

summer peak.

The Company's 2004 IRP identified the Program as a cost-effective capacity resource and included the Program in its final diversified resource portfolio. The Company's report on the Pilot Program which was shared with the Irrigators, concluded that the Pilot was very successful and that it achieved significant load shifting from peak to off-peak periods, thus reducing demand, without any statistically significant change in overall energy consumption. The Irrigators expect system-wide implementation of the Program to be at least as successful as the Pilot, if not more, because the Program has lowered the participation level from 150 to 100 hp pumps and increased the demand credit.

All customers can expect to benefit by reducing the need for new peak capacity resources. Irrigators that are able to participate will benefit from reduced pumping costs. This is critically important now and is expected to be more so in the future. This is because ground water pumpers are facing new and escalating water costs to avoid delivery calls and provide mitigation to senior surface water right holders, together with disproportionately large electric rate increases. As demonstrated in the last general rate case and expected in future more frequent rate cases, Idaho Power is advocating new cost of service methodologies that allocate more new peak load costs to Irrigators even though they are not causing growth.

While the Irrigators support the Program, both the Company's Application and the report on the Pilot Program lack information and leave questions unanswered regarding: (1) why the schedule of interruptibility is limited to four hours per day on one, two or three days per week during the months of June, July and August; (2) how the demand credit was arrived at and the reason for the differential between the days per week of interruption; and (3) the number and type of irrigation customers eligible for the Program. Each of these areas will be briefly discussed. The Irrigators will be participating in direct discussions with the Company and Staff in an effort to obtain more information, but due to time constraints this will not occur until the Comment deadline.

(1) The Interruptibility Schedule:

Idaho Power has proposed to use timers to operate what appears to be a rather rigid interruption schedule of four hours per day (between 4:00 pm and 8:00 pm) on one, two or three days per week during the months of June, July and August. Since the objective of the Program is to reduce peak demand, greater participation would be encouraged by providing more flexible options.

This could be provided by giving customers more options such as on up to five week days per week and four, six or eight hours per day.

Part of the reasons given by the Company for the limited interruptions is: "In order to discourage a decreased crop yield or the over-sizing of irrigation equipment." It should be of no concern to Idaho Power if the farmer is willing to choose a higher billing credit in exchange for decreased crop yield, or if a farmer chooses to spend capital to improve or alter a water delivery system. Enhancing the Program to maximize the Company's ability to reduce peak demand should be the objective and only concern of Idaho Power.

(2) The Level of Credit for Interruptibility:

No information has been provided that explains the underlying basis for the level of credit nor how it was calculated. For that reason, it is not possible for the Irrigators to evaluate or comment on the proposed demand credit. From the Company's report on the Pilot Program, it is known that to achieve results high participation levels are needed; and, further, that higher incentive levels are the driving factor in participation. The results of customer surveys discussed in their report made it clear that increasing the incentive was the primary factor that would make the Program more appealing and encourage participation. While the Program does increase the demand credit over the Pilot, the basis for the increase and amount is unknown.

Additionally, there is a substantial differential in the demand credit for one day (\$2.01 per kW), two days (\$2.51 per kW), and three days (\$2.76 per kW) per week of participation. As proposed, an irrigator interrupted three days per week receives only 37% more credit, while providing 200% more interruption, when compared with an irrigator that is interrupted only once per week. The rationale for this differential needs to be further explained and justified.

(3) The Number and Type of Irrigation Customers Eligible:

The proposed Program sets a minimum of 100 hp for participation, compared with the Pilot Program minimum of 150 hp. The Irrigators recognize that there should be some practical limit to ensure that the benefits derived from the participating customer outweigh the Program costs, including the cost of the timer. However, no cost data has been provided, and the rationale for the 100hp minimum is unknown. Though not necessarily better or preferable, PacifiCorp, on the other hand, allows all irrigation customers to participate in its program, but the customers are required to pay for the installation of the timers. While the Irrigators are not advocating such a procedure, some

analysis of the relationship between the cost of the program and the associated credits appears necessary.

CONCLUSION

The Irrigators highly favor system-wide implementation of an Irrigation Peak Clipping Program system-wide for the upcoming irrigation season. The key results of the Pilot Program indicate that it was very successful, achieved significant load shifting from peak to off-peak periods, thereby reducing demand, without any significant change in overall energy consumption. The proposed Program has been improved over the Pilot to increase the demand credits and lower the minimum participation level to 100 hp, which should make it more successful.

The Irrigators believe that the Program should be less rigid and provide greater flexibility and choice in the number of hours available for interruption each day and the number of days available each week to encourage maximum participation. The Company's Application and the report on the Pilot Program do not provide adequate information to understand, evaluate and comment on the proposed interruptibility schedule, the level of demand credits and variability per day, and the number and type of customers eligible. Additional information is required on these issues and is expected from the Company on a cooperative basis, but not prior to the Comment deadline. Approval of the Program in principle should be given so progress can move forward towards implementation, although additional time is needed to address the questions raised.

RESPECTFULLY SUBMITTED this 14th day of December, 2004.

RACINE, OLSON, NYE, BUDGE &
BAILEY, CHARTERED

By Randall C. Budge
RANDALL C. BUDGE

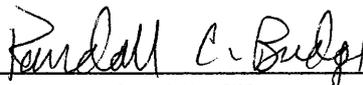
CERTIFICATE OF MAILING

I HEREBY CERTIFY that on this 14th day of December, 2004, I mailed a true and complete copy of the foregoing document, postage prepaid, to each of the following:

Jean Jewell, Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, Idaho 83720-0074

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

Timothy Tatum
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707



RANDALL C. BUDGE