

IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE FILING BY
IDAHO POWER COMPANY OF ITS
2002 INTEGRATED RESOURCE PLAN
(IRP)

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) CASE NO. IPC-E-02-08
)
) MEMORANDUM IN SUPPORT
) OF MOTION TO INITIATE
) FORMAL PROCEEDING
)
)

ON JUNE 28, 2002, Idaho Power Company ("Idaho Power") filed its year 2002 Integrated Resource Plan ("IRP" or "the Plan"). The Idaho Public Utilities Commission ("PUC" or "the Commission") has requested comments on the IRP.

It is the position of AARP Idaho ("AARP") that the IRP is so seriously flawed that it cannot serve as the planning tool for future resource acquisition by Idaho Power. The Plan does not identify those resources that will provide the least-cost, most reliable electric power for Idaho ratepayers.

AARP therefore moves the Commission for an order opening a new docket to perform a comprehensive review of this IRP and the planning process used by Idaho Power. In the alternative, AARP seeks Intervenor status in the present proceeding and requests that the proceeding be transformed from a notice-and-comment procedure to one providing full-scale hearings, with testimony and cross-examination available to all parties.

INTEREST OF AARP

AARP's goal for its 147,000 dues-paying members in the State of Idaho is that electrical utility services be "affordable and available to all households"; that such services conform to "high standards for service quality and reliability"; and that utility rate structures "fairly distribute costs among customer classes [and be] easy to understand and non-discriminatory." *The Policy Book: AARP Public Policies 2002*, 11-4 and 11-5.

AARP stands for an open process of public participation, with “broadly publicized hearings on public utility rate change requests that are conducted in the service areas to be affected [with an opportunity for] all consumers to express their views.” *Id.*

The present proceeding impacts future rate change requests because it identifies the magnitude of loads to be met and the resources that will be chosen to serve them. Once those decisions are made, it will be too late to challenge the rate increases that follow. The time for public participation and full Commission deliberation is now.

ISSUES

AARP has identified the following issues to be included in a full-scale hearing in which the public can fully participate once Idaho Power provides more data than is in the IRP, with an opportunity to cross-examine Idaho Power employees who are responsible for the IRP.

A New Situation

The most striking feature of the IRP is that it reveals Idaho Power as capacity constrained. This fact drives the IRP and changes many of the rules under which Idaho Power has operated for the decades during which it has had excess capacity. The PUC needs to explore the implications of this new development, which is never analyzed in the IRP, and which has not previously been examined before the Commission.

Load Growth

The IRP assumes that the 2.2% load growth of the past decade will hold true for the next decade. It assumes further that irrigation loads will hold constant for the coming decade – an especially important projection, given the fact that the company’s peaking problems are during the irrigation season. Neither assumption is supported or justified in the IRP. Both should be examined in a hearing before the Commission.

Capacity Constraints: Generation vs. Transmission

The IRP provides no analysis as to whether its alleged capacity constraints are primarily generation-caused or transmission-caused. The IRP justifies construction of Garnet in large part

identifies 32% as the more realistic capacity rating – which would significantly reduce the per kwh unit cost. More importantly, the IRP denigrates the value of wind power because “the wind intensity at a given location is inconsistent” and therefore wind power is “less useful than energy produced from resources that can be dispatched to meet system load requirements.” However, on the same page, the IRP concedes that wind power is feasible “due to the generation and storage flexibility of Idaho Power’s hydroelectric system.” No effort is made to quantify the value that wind power enjoys because of the storage flexibility of a hydro system.

The IRP ascribes zero megawatts to wind power in the coming decade.

Biomass

The IRP candidly concedes that “interest in using animal waste or municipal sewage to produce methane for power production is increasing and IPC anticipates that some farms and feedlots may bring anaerobic digesters on-line during the IRP planning period.” However, despite this concession, the IRP ascribes zero megawatts to biomass generation in the coming decade.

Demand-side Measures and Conservation

Since the company’s peak load problems are worst in the summer months, anything that can be done to address the summer peaks can dramatically change the IRP’s projected peak load growth and the costly resource acquisitions needed to meet it. This is particularly true with regard to irrigation loads.

The IRP notes that “Demand-side measures and pricing options that target peak-hour demand reduction” – such as Time of Use rates for irrigators – can “address the peak deficiencies facing Idaho Power Company.” More importantly, the company’s Voluntary Irrigation Load Reduction program is said to have been “very effective in reducing summer demand during 2001. Similar demand-side measures targeting peak reduction may also be effective.”

Despite the success and promise of these programs, neither past results nor future projections are quantified in the IRP. The document ascribes zero megawatts for load reductions

due to demand-side measures, pricing options, or buy-back irrigation programs in the coming decade.

Cogeneration

The IRP concedes that it has benefited from nearly one hundred megawatts of energy from “qualified facilities” with which it has PURPA contracts. The IRP provides no analysis as to the reliability or cost-effectiveness of this energy. Despite many years’ experience, and the Commission’s newly authorized expansion of the PURPA program, the IRP ascribes zero megawatts to cogeneration in the coming decade.

Conservation

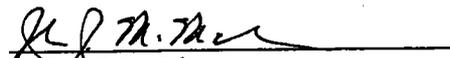
The IRP ascribes zero load reduction to conservation measures during the coming decade. This is all the more inexplicable given recent studies identifying sizable amounts of low-cost conservation measures available throughout the region.

CONCLUSION

AARP stands for the proposition that ratepayers should provide “compensation only for prudent costs.” The IRP does not provide a basis for concluding that the cost of future resources identified by Idaho Power Company are prudent. AARP therefore requests a new docket be created and full-scale hearings be held on the IRP, and on alternative resources more compatible with a least-cost scenario for ratepayers.

DATED this 30th day of August, 2002.

On behalf of AARP,


John J. McMahon
AARP Idaho