

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—)
IRRIGATION LOAD CONTROL CREDIT) ORDER NO. 29209
RIDER PROGRAM.)**

On January 31, 2003, PacifiCorp dba Utah Power & Light Company (PacifiCorp; Company) filed an Application with the Commission requesting approval of a proposed amended electric service Schedule 72 – Irrigation Load Control program. The program gives credits to participating irrigators agreeing to a schedule of load interruption during the irrigation season. The Company’s filing complies with the Company’s commitment to irrigators and the Commission to work with irrigators to develop an optional load control program beginning with the 2003 irrigation season.

On February 13, 2003, the Commission issued Notices of Application and Modified Procedure in Case No. PAC-E-03-3. The deadline for filing written comments or protests was March 6, 2003. Timely comments were filed by Commission Staff, the Idaho Irrigation Pumpers Association and a number of the Company’s customers. Comments on the Company’s Schedule 72 proposal were critical of that portion of the Company’s methodology which factored “lost revenue” into the interruptible credit calculation. The Commission in recent Orders has not accepted lost revenue as a legitimate allowable cost that can be recovered from ratepayers. Reference Commission Order Nos. 28992, 29103, Case No. IPC-E-01-34 (Idaho Power Irrigation Load Reduction Buy-Back Program). Staff recommended that the Commission not allow this adjustment. The Company in Reply comments contended that if lost revenue was not included in the calculation, the resultant Irrigation Load Control Service Credit would be an amount greater than the value created by curtailment.

The Commission requested that interested parties explore whether an irrigation program could be proposed that would provide the Company with the peak hour load relief it needs and that would provide irrigation customers with a reasonable credit for reducing peak load requirements.

On March 13, 2003, PacifiCorp submitted an alternative proposal that will reward shifting load from super-peak periods to other times or off-peak periods. This shift in load off of peak provides value to the Company. The Company proposes a credit based on the difference between super-peak market prices and light-load hour market prices in the months of curtailment. The credit was discounted by 30% in recognition of identified uncertainties. The Company proposes that the alternative proposal be considered in lieu of the original submission. The alternative proposal assumes the same interruption criteria as originally proposed by the Company.

Schedule 72—Program Description—Load Curtailment Methodology

The Company's initial filing for an irrigation load control program presented a load curtailment methodology for calculation of the credit. This methodology factored "lost revenue" into the rate calculation. While the original proposal is not acceptable to the Commission, the original filing did include program description elements that remain effective. The proposed Schedule 72 tariff is available to qualifying customers served on Schedule 10. Prior to participation, and in order to qualify under the schedule, customers must execute a Load Control Service Agreement with the Company. The program is applicable only during a portion of the irrigation season from June 1 to September 15 each year. The program is an optional tariff allowing customers to participate in exchange for a Load Control Service Credit (LCSC).

Commission Staff proposes, with Company agreement, to tie the trigger dates for the 2003 Schedule 72 irrigation load control program to the date the final Order is issued. As proposed, notification of the LCSC will occur 10 days following the issuance of final Order, customer Intent to Participate within 31 days, notification of load control schedule within 46 days and the Load Control Service Agreement will be executed within 67 days of the Commission's final Order.

Staff and Company have additionally agreed to the following changes, clarifications and additions to Schedule 72 language:

- The Load Control Service Agreement will include typical costs that the customer may incur for early termination.
- Early termination costs will not include costs for replacement power.
- The Company will delete the language from Special Condition No.1, Metering, which states "Participation is subject to meter availability."

- The following language will be added to Special Condition No. 5. “PacifiCorp reserves the right to determine if the participating customer is in violation of Special Condition 5, Load Shifting. Violation of Special Condition No. 5 shall result in Early Termination under the terms of Special Condition No.7, forfeiture of the Load Control Service Credit for the current month, and removal from the program for the remainder of the Irrigation Season.”
- The following additional Special Condition will be added. “9. Free Riders. Customers may not participate in this program with accounts and meters that would not have used power during the Irrigation Season irrespective of participation in the program. PacifiCorp reserves the right to determine if the participating customer is in violation of Special Condition 9, Free Riders. Violation of Special Condition No. 9 shall result in Early Termination under terms of Special Condition No. 7, forfeiture of the Load Control Service Credit for the current month, and removal from the program for the remainder of the Irrigation Season.”

Staff points out that the Load Control Service Agreement (LCSA) was still being developed and could not be reviewed except for the representations the Company made concerning what it would contain. With these changes Staff is satisfied with program design, terminology and the obligations of the parties.

Staff recommends that at the end of the Schedule 72 program in 2003, the Company prepare a detailed report on the program and file it with the Commission. The filing should be made no later than December 1, 2003 and should contain the number of irrigation customers who 1) were eligible to participate in the program, 2) filed a letter of intent to participate, 3) entered into a load control service agreement, 4) participated in the program for the full three and one-half months and 5) those not eligible to participate next year. The report should also include the total dollar amount of credits provided under the program identified by month. The filing should further include any proposed changes or recommendations to improve the program.

Schedule 72—Load Shifting or Time-of-Use Methodology

On March 13, 2003, PacifiCorp, by way of Supplemental Reply, submitted a proposal for valuing load shifting credits for irrigators. This proposal does not involve consideration of “lost revenue.” The Company notes that the shift of load from super-peak to light-load hours provides value. Utilizing a comparison of super-peak market prices to light-load hour market prices, the Company proposes to provide the credits listed below for the 2003

irrigation season. The proposed credits are different for each month to reflect the varying costs of power, and hence, value of curtailment, in each of the months.

June: \$1.54/kW-month
July: \$2.06/kW-month
August: \$2.25/kW-month
September: \$1.26/kW-month

In valuing this load shift, PacifiCorp included a 30% uncertainty factor in recognition of uncertainties with respect to (a) the amount of load that actually is shifted, (b) the hours of the day that load is actually shifted to, (c) the level of load control equipment failure, (d) unexpected differences between estimated load and actual load, (e) failure of customers to shift load, and (f) customer termination from the program for previously failing to shift load. The proposed credits are thus 70% of the difference between expected super-peak and off-peak market prices.

The Company proposes to study the extent and effect of load shift resulting from implementation of the 2003 curtailment program, and to present the results of the study to the Commission and irrigators with the Company's proposal for valuing similar credits for the 2004 irrigation season.

Staff supports the proposal including the Company's adjustment for uncertainty. Staff notes that one of the five uncertainty factors identified by the Company, however, is "the amount of load that actually is shifted." Staff contends that it is unnecessary to include this, as the other factors alone support an adjustment.

The Irrigators have also commented on the Company's proposal. The Irrigators believe that it should be assumed that the shift in load will occur from super-peak to off-peak hours. The shoulder or light-load hours, they contend, are already too full. This recognition, they state, justifies a decrease in the uncertainty discount and an increase in the load shifting credit. The Irrigators support valuing the credit in the manner proposed by Staff in Staff's comments on the Company's original filing. The dollar amount of the credit would then become 80% of the difference in market values of the shifted energy.

All parties commenting on the alternative proposal support an Irrigation Load Control program for 2003 with a follow up report and analysis prior to any re-authorization.

Commission Findings

The Commission has reviewed the filings of record in Case No. PAC-E-03-3 and the comments of parties. We find the proposal submitted by the Company in lieu of its original filing recognizes that irrigator load in super-peak periods will be shifted to other times or off-peak periods. The Commission finds that the proposal eliminates the lost revenue issue by valuing time-of-use shifts in energy consumption. The Commission finds that it is important to implement a load control program for irrigators for the 2003 irrigation season. In a perfect world it might be better to penalize those who fail to shift load after signing up for the program rather than discounting credits given to everyone. However, it is more important to have a program available now for 2003 than to spend more time trying to perfect it. We agree with Staff that the uncertainty adjustment is justified without consideration of the amount of load that is actually shifted. The Company has proposed what is essentially a time-of-use proposal and not a curtailment or buy-out proposal. The program is also voluntary. We find it reasonable to authorize implementation of the program and to require that the Company submit a report at the end of the irrigation season summarizing its results. The report once filed will be noticed for comment and we anticipate that recommendations for program changes will result in an improved program for the 2004 irrigation season.

CONCLUSIONS OF LAW

The Commission has jurisdiction over this Application and PacifiCorp dba Utah Power & Light Company, an electric utility, pursuant to the jurisdiction granted under Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER


In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED and the Commission does hereby approve the Schedule 72 Irrigation Load Control program proposed by the Company on March 13, 2003 for the 2003 irrigation season.

IT IS FURTHER ORDERED and the Company is directed to file a Schedule 72 report with the Commission following the 2003 irrigation season.

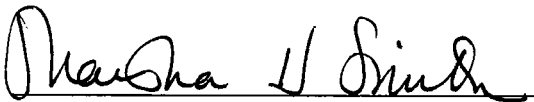
THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7)

days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 14th day of March 2003.



PAUL KJELLANDER, PRESIDENT

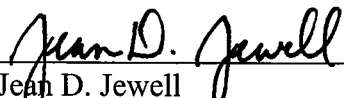


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

b1s/O:PACE0303_sw2