

John M. Eriksson
STOEL RIVES LLP
201 South Main Street, #1100
Salt Lake City, Utah 84111-4904
Telephone: (801) 328-3131
Facsimile: (801) 578-6999

RECEIVED
FILED
2003 MAR 11 AM 9:59
IDAHO PUBLIC
UTILITIES COMMISSION

Mary S. Hobson (ISB #2142)
STOEL RIVES LLP
101 S. Capitol Blvd., Suite 1900
Boise, Idaho 83702-5958
Telephone: (208) 389-9000
Facsimile: (208) 389-9040

Attorneys for PacifiCorp

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
PACIFICORP DBA UTAH POWER & LIGHT) CASE NO. PAC-E-03-3
COMPANY FOR APPROVAL OF AMENDED)
ELECTRIC SERVICE SCHEDULE 72 -) REPLY COMMENTS OF
IRRIGATION LOAD CONTROL CREDIT) PACIFICORP
RIDER PROGRAM.)**


PacifiCorp submits these Reply Comments in response to the Commission Staff Comments filed in this matter. PacifiCorp appreciates the Staff's quick review and recommendation in this matter, and concurs with Staff's recommendations, except for Staff's recommendation as to the consideration of lost revenues in the Company's calculation of the level of credit to be given for interruption. PacifiCorp believes its method of calculating the credit for interruptions is appropriate, and objects to the approach proposed by Staff.

In response to Staff discovery, the Company stated that the value of the curtailment product on a \$/MWh basis is the difference between market price and the Schedule 10 weighted

average retail rate. The Schedule 10 weighted average retail rate of \$43.58/MWh, based on historical usage data, is used as the opportunity cost to PacifiCorp of curtailing Schedule 10 customers. The market price during curtailment hours is projected to exceed the weighted average retail rate of \$43.58/MWh, therefore, the Company proposes to set the Irrigation Load Control Credit based on the increment of market price over \$43.58/MWh. The objective of this proposal is to pass on to participating Irrigation customers the value created by participation in the Irrigation Load Control Credit Rider Program, but not more. The Staff recommendation to set the Irrigation Load Control Credit based only on 80% of the projected market price would set the Irrigation Load Control Credit at an amount greater than the value created by curtailment. Thus, if the Staff recommendation is adopted, the curtailment program would result in costs that are higher than if the Company merely continued to serve the irrigation load without the program in place, as illustrated in the attached Exhibit A.

WHEREFORE, PacifiCorp respectfully requests that the Commission approve the proposed Schedule 71 without directing that the Company calculate the value of the credit as proposed by Staff.

DATED this 10th day of March, 2003.



John M. Eriksson
Mary S. Hobsom
Stoel Rives LLP

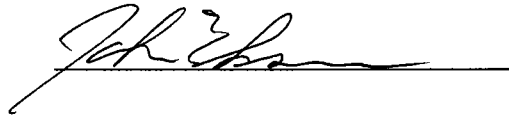
Of Attorneys for PacifiCorp

CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of March, 2003, I caused to be served, via facsimile, a true and correct copy of the foregoing **Reply Comments of PacifiCorp** to the following:

Scott Woodbury
Deputy Attorney General
Idaho Public Utilities Commission
472 W. Washington
Boise, Idaho 83720-0074

Eric L. Olsen
Racine, Olson, Nye, Budge & Bailey
PO. Box 1391
Pocatello, ID 83204-1391

A handwritten signature in black ink, appearing to read "Eric L. Olsen", is written over a horizontal line.

Base Case (serve the load)



Net Value = Incremental Revenue – Incremental Cost

Net Value = \$43.58/MWh - Market

Example:

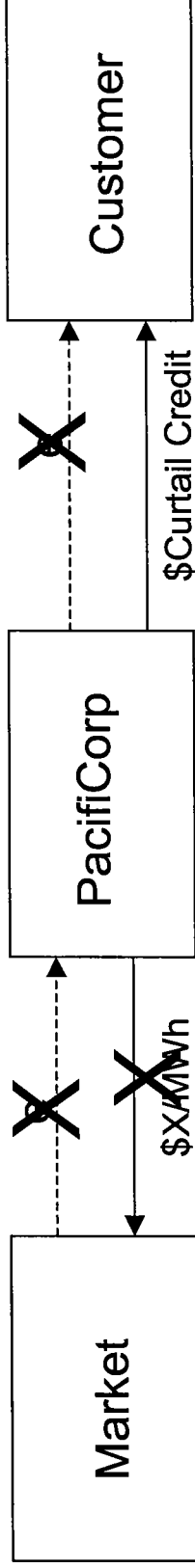
Incremental revenue from load = \$43.58

If incremental cost to serve load = \$63.58/MWh

Net Value = \$43.58/MWh - \$63.58/MWh = (\$20/MWh)

Net Cost to serve the load = (\$20/MWh)

PacifiCorp's Curtailment Proposal



Curtailment Credit = 80% of Net Value from Base Case

Curtailment Credit = 80% of (\$43.58 – Market)

Example:

If Market = \$63.58

Curtailment Credit = 80% of (\$43.58 - \$63.58)

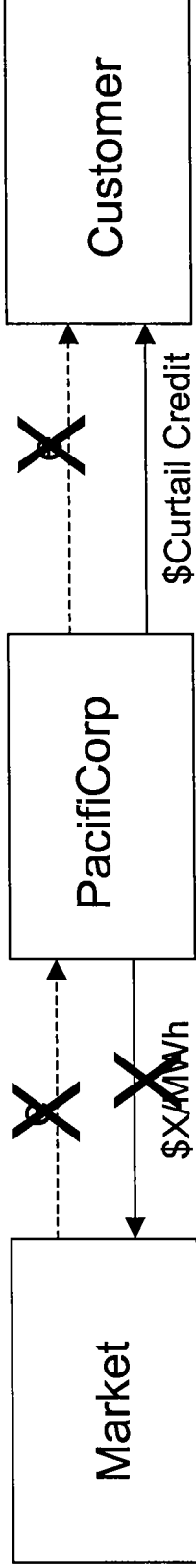
Curtailment Credit = \$16/MWh

Program Cost to PacifiCorp = (\$16/MWh)

Note1: Curtailment Credit
Designed as fixed monthly
Payment to participants.

Note2: 80% factor to
account for program
uncertainty.

Staff's Curtailment Recommendation



Curtailment Credit = 80% of $(\$43.58 - Market)$

Curtailment Credit = 80% of $(\$43.~~58~~ - Market)$

Curtailment Credit = 80% of Market

Staff recommends removing
the revenue component

Example:

If Market = $\$63.58/Mwh$

Curtailment Credit = 80% of $\$63.58/MWh = \$50.86/MWh$

Program Cost to PacifiCorp = $(\$50.86/MWh)$

This results in a cost to PacifiCorp that is **$\$30.86/MWh$ higher** ($\$50.86 - \$20/MWh$ from Base Case) than if the load was simply served.