, 2006, submits the following comments.

BACKGROUND

On September 18, 2006, Idaho Power Company filed an Application requesting approval of changes to its Irrigation Peak Rewards Program, Schedule 23. The Irrigation Peak Rewards Program is a voluntary load control program available to agricultural irrigation customers who use pumps having a cumulative horsepower rating of 100 or greater. The program is intended to decrease the Company's summer system peak by interrupting specified irrigation equipment between the hours 4:00 p.m. and 8:00 p.m. on one, two or three days per week during the months of June, July and August. In Case No. IPC-E-05-28 the Commission encouraged Idaho Power to conduct a workshop with interested parties to determine whether revisions to the program would

be appropriate. As a result of the workshop, Idaho Power filed its Application to revise the program.

Idaho Power proposes to make two revisions to the program. First, the demand credit for the two days per week and three days per week interruptions would be increased, as set forth in the following schedule:

<u>Interruption Option</u>	<u>Current Demand Credit per kW</u>	<u>Proposed Demand Credit per kW</u>
Option 1 (1 day per week)	\$2.01	\$2.01
Option 2 (2 days per week)	\$2.51	\$3.36
Option 3 (3 days per week)	\$2.76	\$4.36

The second revision is to reduce the horsepower limit to make the program available to irrigators using pumps rated at 75 horsepower or higher. An installation fee of \$250 would be assessed for new program participants with irrigation pumps between 75 and 99 horsepower if it is necessary to install a timer on the pumps.

STAFF ANALYSIS

Staff participated in the Company's workshop and agrees with the proposed changes as presented in the Company's Application. The workshop for developing the proposed changes was a constructive process and if approved, the program changes will likely provide significant increases in benefits to the Company, its customers and the Irrigators. It is anticipated that the proposed changes will result in a 30-year Program cost effectiveness ratio of approximately 1.04.

Staff believes that the credits available to eligible customers under the proposed options are appropriate and have been calculated as a reasonable incentive during the peak hours of 4:00 to 8:00 pm. With the proposed changes, Option 1 credits remain the same, Option 2 credits increase by 34%, and Option 3 credits increase by 58%. Increasing Option 3 credits to \$4.36 offsets the full demand charge for agricultural customers under Schedule 24. According to the Company, the proposed Program modifications are expected to result in an additional 4 MW (including losses) of cost-effective load reduction during the Company's summer peak. Under the revised Demand Credit structure, it is expected that approximately 13% of the customers currently participating under Interruption Option 1 will shift to Interruption Options 2 and 3. The shift in customers from a single day interruption schedule to a multi-day interruption

schedule is expected to produce an additional 3 MW (including losses) of summer peak load reduction.

The other proposed change to the Program is designed to allow more customers to participate. The proposal is to reduce the cumulative horsepower requirement for Program eligibility to 75. The reduction in the horsepower limit is expected to increase participation in the Program by approximately 140 Metered Service Points. The additional Metered Service Points resulting from the reduced horsepower limits are expected to produce an additional 1.5 MW (including losses) of summer peak load reduction. Staff reviewed this proposed change and is convinced that irrigation pumps operating below 75 horsepower are not economically viable as Program participants. Therefore, in order for the Company to institute cost-effective changes to the Program, Staff supports the proposed change to reduce the pump limits to 75 horsepower. Additionally, Staff supports the request of the Company to charge an installation fee of \$250 to customers with pumps ranging from 75 to 99 horsepower. The \$250 installation fee is designed to enable pumps with less than 100 horsepower to match the cost effectiveness ratio of 100 horsepower pumps at 0.97.

The Company proposes to maintain the interruption period from 4:00 to 8:00 pm. Based on results of the Company's survey of 2006 Program participants, information suggested that most customers preferred the current time frame. Staff agrees that the interruption period of 4:00 to 8:00 pm is appropriate. However, Staff believes that many Program participants would like some flexibility in the interruption time period and recommends that the Company continue to consider timing options as a Program improvement.

Finally, one other proposed change in the Program is to allow the Company to charge a \$100 fee for customers who request to reduce interruption options during the irrigation season. This fee is to recover costs associated with reprogramming the timer located at the customer's service point. Staff finds that this fee is reasonable and recommends that it be approved.

Overall, Staff is convinced that the Company has strived to make positive improvements to the Peak Rewards Program and complements the Company's collaborative effort. Staff anticipates the proposed changes will benefit the Company and Irrigation customers. Staff appreciates the workshop process that was implemented for preparing the proposed changes, and believes it would be an excellent format for future review of the Program.

STAFF RECOMMENDATION

Staff recommends that the Commission approve revisions to Schedule 23, Irrigation Peak Rewards Program as proposed by the Company. Staff also recommends the Commission issue an Order by December 15, 2006 to allow sufficient time for the Company to market and implement the proposed changes prior to the 2007 irrigation season.

Respectfully submitted this 8th day of November 2006.



Weldon B. Stutzman
Deputy Attorney General

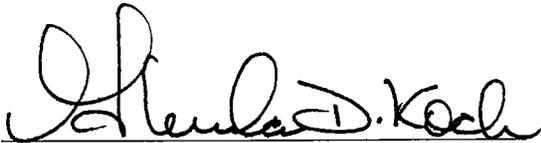
Technical Staff: Dave Schunke
Mike Darrington

WS:uumisc/comments/ipce06.22wsdesmd

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 8TH DAY OF NOVEMBER 2006, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-06-22, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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SECRETARY