

while providing them with better tools to manage their energy usage, to provide the Company with the opportunity to further study the effects of a time variant rate on customers' usage, and to help shape the Company's future communication efforts." TVP Plan, p. 1. During a pilot implementation, the Company will invite residential customers who have advanced metering infrastructure (AMI or advanced meters) installed and sufficient usage history to participate.

The Plan affects two residential time-variant pricing tariffs already in effect: Schedule 5, Time-of-Day pilot and Schedule 4, Energy Watch pilot. The Company proposes to begin a limited offering of the Schedule 5 Time-of-Day rates during 2012 "in order to be able to limit the number of participants until Idaho Power's new customer billing and information system is in place and in order to study TVP impacts on customer usage as well as Company costs and revenues." TVP Plan, p. 1-2. Schedule 5 will be capped at 1,200 customers in the greater Boise area during 2012, and the Company plans to expand the program in 2013. The Time-of-Day plan uses peak and off-peak pricing in the summer and non-summer months, and is designed to send price signals to customers that more closely reflect the cost of service. The Time-of-Day structure "also provides customers the opportunity to take control of when they use energy and possibly lower their bill by shifting usage to lower cost time periods." TVP Plan, p. 2.

Idaho Power is proposing to suspend the current Schedule 4 Energy Watch pilot tariff for approximately one year. The Company asserts that suspending the Energy Watch tariff and offering only the Time-of-Day Schedule during the first year allows a less confusing phase in of the Plan. TVP plan, p. 3. Idaho Power states that delaying the Energy Watch plan will enable the Company "to evaluate proper integration of a critical peak pricing program with other options provided for the Company's residential customers (i.e., how Energy Watch and the Company's residential demand response program (A/C Cool Credit) can best work together)." *Id.*

Due to the proposed modifications to the Time Variant Plan, the Company has proposed numerous minor changes to the Schedule Index. The term "Standard Plan" has been added to Schedule 1 to delineate it from the Company's other residential options. Additionally, several alterations to the Schedule Index have been added to reflect past Commission orders.

Staff recommended that the filing be suspended and the tariff advice be treated as an application and processed under Modified Procedure with a 21-day comment period. IDAPA 31.01.01.134.02. Some of the proposed modifications are relatively minor, but some proposed alterations to the Time Variant Program are substantive and warrant further review.

Furthermore, the Company is proposing major modifications to the Energy Watch and Time-of-Use programs, particularly relating to selecting participant criteria. Proceeding by modified procedure allows interested parties an opportunity to provide comment and the Company an opportunity to provide additional information for the programs' considerable programmatic modifications.

STAFF REVIEW

Staff has reviewed the 2012 TVP Rollout Plan and the proposed modifications to Idaho Power's Time Variant pilot tariff schedules. The Company states that the Plan will "provide the Company with the opportunity to further study the effects of a time variant rate on customers' usage, and to help shape the Company's future communication efforts" and it will also "provide an opportunity to evaluate the impact of this new rate offering on Company revenues and costs." p. 1. Furthermore, Time-of-Day is "designed to send price signals to customers that more closely reflect the costs of serving those customers." p. 2.

Staff finds the Plan is consistent with Commission Order No. 30292: "time-of-use pricing pilots are important programs with potential benefits to both customers and the Company" and that "these programs will continue to be operated with the expectation that time-variant pricing will be implemented system wide."

Schedule 5: Time-of-Day

The Company proposes several tariff modifications to Schedule 5 including:

- Expansion of program from the Emmett Valley to all residential customers,
- Caps program participation to 1,200 metered service points,
- Participants will be placed on the Schedule within seven business days of the request rather than at the next scheduled meter reading,
- Participant cancellation applicable at the most recent meter read date,
- Incorporates six specific holidays to the off-peak pricing for the summer and non-summer seasons,
- Adds the term "PLAN" to the end of the title,
- Renames summer on-peak to "peak", and
- Renames non-summer mid-peak to "peak."

Staff believes most of the tariff modifications are minor changes and do not materially affect customers. Staff will focus its comments on the expansion of the program, including limited enrollment for 2012.

Accompanying the proposed tariff changes is a 2012 Time Variant Rollout Plan. The voluntary Time-of-Day plan targets customers with a higher usage pattern (considered average or above average usage) in the greater Boise metro area that have 12 months of AMI data. With a 1,200 participant cap during the rollout period, the Company states that no Schedule 1 customer will be denied from Schedule 5 except net metering and rental customers. The Company concedes their current customer billing and information system is the primary impediment to expanding the Time-of-Day rate structure beyond 1,200 participants for 2012. However, a new billing system is scheduled to be online at the end of the year that will presumably provide the means to expand participation going forward. Previously, 76 Emmett valley customers were enrolled on Schedule 5. Staff believes that given the current situation, the 1,200 participant cap is sufficient for the Company to analyze the program.

The Company included in its TVP plan an analysis of possible revenue impacts to the Company for new Schedule 5 customers. By comparing Schedule 1 and 5 rates to a 250 randomly selected test group, and assuming no change in energy usage, the annual billed amount for an average customer would be \$24.43 lower by switching to Schedule 5. The largest annual billed savings within the test group is \$651.25. The results demonstrated that 97% of the test group will see 9% (+/-) annual bill impact with no change in usage.

The Company and Staff recognize that, absent a mandatory program, customers whose bills decrease with Time-of-Day rates are more likely to voluntarily enroll. Under this scenario, the Company estimates a decrease in revenue of a range of \$1.03 to \$651.25 (\$1,200 to \$781,500 for 1,200 participants). An Energy Use Advising Tool will be made available on Idaho Power's website to help customers determine the bill impacts from switching to Schedule 5 based on historical usage data. Staff is concerned that if participants are mainly those who financially benefit from the rate structure without adjusting consumptive behavior ("structural winners"), the result would be revenue erosion from the residential class with no discernible system benefits.

The Company states that it will conduct a comprehensive financial and usage analysis to create a true-up mechanism. p. 9. Staff recommends a full evaluation report be submitted to the Commission prior to the Company revising or expanding its residential time variant pricing tariffs. The evaluation should address the goals stated in the rollout plan and a customer survey

including, but not limited to, behavioral data (i.e. changes in customer consumption and consumption patterns), any increases in customer-initiated energy efficiency measures, Company performance, and financial impacts. The analysis must be mindful that the voluntary program targets a specific demographic, and thus the results may not be representative of the Company's residential sector as a whole.

Schedule 4: Energy Watch

The Company proposes several tariff modifications to Schedule 4 including:

- Suspension of the program, and
- Adds the term "PLAN" to the end of the title.

The Company proposes to suspend Schedule 4, Energy Watch Program for approximately one year. The Company states that the suspension of Schedule 4 will lessen the confusion for customers while rolling out an expanded Time-of-Day pilot program. p. 2.

Staff believes the temporary suspension of Schedule 4 is unfortunate. Schedule 4 has been a successful resource for peak load reduction, even with relatively small participation (45 in the Emmett Valley in 2011). As stated in the Company's 2009 Time Variant annual report (the last annual report filed) for the Emmett Valley, "customers substantially reduced their load during the Energy Watch events" (p. 4) and that customers are "clearly...reducing their usage during Energy Watch events" (p. 6). The report concluded "Energy Watch program participants appear to reduce load during the Energy Watch events while it appears that Time-of-Day program participants do not engage in load shifting" (p. 11)¹.

The Energy Watch program clearly sends strong pricing signals to decrease consumption during critical peak events. While Staff views the Energy Watch program suspension as unfortunate, Staff recognizes that there is value in customers becoming more comfortable with a new rate design before adding an additional layer of complexity. Staff expects that the Company will reinstate the program in 2013.

¹ During 2009, the Time Variant program consisted of 49 Energy Watch participants and 79 Time-of-Day participants. The number of participating customers in 2011 for Energy Watch declined to 45 customers and 76 for Time-of-Day. Based on data provided by Idaho Power (see Attachment A), Schedule 4 customers shifted between one-third to one-half of their demand off peak.

STAFF RECOMMENDATION

Staff recommends the Commission approve the Company's Application to implement its 2012 TVP Rollout Plan. The 2012 TVP Rollout Plan will expand Schedule 5, Time-of-Day Program to 1,200 participants and temporarily suspend Schedule 4, Energy Watch. Staff recommends a full evaluation be performed and submitted to the Commission for approval prior to the Company revising its residential time variant pricing programs.

Finally, Staff recommends approval of the updated schedule index.

Respectfully submitted this 14th day of March 2012.



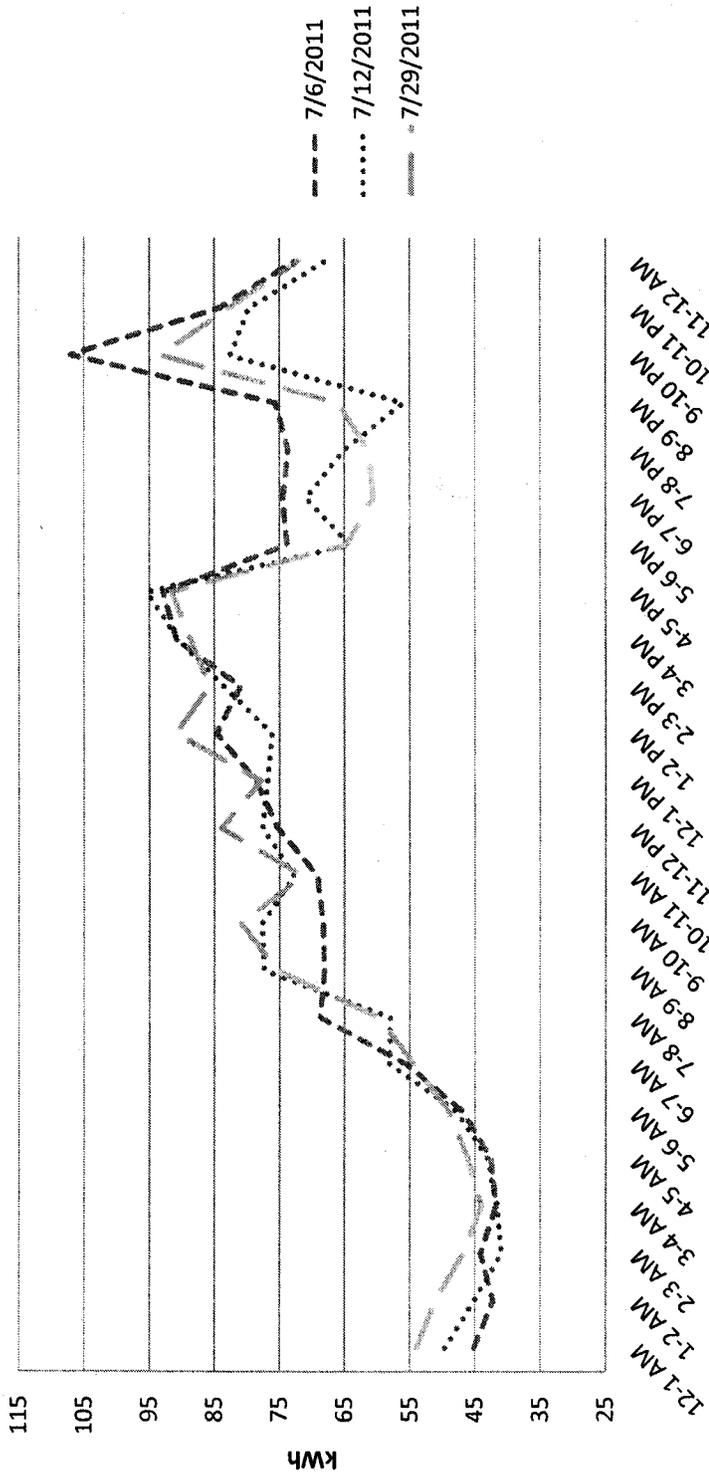
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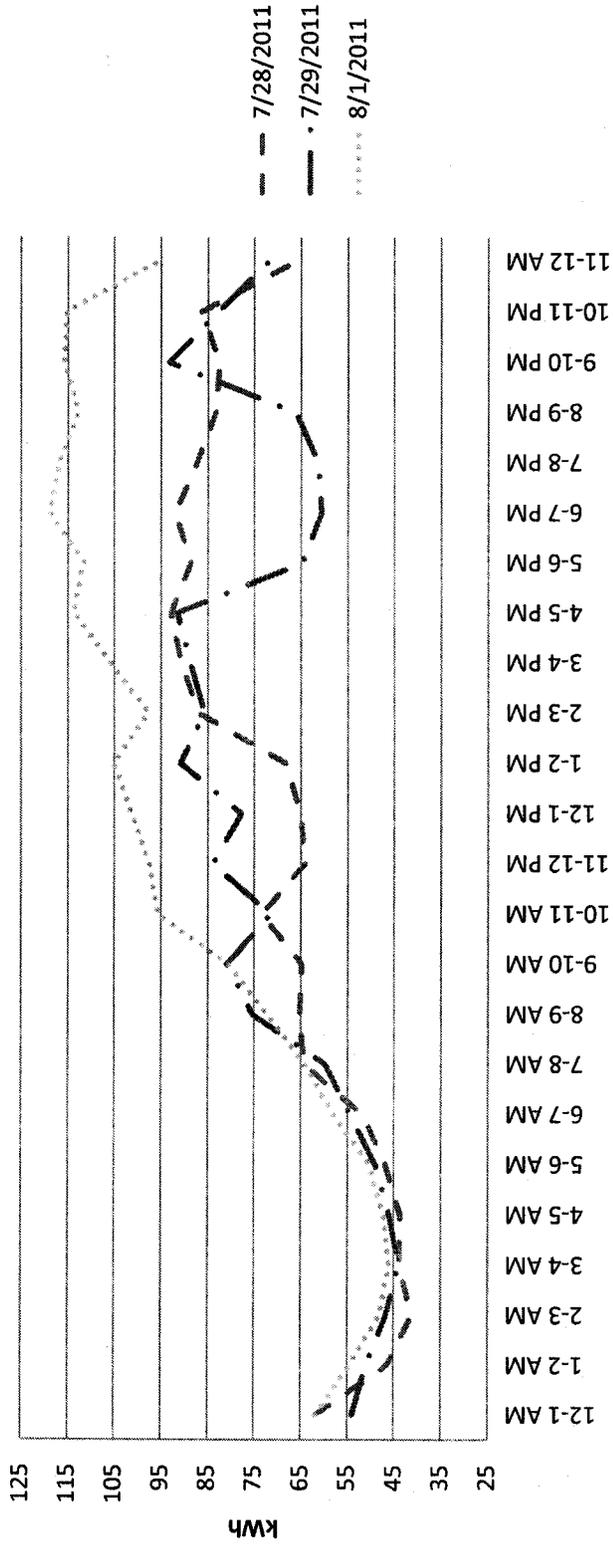
Load Reduction from IPC Energy Watch Program, 2011

2011 Energy Watch Event Dates



Example of Load Reduction from IPC Energy Watch Program, 2011

Event Date: July 29
With Surrounding Dates

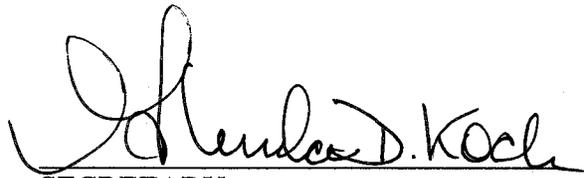


CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 14TH DAY OF MARCH 2012, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-12-05, BY E-MAILING AND MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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