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IDAHO PUBLIC
UTILITIES COMMISSION

VIA OVERNIGHT DELIVERY

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

Re: **CASE NO. PAC-E-12-14
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN
POWER FOR AUTHORITY TO CANCEL ELECTRIC SERVICE
SCHEDULE NOS. 72 AND 72A IRRIGATION LOAD CONTROL
TARIFFS AND APPROVE A NEW DEMAND SIDE MANAGEMENT
CONTRACT**

Dear Ms. Jewell:

Enclosed for filing please find an original and seven (7) copies of Rocky Mountain Power's Application and two Confidential Attachments in the above referenced matter.

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager, at (801) 220-2963.

Sincerely,

A handwritten signature in black ink that reads "Jeffrey K. Larsen". The signature is written in a cursive style with a large, stylized "J" and "L".

Jeffrey K. Larsen
Vice President, Regulation and Government Affairs

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Attorneys for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF ROCKY MOUNTAIN POWER FOR)	
AUTHORITY TO CANCEL ELECTRIC)	CASE NO. PAC-E-12-14
SERVICE SCHEDULE NOS. 72 AND 72A)	
IRRIGATION LOAD CONTROL TARIFFS)	APPLICATION
AND APPROVE A NEW DEMAND SIDE)	
MANAGEMENT CONTRACT)	

COMES NOW, Rocky Mountain Power, a division of PacifiCorp (the “Company”), and in accordance with RP 052 and RP 201, *et. seq.*, hereby applies to the Idaho Public Utilities Commission (the “Commission”) for authority to cancel Electric Service Schedule No. 72, Irrigation Load Control Credit Rider, and Electric Service Schedule No. 72A, Dispatchable Irrigation Load Control Credit Rider Program and respectfully requests approval of a demand-side management contract with a third party aggregator for delivery of the irrigation load control program.

In support of this Application, Rocky Mountain Power states:

1. Rocky Mountain Power does business as a public utility in the state of Idaho and is subject to the jurisdiction of the Commission with regard to its public utility operations.

2. This Application is filed pursuant to *Idaho Code* §§ 61-301, 61-307, 61-622, and 61-623. In particular, *Idaho Code* § 61-623 empowers the Commission to determine the propriety of proposed rate schedules, §§ 61-307 and 61-622 require Commission approval prior to any change in rates, and § 61-301 requires Idaho retail electric rates to be just and reasonable.

BACKGROUND

Electric Service Schedule 72 – Pre-Schedule Program

3. Rocky Mountain Power has offered a pre-scheduled irrigation load control program for decades. Beginning in the early 1980s, irrigators in Idaho had the option to participate in load interruption through options A, B, or C of the Electric Service Schedule 10, Irrigation and Soil Drainage Pumping Power Service.

4. In June 2002 as part of the power cost surcharge stipulation approved by the Commission, options A, B, and C were eliminated in favor of firm service offered under Schedule 10. As part of the stipulation, PacifiCorp committed to develop an alternative option to Schedule 10 that would permit irrigators to manage their energy costs through a curtailment (“load control”) program. The program was to be available for the 2003 irrigation season. On January 31, 2003, PacifiCorp complied with the directive of the Commission by filing an application¹ requesting approval of Electric Service Schedule No. 72, Irrigation Load Control Credit Rider tariff. On March 17, 2003,

¹ Case No. PAC-E-03-03.

the Commission approved² the Company's tariff and ordered implementation by June 1, 2003.

5. Pursuant to the Commission's approval of Schedule 72, offerings were made to participants based on avoided kilowatts for each of the three and one-half summer months (June 1st through September 15th). The amount of credit was based on the price of a power option for the 2003 summer period. That is, the value proposition to participants was set based on what the Company would otherwise have to pay for an equivalent amount of power (supply side) on the open market for a 'block' purchase of 30 megawatts. The price was, in effect, the cost for an equivalent market instrument. Separate pricing structure metrics were prepared for June, July, August and the first 15 days of September.

6. In 2003 there were 207 customers, with 401 sites, representing 45 megawatts of peak reduction participating in optional Schedule 72. Participation reached its highest level in 2005 with 489 customers, 1,065 sites, and 54 megawatts of peak reduction capability. In 2006 participation began to decline with 478 customers, 931 sites, and 44 megawatts. In 2007 participating load in Schedule 72 dropped by half mainly due to the implementation of the new Electric Service Schedule 72A, Dispatchable Irrigation Load Control Credit Rider program. This declining participation trend continued, during the 2012 irrigation season only 68 customers, with 77 sites, representing 2.3 megawatts participated in Schedule 72.

² IPUC Order No. 29034.

Electric Service Schedule 72A – Dispatchable Program

7. In the fall of 2006, based on the results of a twenty-five unit pilot test of a prototype control technology, Rocky Mountain Power proposed and subsequently received Commission approval³ to pursue a pilot program of a fully dispatchable load control solution for the 2007 irrigation season.

8. The Company implemented the pilot program prior to the 2007 irrigation season anticipating approximately 45 megawatts of participating load. Actual results exceeded anticipated participation levels with 76 megawatts under contract during the 2007 program season. In 2008, based on the results of the 2007 pilot program, the Company applied to the Commission and was granted authorization to implement Electric Service Schedule 72A as a full enrollment program.

9. Schedule 72A is a voluntary load control program available to agricultural irrigation customers receiving service under Schedule 10. The purpose of the program is to allow the Company to control demand and manage the system summer peak by turning off participating pumps periodically, not to exceed 52 hours, from June 1 through August 31 the “Program Season.”

10. Growth in the load control program exceeded the Company’s expectations jumping from 76 megawatts in 2007 to 203 megawatts in 2008. Participation continued to

³ Case No. PAC-E-06-12, IPUC Order No. 30243.

increase in 2009 to 254 megawatts and by 2010 had reached 283 megawatts under control, where it was capped for the 2011 and 2012 irrigation seasons.⁴

11. The operating terms of Schedule 72A have typically been achieved by agreement between the Company, Idaho Irrigation Pumper Association (“IIPA”) and Idaho Public Utilities Commission Staff, (“Staff”) through several stipulations. After initiating the program in 2007 the load control credit was agreed to as part of the Company’s general rate case.⁵ The stipulation approved in Order No. 30425 governed operations for calendar years 2008 and 2009. In April 2011 the Company, IIPA and Staff filed a stipulation agreeing to modifications to the program and extending the load control credit approved in Order No. 30425 through the end of the 2012 irrigation season.⁶

12. As part of the stipulation, the Company committed to invest a minimum of \$1.3 million in capital improvements to identify and install equipment needed to reduce the constraints on four circuits prior to the 2012 irrigation season. The Company completed the necessary system improvements before the 2012 irrigation season. Consequently, the constraints cited in the stipulation to Case No. PAC-E-11-06 did not impact the 2012 performance.

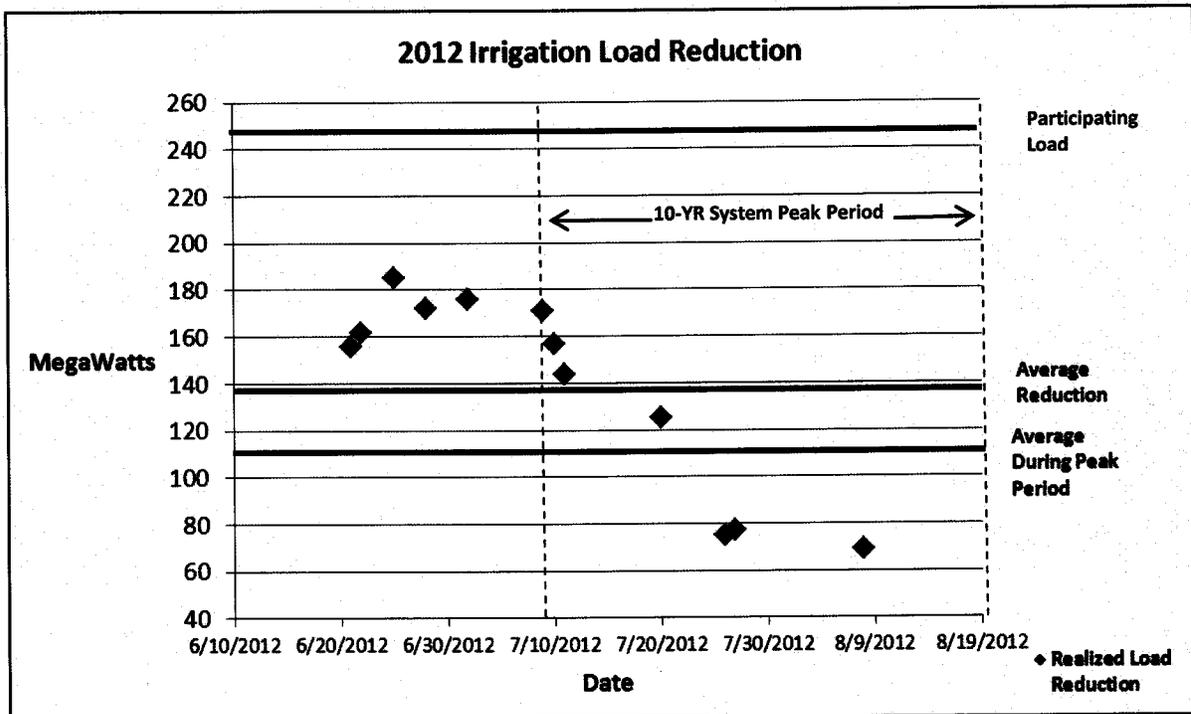
13. During the 2012 Program Season the Company called twelve control events. Given the number and dispersion of events, the Company had the ability to evaluate the week-to-week availability of actual controllable load in Idaho. The chart

⁴ Case No. PAC-E-11-06, IPUC Order No. 32235.

⁵ Case No. PAC-E-07-05, Order No. 30425.

⁶ Case No. PAC-E-11-06

below illustrates the relationship between load curtailed during a control event (actual and average) and the load used as the basis for incentive payments or credits to participating customers in Idaho (total participating load).



Incentive payments or credits to participants for 2012 were based on 244 megawatts of load. Participating load, as defined by Schedule 72A, is the sum of the average billing demand for participant's sites for the most recent two-year Program Seasons. The average realized load reduction for the 2012 Program Season was 139 megawatts or 57 percent of the participating load. During the ten-year system peak period (ten year actual system peak days) the 2012 average realized load reduction was 117 megawatts or 48 percent of the participating load.

REQUEST FOR PROPOSAL

14. The Company has been able to reduce operating costs of the program over the last three years by renegotiating the scope of its contract with its third party service

provider and utilizing inventoried equipment as it readied for the re-procurement of control equipment and services.

15. During 2012 the Company issued a request for proposal (“RFP”) in an effort to identify program delivery alternatives to deliver the program in the most cost efficient manner.

16. Sixteen companies were invited to participate in the RFP issued by PacifiCorp. The companies were asked to provide proposals based on two alternatives:

Option 1: contractor delivers the dispatchable irrigation load control program under a fully outsourced pay-for-performance model accepting all the costs and risks to create, maintain, and manage the program. This option required respondents to provide capacity, provide both monitoring and load control devices, and pay incentives to customers.

Option 2: the Company would continue operating the dispatchable irrigation load control program. Currently the Company delivers the dispatchable irrigation load control program with an internal program manager utilizing contractors for the field operations, program database, dispatch software, and customer interface activities. To support a Company operated program contractors were asked to provide proposals for equipment installation, operation, maintenance, and customer service associated with the program under the terms specified in the RFP.

While the focus of the RFP was on the existing programs in Utah and Idaho, proposals were also obtained for California, Oregon and Washington.⁷ Targeted load reductions were established for each state.

The Company received five proposals from two qualified vendors; two pay-for-performance proposals and three equipment and service proposals. The proposals were evaluated to determine the least cost option after consideration of risk. To facilitate this evaluation, the incentive level and structure currently approved by the Idaho and Utah Commissions were utilized.

The results of the pricing analysis of the five proposals on a cost per kilowatt of realized reduction is attached as a Confidential Attachment No. 1.

The least cost option is the pay-for-performance proposal submitted by EnerNoc, Inc. ("EnerNoc"). In addition to being the least cost option, EnerNoc assumes all equipment and delivery risks associated with the program.

EnerNoc currently manages over twenty-five pay-for-performance contracts in the United States. In 2011, EnerNoc purchased the manufacturer of the Company's current irrigation load control equipment. The equipment being proposed by EnerNoc is a two-way communication solution designed specifically for irrigation load control applications by: (1) capturing and communicating near real-time irrigation load data on five-minute intervals, and (2) enabling direct control of irrigation pumps and equipment.

⁷ Pricing information for irrigation load control in California, Oregon and Washington were provided for inclusion in the Integrated Resource Planning model.

The next closest bid to EnerNoc was from a company that is an Idaho Limited Liability Corporation (Vendor B), who has supported the Company's current program as the installation, maintenance, and customer service provider for six years. Vendor B's proposal required either the development of a new irrigation load control device or the acquisition of more costly equipment.

Taking into consideration pricing, risk and the technical evaluation performed during the RFP process, EnerNoc's pay-for-performance proposal was selected. Negotiations regarding the final agreement began shortly after the vendor selection. The terms of the contract agreed to between the companies are summarized in the table below:

General Term	Description
Term of the Agreement	10 Years with ability to terminate early
Eligible Customers	Schedule 10 customers
Average Demand Response Capacity	145 MW Idaho 40 MW Utah
Capacity Basis	Average available capacity measured during the guarantee period
Pricing	Provided in Confidential Exhibit B
Performance Guarantees	Provided in Confidential Exhibit B
Dispatch Limitations	52 hours per year, 20 events per year, 1 to 4 hours per event
Guaranteed Period	June 15 – August 15 Weekdays excluding holidays 12pm – 8pm MST
Non-Guaranteed Capacity	May dispatch an event anytime beyond the Dispatch Limitations and Guaranteed Capacity Limits, load reductions will not be guaranteed.

The contract with EnerNoc is being filed with this Application as Confidential Attachment No. 2. Under the terms of this contract, the vendor assumes full responsibility for the installation, operation and maintenance of the irrigation load control devices, dispatch of the devices as directed by the Company, customer recruitment, customer service and issuance of irrigation credits to be paid to participating irrigation customers.

EnerNoc will be compensated based on the average load available for curtailment less any performance shortfall adjustments during program events. Performance shortfall adjustments will be calculated using actual five-minute interval energy data against a pre-determined baseline during program events. Additionally, the vendor has been provided an incentive to optimize the amount of load curtailment during historical peak time periods, July 15 through August 15.

Participant curtailment amounts, incentive levels and terms and conditions will be between the vendor and qualifying customers. The increased flexibility in identifying load available for curtailment, contracting, and pricing incentive will allow the vendor to optimize the amount of load available for curtailment July 15 through August 15. The vendor will administer the program from its Boise, Idaho office. The program will feature updated hardware providing near real-time (five-minute interval data) electricity usage information through an advanced software platform, delivered and maintained by the vendor.

A two-way communication system enables the vendor to consolidate the interval data from participating customers and to provide the Company, accurate information regarding the load available for curtailment. Consistent with the existing program structure, customers will be provided with day-ahead notice of program dispatch and the ability to opt-out of event participation before loads are remotely controlled via the irrigation load control platform. The participating customer will also have access to energy usage data available in near real-time through a dynamic web portal.

CANCELLATION OF ELECTRIC SERVICE SCHEDULES 72 & 72A

17. Based on the Company's evaluation of the RFP bids for the load control program by comparing the costs and results of self-delivery with the costs and results of the pay-for-performance bids the Company determined that the most efficient and effective manner to continue to offer the irrigation load control program is through a pay-for-performance bi-lateral contract model, as opposed to a typical tariff-based, utility delivered load control program model.

18. Therefore, the Company respectfully requests that the Commission approve the attached demand-side management contract and cancel Electric Service Schedules 72 and 72A.

MODIFIED PROCEDURE

19. Rocky Mountain Power believes that consideration of this Application does not require an evidentiary proceeding, and accordingly respectfully requests that this Application be processed under RP 201 allowing for consideration of issues under Modified Procedure, i.e., by written submissions rather than by an evidentiary hearing.

SERVICE OF PLEADINGS

20. Communications regarding this Application should be addressed to:

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In addition, Rocky Mountain Power requests that all data requests regarding this matter be addressed to:

By e-mail (preferred): datarequest@pacificorp.com

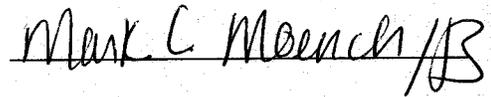
By regular mail:
PacifiCorp
Data Request Response Center
825 NE Multnomah, Suite 2000
Portland, OR 97232

CONCLUSION

WHEREFORE, Rocky Mountain Power respectfully requests that the Idaho Public Utilities Commission issue an order under Modified Procedure authorizing the Company to cancel Electric Service Schedule 72, Irrigation Load Control Credit Rider, and Electric Service Schedule 72A, Dispatchable Irrigation Load Control Credit Rider Program, as described herein and approve the attached demand-side management contract effective February 1, 2013.

DATED this 7th day of December, 2012.

Respectfully submitted,

Handwritten signature of Mark C. Moench in black ink, written over a horizontal line. The signature is cursive and includes a large, stylized initial 'B' at the end.

Mark C. Moench
Daniel E. Solander
Attorneys for PacifiCorp

Confidential
Attachment No.1

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Confidential
Attachment No.2