

Jean Jewell

From: Ed Howell
Sent: Friday, August 15, 2003 3:13 PM
To: Jean Jewell; Ed Howell; Gene Fadness; Tonya Clark
Subject: Comment acknowledgement

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mailing_list_yes_no: yes
Comment_description: In Order No. 29291 the Commission seeks comment on the following issues. My comments follow each issue restated below.

1. Should the Commission direct the Company to implement AMR on its system?

Idaho Power should be directed by the Commission to implement AMR on its system. AMR is a mature technology that improves delivery reliability, decreases production requirements and enhances customer value. As a production option it diminishes the need for new or purchased capacity. AMR is a wise, efficient, effective and environmentally benign addition to Idaho Power's system.

The 108th Congress has approved Energy Bills in both the House and Senate that will soon go to Conference Committee to resolve differences. Each bill includes provisions for time of use rates and advanced metering for each customer class.

Given yesterday's massive power outage on the East Coast, renewed emphasis will likely ensure Congress passing and the President signing this legislation. Idaho Power should proactively implement AMR and not wait until it is required by Federal legislation. Rules and regulations that are promulgated at the Federal level will not be as sensitive to State issues as those developed specifically by Idaho's Public Utility Commission.

2. How can advanced metering enable Idaho Power Company and ratepayers to make the most of future "smart grid" transmission and distribution technology?

Based on research completed by EPRI in December 2002 (Functional Requirements for Customer Communications, EPRI final report number 1001719) on behalf of its members, the report indicates that metering and/or communication technology can enable or enhance Transmission and Distribution benefits in the following functions:

- „Y Customer Service and Administration
- „Y Load Management
- „Y Load Disaggregation
- „Y Load Profiles and Aggregation
- „Y Pricing
- „Y Distribution Automation Support
- „Y Integrated Resource Planning
- „Y Energy Services
- „Y Quality of Service Monitoring

- „Y System Performance
- „Y Safety
- „Y Business Strategy and Equipment Integration
- „Y Meter Management
- „Y Meter Reads
- „Y Meter Data Management
- „Y Measurement Quantities
- „Y Meter, data and Transactions Security
- „Y Disaster Recovery
- „Y Equipment Integrity Requirements

Improvements in these areas will benefit Idaho Power and its ratepayers and enable them to take advantage of the smart grid as it continues to develop.

3. As part of a wise investment, what features or technology should the Company employ?

Wireless communication technology and advanced smart meters enhanced by continued development of robust, efficient and effective applications are the appropriate technologies for AMR at Idaho Power Company. Wireless technology advancements continue to grow at increased rates. Coupled with Internet capable gateway devices that are deployed as advanced meters, Idaho Power and its customers will benefit now and in the future. Wireless technology is currently the most prevalent form of communication technology used for AMR and Load Management systems.

4. Under what timeframe should the Company implement AMR?

Idaho Power should begin implementation of AMR immediately. Idaho Power states that it ;\$has been monitoring, researching and testing AMR and TOU pricing over the past 10 years;“. After 10 years of analysis, Idaho Power should be prepared to develop, complete and request approval of time-of-use rates and include any rate/service fee adjustments necessary to implement AMR. This analysis and the subsequent rate/service fee adjustments necessary should be included in their announced fall 2003, general rate increase filing.

5. How should the Company recover the costs associated with AMR?

Idaho Power has previously stated that in its analysis of AMR benefits ;\$O&M savings are derived from meter reading and its associated travel cost;“. Also, in response to a request to identify and quantify all peak power/ energy reduction benefits that result from AMR and CP TOU pricing, Idaho Power has previously stated that ;\$this request is beyond the scope of the current proceeding;“. Recently, Idaho Power stated that ;\$The implementation of TOU rates is outside the scope of the analysis requested by the Commission and was not considered as part of the costs and benefits in the company;|\$s analysis;“. This question, question 5., provides Idaho Power with the opportunity to include and evaluate all benefits associated with advanced metering and communication technology required for AMR and incorporate them in their analysis.

Beginning with the lengthy list of benefits outlined in response to question 2., above, Idaho Power should evaluate and quantify the financial and soft benefits of each of them. When added to the savings from reduced meter reading and associated expense and benefits from reduced peak demand and energy, the financial benefits of a new AMR system will increase substantially over the simple cost reduction associated with eliminating meter reading labor and travel costs that Idaho power has used in its previous analysis.

This costs/benefits analysis should become part of Idaho Power;|\$s general rate increase filing with the IPUC scheduled for fall 2003.

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