

IDAHO PUBLIC UTILITIES COMMISSION

Case No. IPC-E-04-27, Order No. 29702

February 4, 2005

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Air conditioner cycling program approved for Idaho Power

Boise – The Idaho Public Utilities Commission has approved Idaho Power’s proposal to expand a volunteer air conditioner cycling program to include residential customers in Ada and Canyon counties and in the Emmett area.

The company anticipates that within five years the program will have 40,000 volunteer participants, which, with an average load reduction of 1.1 kW per participant, equates to 44.4 megawatts of electrical reduction during the peak-use times of June, July and August. One megawatt is enough to provide electricity to 750 homes.

Successful implementation of this voluntary program will “allow Idaho Power to reduce its summer peaking load and to lessen its reliance upon purchasing power or constructing supply-side generation,” the commission said in today’s order. For example, to meet growing demand Idaho Power recently built a natural gas-fired plant, Danskin, and is building another, Bennett Mountain, both near Mountain Home. These plants are intended for operation only during peak-use times. Programs like the air-conditioner cycling program, with an anticipated load reduction of 44.4 MW, would amount to half the output of the Danskin plant and would delay or eliminate the need to build further peaking plants.

Customers who volunteer to participate in the air conditioner cycling program have their air conditioners turned on and off (cycled) by direct load control switches installed by the company. Those who volunteer to participate in the program would be given a \$7 credit for each month they participate. Customers can temporarily opt out of the program for one day each month. There is no penalty for terminating participation in the program at any time.

The pilot program started last summer with residential customers in Boise and Meridian. For days when the temperatures reached at least 95 degrees, the company determined that the average load reduction was 1.11 kW per customer. The company plans to invest \$2.2 million in the program for the next five years and \$1.5 million for every year afterward. The higher costs of the program in the early years are attributed to the direct load control switches the company must buy as well as installing those switches and memory meters. Idaho Power proposes to defray costs of the program by using monies collected from its Energy Efficiency Rider that appears on customer bills. The company estimates a cost-benefit of seven cents return on every dollar invested by the tenth year and 42 cents on every dollar invested over a 30-year period.

Emmett is included in the pilot program because of the automated meter readers the company recently installed there. Eventually, the company proposes to expand the program to include its entire territory.

Eligibility to participate will be determined by several factors including a customer's energy use, location, size of home and the presence of fully functional air conditioner installed in compliance with national code. Customers who rent or lease their homes must provide written proof of the owner's permission to participate.

A full text of the commission's order, along with other documents related to this case, are available on the commission's Web site at www.puc.idaho.gov. Click on "File Room" and then on "Electric Cases" and scroll down to Case No. IPC-E-04-27.

Interested parties may petition the commission for reconsideration by no later than Feb. 25. Petitions for reconsideration must set forth specifically why the petitioner contends that the order is unreasonable, unlawful or erroneous. Petitions should include a statement of the nature and quantity of evidence the petitioner will offer if reconsideration is granted.

Petitions can be delivered to the commission at 472 W. Washington St. in Boise, mailed to P.O. Box 83720, Boise, ID, 83720-0074, or faxed to 208-334-3762.