



An IDACORP Company

IDAHO POWER COMPANY
P.O. BOX 70
BOISE, IDAHO 83707

Monica Moen
Attorney

December 23, 2002

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IDAHO PUBLIC
UTILITIES COMMISSION

Ms. Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 W. Washington Street
P.O. Box 83720
Boise, Idaho 83702-0074

Re: Case No. IPC-E-02- 13
Idaho Power Company's Application For Approval
of Tariff Schedule 81, Residential Air Conditioner
Cycling Pilot Program

Dear Ms. Jewell:

Enclosed herewith for filing with the Commission are the original and seven (7) copies of Idaho Power Company's Application for approval of Tariff Schedule 81, the Residential Air Conditioner Cycling Pilot Program. Also enclosed are the original and three (3) copies of Tariff Schedule 81.

An original and three (3) copies of the Schedule Index, in both legislative format and final format, are also enclosed for filing.

I would appreciate it if you would return a stamped copy of this transmittal letter for our files.

Very truly yours,

IDAHO POWER COMPANY

Monica Moen

MM:jb
Enclosures

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Idaho Power Company
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IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for Idaho Power Company

Street Address for Express Mail:

1221 West Idaho Street
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)
APPLICATION OF IDAHO POWER) CASE NO. IPC-E-02-13
COMPANY FOR AUTHORITY TO)
IMPLEMENT A RESIDENTIAL AIR) APPLICATION
CONDITIONER CYCLING PILOT)
PROGRAM.)
_____)

COMES NOW Idaho Power Company ("Idaho Power" or "the Company") and herewith applies to the Idaho Public Utilities Commission ("Commission") for authority to institute a Pilot Program to allow Idaho Power residential customers to participate in the Residential Air Conditioner Cycling Pilot Program ("AC Cycling Pilot Program" or "Program") by implementing Tariff Schedule 81. In support of the Application, Idaho Power submits the following:

I.

INTRODUCTION

The AC Cycling Pilot Program is an optional, supplemental service that allows participating customers an opportunity to voluntarily permit the Company to cycle

their central air conditioners in exchange for an intelligent programmable thermostat installed in their home together with a monthly monetary incentive. The Program is a two-year dispatchable load control program that will expire on September 30, 2004, unless extended by the Company.

Idaho Power is making this filing with the Commission because the method under which the Company provides electrical service will change for those residential customers participating in the AC Cycling Pilot Program.

In Idaho Power's 2002 Integrated Resource Plan ("IRP"), the Company identifies peak resource deficiencies facing Idaho Power's System in upcoming years. In the IRP, Idaho Power suggests targeting demand-side measures that address peak-hour demand reduction as a means of addressing those deficiencies. Other utilities have found direct load control programs to be effective in reducing loads during peak hours of the summer.

Air conditioning is one of the major loads contributing to summer peak demands. Idaho Power believes that it will be more productive to focus immediate attention and programs on this major load that has the greatest likelihood to reduce the Company's summer peak demand. In the Garnet Report, Idaho Power has identified the Residential Air Conditioner Load Reduction Pilot Program as a demand response program that is potentially viable. This Program is a dispatchable direct load control program that attempts to manage capacity, not energy. Utilization of this load control program will be similar to dispatch of a peaking generation resource.

II.

PROGRAM DESCRIPTION

The AC Cycling Pilot Program is a voluntary program for residential customers that will enable Idaho Power Company to directly address summer peaking requirements by reducing some of the air conditioning load which is one of the primary loads contributing to the summer peak. The AC Cycling Pilot Program may also offer additional benefits to Idaho Power, program participants and all of Idaho Power's customers. The Program, through the intelligent programmable thermostat, may reduce overall energy use by the participating customers, thus reducing their energy bills, and thereby potentially decreasing Idaho Power's overall energy costs which would in turn result in a potential savings to all of the Company's customers.

The Program will be offered to residential customers in Boise and Meridian who are homeowners and who have central air conditioning. Participants will receive an intelligent programmable thermostat installed in their home by the Company. Installation will include setting the initial program in the thermostat. The programmable thermostats utilized for the Program will receive a signal from Idaho Power to initiate load control when peak load reduction is needed for system reliability or economic reasons. Air conditioner cycling will be limited to a maximum of four hours per day between the hours of 1:00 p.m. and 9:00 p.m. for up to 10 weekdays per month in the months of June, July and August.

Participants will receive a financial incentive for each month that they successfully participate in the Program. The incentive will be a \$5 credit on their July, August and September Idaho Power bills. Each participant will be able to temporarily

“opt out” of the Program for one day each month after providing Idaho Power with notification by 4:00 p.m. the preceding day. This Program will be a two-year pilot program beginning in the spring of 2003 and continuing through the summer of 2004.

The AC Cycling Pilot Program will be limited to a total of five hundred customers. Two hundred customers would be solicited for participation for the first year and an additional three hundred customers would be solicited for participation the second year. The Company may choose to solicit customers for participation based on their energy usage, physical location, size of home or other factors aimed at creating a diverse population for the Pilot Program. The Company may also choose to solicit participants to fill any vacancies caused by attrition in order to maintain the participation objectives. The Company retains the sole right to ultimately select and reject participants for the Program.

The term of the agreement for participation in the Program is from the time the agreement is signed until September 30, 2004, unless the customer notifies Idaho Power in writing that the customer does not desire to continue Program participation. If a customer notifies the Company before the customer has been on the Program for one complete Air Conditioning Season (June, July, August) that he/she wishes to terminate participation in the Program, the customer may terminate participation and will have the option of either returning the thermostat in working condition to the Company within a certain time period or be charged \$100.00 for the thermostat. There would be no penalty for terminating participation if a customer satisfactorily took part in a minimum of one complete Air Conditioning Season.

III.

ACCOUNTING

The Energy Efficiency Advisory Group (“EEAG”) has concurred with the proposal to use Energy Efficiency Rider funds, collected under Idaho Power Schedule 91, to finance the AC Cycling Pilot Program. The cost of the Program will be approximately \$410,000 per year for each of the two Program years. Although the AC Cycling Pilot Program may result in reduced revenues for Idaho Power, the Company chooses not to request recovery of the reductions.

IV.

PILOT GOALS

The goal of the AC Cycling Pilot Program is to assess the effectiveness of air conditioning thermostat control in reducing peak load. Idaho Power will also assess customer participation, volunteerism, satisfaction and retention. The Program will allow Idaho Power to gain operating experience in management of the Program itself and test the chosen equipment/technology. This Program will also give Idaho Power an opportunity to test different marketing strategies.

Other utilities and non-utility electricity providers report load reductions of approximately two-kilowatts per household with similar air conditioner cycling programs. Because half of the participant houses will be cycled at any one time, this number translates into one-kilowatt load reduction per participant. Idaho Power hopes to achieve approximately a 200-kilowatt load reduction per cycling episode the first year and a 500-kilowatt load reduction the second year with full participation.

Idaho Power will include the results of the AC Cycling Pilot Program in the annual report to the Commission detailing the EEAG activities. This report will include the Company's response to EEAG recommendations, the associated program costs, the DSM accounting numbers and customer response data.

V.

TARIFFS

Attachment No. 1 to this Application is a copy of Idaho Power's proposed Schedule 81. The Company requests approval of the proposed Tariff with sufficient lead time to activate this Program by June 2003.

VI.

MODIFIED PROCEDURE

The Company believes that consideration by the Commission of the proposals contained in this Application does not require an evidentiary proceeding, and accordingly the Company 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.

VII.

NOTICES

Communications with reference to this Application should be sent to the following:

Monica Moen
Idaho Power Company
P. O. Box 70
Boise, Idaho 83707

Peter P. Pengilly
Idaho Power Company
P. O. Box 70
Boise, Idaho 83707

WHEREFORE, Idaho Power respectfully requests that the Commission approve the attached proposed Tariff Schedule 81.

DATED this 23rd day of December, 2002.



MONICA MOEN
Attorney for Idaho Power Company

ATTACHMENT 1

SCHEDULE 81
RESIDENTIAL AIR CONDITIONER CYCLING
PILOT PROGRAM
(OPTIONAL)

PURPOSE

The Residential Air Conditioner Cycling Pilot Program is an optional, supplemental service that permits participating residential Customers an opportunity to voluntarily allow the Company to cycle their central air conditioners in exchange for an intelligent programmable thermostat installed in their residence together with a monthly monetary incentive. The Program is a two-year dispatchable load control program that will expire on September 30, 2004, unless extended by the Company.

DEFINITIONS

AC Cycling is the effect of the Company sending a signal to the intelligent programmable thermostat installed in the Customer's residence and instructing it to cycle the Central Air Conditioning compressor for a specified length of time on a percentage basis, to cycle the Central Air Conditioning compressor until a specified temperature change is attained, or to change the temperature set point on the thermostat for a specified length of time.

Agreement is the Uniform Residential Air Conditioner Cycling Service Agreement.

Air Conditioning Season is the three-month period that commences on June 1 and continues through August 31 of each Program Year.

Central Air Conditioning is a home cooling system that is controlled by one centrally located thermostat that controls one refrigerated air-cooling unit located outside the home.

Cycling Event is a period during which the Company sends a signal to the intelligent programmable thermostat installed in the Customer's residence which instructs the thermostat to begin AC Cycling.

First Program Year is the period of June 1, 2003 through August 31, 2003.

Opt Out is the term used to describe the one-day per month during each month of the Air Conditioning Season in which the Customer, with prior notice to the Company, may choose to temporarily not participate in AC Cycling.

Second Program Year is the period of June 1, 2004 through August 31, 2004.

Termination Date is 12:00 midnight on September 30, 2004.

SCHEDULE 81
RESIDENTIAL AIR CONDITIONER CYCLING
PILOT PROGRAM
(OPTIONAL)
(Continued)

AVAILABILITY

Service under this schedule is available on an optional basis to Customers who are homeowners, have Central Air Conditioning located in their residences and live in the city limits of Boise or Meridian. Each eligible Customer who chooses to take service under this optional schedule is required to enter into the Agreement with the Company prior to being served under this schedule. The Agreement will include giving the Company or its representative permission on reasonable notice to enter the Customer's residence to install an intelligent programmable thermostat and to allow Idaho Power or its representative, with prior notice to the Customer, reasonable access to the thermostat following its installation.

Service under this schedule is limited to no more than two hundred Customers during the First Program Year and no more than five hundred Customers during the Second Program Year. The Company may choose to solicit Customers for participation based on Customers' energy usage, residential location, size of home or other factors aimed at creating a diverse population for the Program. The Company may also choose to solicit participants to fill any vacancies caused by attrition in order to maintain the participation objectives. The Company retains the sole right to select and reject the participants under this schedule.

TERM OF AGREEMENT AND TERMINATION

The term of the Agreement for service under this schedule shall commence on the date the Agreement is signed and shall terminate on the Termination Date unless otherwise terminated as follows:

1. A Customer participating in the Program for at least one complete Air Conditioning Season may terminate the Agreement without penalty by notifying the Company in writing.
2. A Customer who terminates the Agreement prior to satisfactorily participating in the Program for a minimum of one complete Air Conditioning Season shall either (1) return the intelligent programmable thermostat to the Company in working order within ten days from the time the Company receives written notice of the Customer's termination of the Agreement or (2) pay the Company the sum of \$100.00, which sum will be included on the Customer's Idaho Power Bill.

PROGRAM DESCRIPTION

1. The Company or its representative will uninstall the Customer's existing thermostat and install an intelligent programmable thermostat in the Customer's residence at the Company's expense. The Company or its representative will set the initial program on the thermostat.
2. A financial incentive of \$5 per month for each of the three months of the Air Conditioning Season will be paid to each Customer who successfully participates in the Program. This incentive will be paid in the form of a credit on the Customer's monthly bill for each month that the Customer successfully participates in the Program, beginning with the July bill and ending with the September bill.

SCHEDULE 81
RESIDENTIAL AIR CONDITIONER CYCLING
PILOT PROGRAM
(OPTIONAL)
(Continued)

PROGRAM DESCRIPTION (Continued)

3. The Company will send a signal to the programmable thermostats via paging, cell phone, or capacitor controller technology to initiate a Cycling Event. A Cycling Event may be up to four hours between the hours of 1 p.m. and 9 p.m. on any weekday during the Air Conditioning Season. Up to ten Cycling Events may occur each month. Mass memory meters will be installed on each Customer's residence for program evaluation purposes.

4. The Customer may Opt Out of the Program for one day per month during each month of the Air Conditioning Season provided the Customer notifies the Company of the Customer's intent to Opt Out prior to 4:00 p.m. on the day preceding the day the Customer wishes to Opt Out.

5. If there is evidence of alteration, tampering, or otherwise interfering with the Company's ability to initiate a Cycling Event, the Customer will be required to reimburse the Company for the cost of replacement or repair of the intelligent programmable thermostat and the Company will reverse any amounts credited to the Customer's bills during the past twelve months as a result of the Customer's participation in the Program.

SPECIAL CONDITIONS

The Company is not responsible for any consequential, incidental, punitive, exemplary or indirect damage to the participating Customer or third parties that results from AC Cycling, from the Customer's participation in the Program, or of Customer's efforts to reduce energy use while participating in the Program.

The Company makes no warranty of merchantability or fitness for a particular purpose with respect to the intelligent programmable thermostat and any and all implied warranties are disclaimed.

The provisions of this schedule do not apply for any time period that the Company interrupts the Customer's load for a system emergency or any other time that a Customer's service is interrupted by events outside the control of the Company. The provisions of this schedule will not affect the calculation or rate of the regular Customer or Energy Charges associated with a Customer's standard service schedule.

SCHEDULE 81
RESIDENTIAL AIR CONDITIONER CYCLING
PILOT PROGRAM
(OPTIONAL)
(Continued)

Uniform Residential Air Conditioner Cycling Service Agreement

ACCOUNT NO. _____

THIS AGREEMENT Made this _____ day of _____, 200__, between _____ hereinafter called Customer, who resides at _____, Idaho, hereinafter called Residence, and IDAHO POWER COMPANY, a corporation with its principal office located at 1221 West Idaho Street, Boise, Idaho, hereinafter called Company:

NOW, THEREFORE, The Parties agree as follows:

1. With prior reasonable notice from the Company, the Customer shall permit the Company or its representative to enter the Residence to remove the Customer's existing thermostat and replace that thermostat by installing an intelligent programmable thermostat selected by the Company ("Programmable Thermostat").

2. During the Term of this Agreement and with prior reasonable notice, the Customer agrees to permit the Company or its representative reasonable access to the Residence and the Programmable Thermostat for reasons including, but not limited to, collecting data recorded by the Programmable Thermostat and checking the working condition of the Programmable Thermostat.

3. The Customer understands and acknowledges that by participating in the Program, the Company shall, at its sole discretion, have the ability to override the Customer's settings on the Programmable Thermostat and instruct the Programmable Thermostat to interrupt service and begin cycling the Customer's central air conditioner compressor (the "Cycling Event").

4. For the Customer's satisfactory participation in the Program, the Company agrees to pay the Customer \$5.00 per month for each of the three months of the Air Conditioning Season for a total payment of \$15.00 (the "Incentive"). The Incentive will be paid in the form of a credit of \$5.00 on each of the Customer's July, August and September Idaho Power bills.

5. If the Customer terminates this Agreement prior to the Customer satisfactorily participating in the Program for a minimum of one complete Air Conditioning Season, the Customer agrees to either (1) return the intelligent programmable thermostat to the Company in working order within ten days from the time the Company receives written notice of the Customer's termination of the Agreement or (2) pay the Company the sum of \$100.00, which sum will be included on the Customer's Idaho Power Bill.

6. The Company's Schedule 81, any revisions to that schedule, and/or any successor schedule, is to be considered part of this Agreement.

SCHEDULE 81
RESIDENTIAL AIR CONDITIONER CYCLING
PILOT PROGRAM
(OPTIONAL)
(Continued)

Uniform Residential Air Conditioner Cycling Service Agreement
(Continued)

7. This Agreement and the rates, terms and conditions of service set forth or incorporated herein and the respective rights and obligations of the Parties hereunder shall be subject to valid laws and to the regulatory authority and orders, rules and regulations of the Idaho Public Utilities Commission and such other administrative bodies having jurisdiction.

8. Nothing herein shall be construed as limiting the Idaho Public Utilities Commission from changing any terms, rates, charges, classification of service or any rules, regulations or conditions relating to service under this Agreement, or construed as affecting the right of the Company or the Customer to unilaterally make application to the Commission for any such change.

9. In any action at law or equity under this Agreement and upon which judgment is rendered, the prevailing Party, as part of such judgment, shall be entitled to recover all costs, including reasonable attorneys fees, incurred on account of such action.

(APPROPRIATE SIGNATURES)