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IDAHO PUBLIC
UTILITIES COMMISSION

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)
APPLICATION OF IDAHO POWER) CASE NO. IPC-E-04- 03
COMPANY FOR AUTHORITY TO)
IMPLEMENT AN IRRIGATION PEAK) APPLICATION
CLIPPING PILOT PROGRAM)
_____)

COMES NOW Idaho Power Company ("Idaho Power" or "the Company")
and, pursuant to IPUC Rule of Procedure 52, herewith applies to the Idaho Public
Utilities Commission ("IPUC" or the "Commission") for authority to institute a Pilot
Program to permit Idaho Power irrigation customers to participate in the Company's
proposed Irrigation Peak Clipping Pilot Program ("Pilot Program" or the "Program") by
implementing Tariff Schedule 23 ("Tariff" or "Schedule 23"). In support of the
Application, Idaho Power submits the following:

I.

INTRODUCTION

The purpose of the proposed Pilot Program is to turn off power to selected irrigation pumps during peak weekday hours ("Load Reduction Event") in the summer months in order to produce a decrease in the Company's system summer peak. The proposed Program would be an optional, supplemental service that would permit the Company's irrigation customers to allow the Company to turn off the power to all pumps behind an Idaho Power metered service point ("Metered Service Point") on a regular basis with the use of electric switches ("Timer"). In exchange for allowing the Company to turn off power to these pumps, participating customers would receive a monthly monetary incentive paid on the basis of the number of kilowatts of load reduction.

The Program would be piloted in the 2004 irrigation season and would expire on October 1, 2004, unless extended by the Company. Idaho Power is making this tariff filing with the Commission because the method under which the Company presently provides electrical service would change for those irrigation customers participating in the Pilot Program.

In Idaho Power's 2002 Integrated Resource Plan ("IRP"), the Company identified peak resource deficiencies facing Idaho Power's system in upcoming years. In the IRP, Idaho Power indicated that it would target demand-side measures that address peak-hour demand reduction as a means of addressing those deficiencies. The irrigation summer load is a major portion of the Company's summer peak demand. The Company believes that the Irrigation Peak Clipping Pilot Program would be a

demand response program that could potentially reduce peak-hour demand by attempting to manage capacity instead of energy.

The customers targeted for participation in the Program are those who determine they can have power turned off to pumps for four hours per week during the calendar months of June, July, and August without impacting crop yield, the choice of crop planted, or the design of the irrigation system. Idaho Power has taken the hot, dry climate of the Company's service territory into consideration in the design of the Program by limiting the number of hours of interruption per week to four. Based on input received from various customers, four hours of interruption per week appears to be a reasonable amount of interruption that can be accommodated without necessitating a change in the type of crop planted, altering the crop yield, or requiring a redesign of the irrigation system.

In proposing the Program, the Company does not wish to create an incentive for irrigators to oversize their systems in order to better manage a multi-hour load reduction. Over sizing irrigation systems to compensate for the reduction of water applied during the load reduction period would result in a higher peak demand on the irrigator's system during all other periods and would negate the benefits of the Program. Because of the water requirements of the crops grown in southern Idaho, the Company fully expects that, in almost all situations, the energy consumption curtailed during the four-hour period of interruption will be consumed either prior to or following the interruption resulting in no energy reduction for the customer.

II.

PROGRAM DESCRIPTION

The Irrigation Peak Clipping Pilot Program would be a voluntary program for irrigation customers that would enable Idaho Power Company to directly address summer peaking requirements by reducing some of the irrigation load which contributes to Idaho Power's summer peak. The Company would install a Timer or Timers on the customer's electrical panel(s) that services one or more irrigation pumps in order to turn off all of the load to that Metered Service Point. The Company would program the Timers to interrupt electrical service to the irrigation pump(s) on one regularly scheduled weekday per week for a four-hour period between 4 p.m. and 8 p.m. These are the hours in which the daily summer peak demand normally occurs. Approximately one-fifth of the total load reduction capacity enrolled in the Program would be scheduled for turn off each weekday during the months of June, July, and August of the 2004 irrigation season. The load reduction provided by each participant will be deemed to equal the Billing Demand for the enrolled Metered Service Point for the applicable billing period.

Participants would receive a financial incentive for each month they successfully participate in the Program. The incentive would be calculated by multiplying \$1.75 by the Billing Demand for the Metered Service Point that is enrolled in the Program (the "Incentive"). The Incentive may be prorated for the months of June, July and August depending on the irrigation customer's billing cycle.

Service under the proposed Schedule 23 would be available on an optional basis to the Company's irrigation customers with a Metered Service Point or Points receiving service under Idaho Power's Schedule 24 where the Metered Service

Point serves a water pumping or water delivery system used to irrigate agricultural crops or pasturage. If a Metered Service Point provides electricity to more than one irrigation pump, each pump will be scheduled for interruption on the same weekday cycle. The Company would retain the sole right to select the load reduction weekday for each Metered Service Point. Metered Service Points eligible for this Program must provide electric service to irrigation pumps with at least 150 cumulative horsepower.

The Company will make this optional service available to up to 50 customers in each of four areas of Idaho Power's service territory. Customers will be selected from (1) the Kuna, Melba, and Nampa area, (2) the Mountain Home, Bruneau, Grand View area, (3) the Rupert, Paul area, and (4) the American Falls area of Idaho Power's service territory. A total of not more than 200 customers would be selected for this Pilot Program. The Company may also choose to solicit participants to fill any vacancies caused by attrition in order to maintain the participation objectives.

Each eligible customer who chooses to participate in this optional Program would be required to enter into a Uniform Irrigation Peak Clipping Service Application Agreement ("Agreement") with the Company prior to being accepted into this Program. By entering into the Agreement, the customer would agree, with prior notice, to grant the Company or its representative permission to enter the customer's property to install a Timer or Timers on the electrical panel servicing the irrigation equipment that is associated with the Metered Service Point that is enrolled in the Program. The customer must also allow Idaho Power or its representative reasonable access to the Timer following its installation.

Idaho Power would send potential participants an Agreement and a worksheet listing a customer's eligible Metered Service Points as soon as possible after the Commission renders a decision on this case. Customers interested in the Program would sign and return an Agreement specifying the Metered Service Point(s) to be enrolled in the Program. Customer participation would be at the Company's sole discretion.

If a customer is selected for participation in the Program, the Company will return a signed Agreement to the Customer specifying which Metered Service Point(s) are accepted into the Program. The Company's goal is to have sufficient time to enroll customers and install all Timers by June 1, 2004. Customers may be enrolled in the Program after June 1, 2004 to achieve desired participation levels, but no later than July 1, 2004.

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 Irrigation Peak Clipping Pilot Program. The cost of the Program will be approximately \$294,750 for the one-year Program.

IV.

PILOT GOALS

The goal of the Irrigation Peak Clipping Pilot Program is to assess the efficacy of using Timers on irrigation pumps to reduce summer peak. In addition, Idaho Power will assess customer participation, volunteerism, satisfaction, and retention, as

well as monitor any unintended consequences from participation in this Program. The Program will allow Idaho Power to gain operating experience in management of the Program itself and test the selected equipment/technology.

Idaho Power will include the results of the Irrigation Peak Clipping 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.

COST-EFFECTIVENESS ANALYSIS

Idaho Power performed a cost-effectiveness analysis of the Irrigation Peak Clipping Program. This analysis was performed for both the Pilot Program and an assumed fully implemented thirty-year program. The benefit-cost ratio from the program administrator cost test perspective for the Irrigation Peak Clipping Pilot Program is 1.28. This same ratio for a fully implemented thirty-year program is 1.62. Since these ratios are greater than 1.0, they show that the benefits of the Program exceed its costs and that the Program, as currently designed, is cost-effective.

The estimated Program costs and Program benefits from peak reduction and energy shift were based on the Program design. The benefits of avoided costs were based on the fixed and variable costs of a simple-cycle combustion turbine. The benefits were discounted 20% for free rider reduction and the uncertainty of the load reduction.

VI.

TARIFFS

Attachment No. 1 to this Application is a copy of Idaho Power's proposed Schedule 23. The Company requests approval of the proposed Tariff with sufficient lead time to enable activation of this Pilot Program by June 2004.

VII.

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 IPUC Rule of Procedure 201 allowing for consideration of issues under modified procedure, i.e., by written submissions rather than by an evidentiary hearing.

VIII.

NOTICES

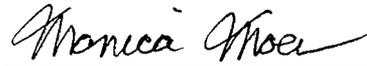
Communications with reference to this Application should be sent to the following:

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 this Application and the attached proposed Tariff Schedule 23.

DATED this 5th day of February 2004.

A handwritten signature in cursive script that reads "Monica Moen".

MONICA MOEN
Attorney for Idaho Power Company

ATTACHMENT 1

SCHEDULE 23
IRRIGATION PEAK CLIPPING
PILOT PROGRAM
(Optional)

PURPOSE

The Irrigation Peak Clipping Pilot Program ("the Program") is intended to test the viability of decreasing the Company's system summer peak with the use of electronic timer switches ("Timer") to turn off power to selected irrigation equipment during peak weekday hours in the summer months. The Program is an optional, supplemental service that permits participating irrigation Customers to allow the Company to turn off the power to specific irrigation equipment on a regular basis with the use of a Timer. In exchange for allowing the Company to turn off power to specified irrigation equipment, participating Customers will receive a monthly monetary incentive paid on the basis of the kW of load reduction, as measured by the Customer's Billing Demand, at the Customer's metered service point ("Metered Service Point"). The Program will be piloted during the 2004 irrigation season and will expire on October 1, 2004, unless extended by the Company.

AVAILABILITY

Service under this schedule is available on an optional basis to Customers with a Metered Service Point or Points receiving service under Schedule 24 where the Metered Service Point serves a water pumping or water delivery system used to irrigate agricultural crops or pasturage. If a Metered Service Point provides electricity to more than one irrigation pump, each pump will be scheduled for service interruption on the same weekday cycle. Metered Service Points eligible for this Program must provide electric service to irrigation pumps with at least 150 cumulative horsepower. The Company will make this optional service available to up to 50 Customers in each of four areas of the Company's service territory. Customers will be selected from the Kuna/Melba/Nampa area, the Mountain Home/Bruneau/Grand View area, the Rupert/Paul area, and the American Falls area of Idaho Power's service territory. A total of not more than 200 customers will be selected for this Program.

The Company may choose to accept Metered Service Points for participation based on demand, location, size of pump(s) or other factors aimed at creating a diverse participation in 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.

Each eligible Customer who chooses to take service under this optional schedule is required to enter into a Uniform Irrigation Peak Clipping Service Application/Agreement ("Agreement") with the Company prior to being served under this schedule. The Agreement will grant the Company or its representative permission, on reasonable notice, to enter the Customer's property to install a Timer or Timers on the electrical panel servicing the irrigation equipment associated with the Metered Service Points that are enrolled on this Program and to allow the Company or its representative reasonable access to the Timer following its installation.

SCHEDULE 23
IRRIGATION PEAK CLIPPING
PILOT PROGRAM
(Optional)
(Continued)

TERM OF AGREEMENT AND TERMINATION

The term of the Agreement, as it applies to each Metered Service Point accepted for participation, shall commence on the date the Agreement is signed by both the Customer and the Company and shall terminate on October 1, 2004 unless otherwise terminated as follows:

1. A Customer may terminate the participation of a Metered Service Point without penalty by notifying the Company or its representative before the Timer has been installed on the Metered Service Point.
2. A Customer who terminates the participation of a Metered Service Point prior to satisfactorily participating in the Program until October 1, 2004 and who does not satisfy the provisions of item 1 above, shall pay the Company the sum of \$100.00, which sum will be included on the Customer's monthly bill. The Customer's load control service credit shall be prorated for the number of days in that month the Customer satisfactorily participated in the Program.
3. If there is evidence of alteration, tampering, or otherwise interfering with the Company's ability to initiate a load reduction event at a Metered Service Point, the Agreement as it applies to that Metered Service Point will be automatically terminated. The Customer will also be required to reimburse the Company for the cost of replacement or repair of the Timer, pay the Company the sum of \$100.00 which sum will be included on the Customer's monthly bill and the Company will reverse any and all load control service credits applied to the Customer's monthly bill(s) for the Metered Service Point as a result of the Customer's participation in the Program.

PROGRAM DESCRIPTION

Timer Installation and Service. At the Company's expense, the Company or its representative will install a Timer or Timers on the Customer's electrical panel controlling the irrigation equipment at the Metered Service Point enrolled in the Program. The Company or its representative will set the Timer or Timers to interrupt electric service for a four hour period between 4:00 P.M. and 8:00 P.M. on a designated weekday.

Load Control Service Credit. The load control service credit applies to the load reduction as measured by the Billing Demand of the specific Metered Service Point enrolled in the Program. The Billing Demand of a Metered Service Point enrolled on the Program will be multiplied by \$1.75. This amount will then be prorated for the number of days of the months of June, July or August that fall in a Customer's Billing Cycle. The load control service credit will be included on the Customer's monthly bill. The load control service credit applies to the Billing Demand for the calendar months of June, July and August 2004.

SCHEDULE 23
IRRIGATION PEAK CLIPPING
PILOT PROGRAM
(Optional)
(Continued)

PROGRAM DESCRIPTION (Continued)

Load Control Hours. The Company will set each Timer to interrupt service during the weekday hours of 4 p.m. to 8 p.m. Mountain Daylight Savings Time. Each Metered Service Point's Timer will be set to interrupt service on one regularly scheduled weekday per week for each week of the months of June, July and August 2004. The Company retains the sole right to select the load reduction weekday for each Metered Service Point. Mass memory meters will be installed on a sample of the participant's Metered Service Points for Program monitoring and evaluation purposes. The sample of Metered Service Points selected for monitoring and evaluation will be chosen at the Company's sole discretion.

Notification of Load Control Schedule. An interested Customer must sign and return to the Company an Agreement specifying the Metered Service Point(s) to be included in the Program. If a Customer is selected for participation in the Program, the Company will return a signed Agreement to the Customer specifying which Metered Service Point(s) are accepted into the Program. The Company's goal is to have sufficient time to enroll Customers and install all Timers by June 1, 2004. Customers may be enrolled in the Program after June 1, 2004 to achieve desired participation levels, but no later than July 1, 2004.

Early Termination of the Program. Before a selected participant's Timer has been installed, a Customer may decide not to participate in the Program and may terminate the Agreement without penalty by notifying the Company or its representative.

SPECIAL CONDITIONS

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, Energy or Demand Charges associated with a Customer's standard service schedule.

SCHEDULE 23
IRRIGATION PEAK CLIPPING
PILOT PROGRAM
(Optional)

Uniform Irrigation Peak Clipping Service Application/Agreement

THIS AGREEMENT Made this _____ day of _____, 2004, between _____ hereinafter called Customer, whose billing address is _____, and IDAHO POWER COMPANY, a corporation with its principal office located at 1221 West Idaho Street, Boise, Idaho, hereinafter called Company. This Agreement is for the Metered Service Point(s) identified on the attached worksheet (Worksheet):

The Customer designates the following person as the Customer's authorized contact:

Authorized Contact: _____
Phone: _____ Cell Phone: _____
Fax: _____
Email: _____

NOW, THEREFORE, The Parties agree as follows:

1. The Uniform Irrigation Peak Clipping Service Application/Agreement must be signed by the Customer and the Customer must be the person who is responsible for paying bills for retail electric service provided by the Company at the Metered Service Point(s) identified in the Worksheet.
2. The Customer understands that the information concerning the Metered Service Point(s) on the Worksheet is based on the best information currently available to the Company. The Incentive amounts are estimates based on 2003 Billing Demands for the Metered Service Point(s) specified on the Worksheet. The Customer agrees to specify which Metered Service Point(s) listed on the Worksheet the Customer wishes to enroll in the Program.
3. From time to time during the term of this Agreement and with prior reasonable notice from the Company, the Customer shall permit the Company or its representative to enter the Customer's property on which the enrolled Metered Service Point(s) are located to permit the Company or its representative to install, service, maintain and/or remove Timer(s) on the electrical panel that services the Customer's irrigation equipment.
4. The Customer understands and acknowledges that by participating in the Program, the Company shall, at its sole discretion, have the ability to interrupt electric service to the Metered Service Point(s) enrolled in the Program for the hours of 4 p.m. to 8 p.m. Mountain Daylight Savings Time for one regularly scheduled weekday per week for the months of June, July and August. The Company retains the sole right to select the load reduction weekday for each Metered Service Point. The Customer also understands and acknowledges that if a Metered Service Point provides electricity to more than one irrigation pump, each pump will be scheduled for service interruption on the same weekday cycle.

SCHEDULE 23
IRRIGATION PEAK CLIPPING
PILOT PROGRAM
(Optional)

Uniform Irrigation Peak Clipping Service Application/Agreement
(Continued)

5. For the Customer's satisfactory participation in the Program, the Company agrees to pay the Customer \$1.75 (the "Incentive") per kW per month of load reduction measured by the Billing Demand for the Metered Service Point(s) specified on the Worksheet, for the three calendar months of June, July and August 2004. The Incentive will be paid in the form of a credit on the Customer's monthly bill. The Incentive may be prorated for the months of June, July and August 2004 depending on the Customer's billing cycle.

6. If the Customer terminates this Agreement prior to the Customer satisfactorily participating in the Program through October 1, 2004 while the Metered Service Point(s) are still connected for service and the Customer remains responsible for paying the bills for electrical service, the Customer agrees to pay the Company the sum of \$100.00, which sum will be included on the Customer's monthly bill. The Customer's Incentive for the month of termination shall be prorated for the number of days in that month that the Customer is a participant in good standing in the Program.

7. If there is evidence of alteration, tampering, or otherwise interfering with the Company's ability to initiate a load reduction event at a Metered Service Point(s), the Agreement as it applies to that Metered Service Point will be automatically terminated. The Customer will also be required to reimburse the Company for the cost of replacement or repair of the Timer, pay the Company the sum of \$100.00 which sum will be included on the Customer's monthly bill and the Company will reverse any Incentives applied to the Customer's monthly bill for the Metered Service Point as a result of the Customer's participation in the Program.

8. The Company's Schedule 23, any revisions to that schedule and any/or successor Schedule are to be considered part of this Agreement.

9. 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.

10. 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.

11. 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.

SCHEDULE 23
IRRIGATION PEAK CLIPPING
PILOT PROGRAM
(Optional)

Uniform Irrigation Peak Clipping Service Application/Agreement
(Continued)

12. The Company retains the sole right to select and reject the participants to receive service under Schedule 23. The Company retains the sole right for its employee and its representatives to install or not install Timers on the Customer's electrical panel at the time of installation depending on, but not limited to, safety, reliability, or other issues that may not be in the best interest of Idaho Power, its employees, or its representatives.

13. Under no circumstances shall the Company or any subsidiary, affiliates or parent Company be held liable to the Customer or any other party for damages or for any loss, whether direct, indirect, consequential, incidental, punitive, or exemplary resulting from Peak Clipping or from the Customer's participation in the Program. The Customer assumes all liability and agrees to indemnify and hold harmless the Company and its subsidiaries, affiliates and parent company for personal injury, including death, and for property damage caused by the Customer's decision to participate in the Program and to reduce loads.

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

(Appropriate Signatures)