



IDAHO POWER COMPANY
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IDAHO PUBLIC UTILITIES COMMISSION

June 8, 2006

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

Re: Case No. IPC-E-06-01
Idaho Power Company's Reply Comments

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of Idaho Power Company's Reply Comments regarding the above-described case.

I would appreciate it if you would return a stamped copy of this transmittal letter in the enclosed self-addressed, stamped envelope.

Very truly yours,

Barton L. Kline

BLK:jb
Enclosures

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PUBLIC UTILITIES COMMISSION

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE REVIEW OF) CASE NO. IPC-E-06-01
IDAHO POWER COMPANY'S PHASE)
ONE AMR IMPLEMENTATION STATUS) IDAHO POWER COMPANY'S
REPORT.)) REPLY COMMENTS
_____)

COMES NOW, Idaho Power Company ("Idaho Power" or "the Company"),
by and through its attorney of record, and in response to the comments of the
Commission Staff, hereby submits the following reply comments.

These reply comments are intended to provide additional information to
clarify several issues raised by Staff's comments dated April 25, 2006, as they relate to
the Company's 2006-2007 strategy for determining its future AMR policy.

1. Single-Phase Substations

On page three, paragraph three of their comments, Staff states: “TWACS[®] technology does not currently work with single-phase substations; the Company and DCSI are currently working to rectify that issue.”

The Company wishes to clarify that although the TWACS[®] technology is not available for single phase substations at this time, the Company and DCSI are not actively pursuing a solution to this situation. DCSI has indicated to the Company that it is willing to work with the Company on the implementation of a single-phase station solution with a commitment from the Company to purchase the equipment. The Company does not believe it prudent at this time to make that level of commitment. Single phase substations are rare and the market for this technology is small. Even if equipment was available to enable AMR to single-phase substations, it may not be economically feasible to do so considering the few customers served by these substations.

2. Extended Memory Modules

On page four, paragraph two of their comments, Staff states: “The Company plans to implement a new extended memory module currently in development by DCSI within the Phase One AMR region once available to counteract this problem.”

The Company plans to test the extended memory (XM) module when the XM modules and the associated software are available from DCSI. Part of this testing will be to determine the practicality and effectiveness of the XM module for resolving data acquisition issues. At the present time, the Company has no plans to replace the 24,000 meter modules in the Phase One AMR region with the XM module.

3. Server Capacity

On page four, paragraph two of their comments, Staff states: “It may be prudent for the Company to acquire additional resources or expand its server capacity to more reliably retrieve customer data within the necessary timeframe.”

The constraints on retrieving data are between the TWACS[®] substation equipment and the TWACS[®] meter module. The resolution to this issue will come only through TWACS[®] system enhancements to increase data transfer. The MIRA board for stations and XM modules for meters are two TWACS[®] enhancements that Idaho Power will be testing. Increasing Company staffing or server resources would not have significant impact on resolving the data retrieval issues.

4. Extended Memory Module

On page four, paragraph three of their comments, Staff states: “the extended memory module provides added insurance for data collection as more customers are converted to AMR meters.”

As stated earlier, the Company plans to test the XM module when the modules and the associated software are available from DCSI. However, it is still unknown if the XM module will improve data collection. The difficulties in collecting data are often a function of time. Although the XM module has extended memory and will allow the data to be available for a longer period of time, the overall time constraints on the system to collect data multiple times during a 24-hour day remain.

5. On-Demand Readings

On page four, paragraph four of their comments, Staff states: "Due to bandwidth limitations with the communications link and the necessity of manual intervention, on-demand readings are not executed on a routine basis."

The Company has chosen not to execute on-demand readings on a routine basis primarily because it is inefficient and impractical to do so. This decision was not primarily based on bandwidth considerations. In order to retrieve the hourly and daily readings, the Company has set up a communication and data retrieval routine that is programmed to initiate communications four times a day between the meters, substation, and TNS server. Interrupting this routine to perform on-demand readings is neither logical nor necessary in the normal course of business since the usage information needed to perform several functions, such as beginning and ending meter reads associated with customer movement, is available on a daily basis. The retrieval of on-demand reads is performed occasionally for troubleshooting and maintenance purposes only.

6. MDMS

On page five, paragraph two, Staff states: "The Company sought to implement an MDMS system that had not yet been developed." And "Specifically, missing hourly data for time-of-use customers was to be filled in through estimation algorithm using the individual's load history (as opposed to using the customer class consumption to estimate missing data, which the MDMS system was designed to do)."

In January of 2004 the Company began researching Meter Data Management Systems (MDMS) to validate, edit, and estimate (VEE) hourly data as well

as aggregate this data into time-of-use or critical peak pricing components, and pass this aggregated data to the Company's billing system. The Company could not find a commercially available, fully developed, enterprise system. There were several systems under development. The Itron system, although still being improved, was a functioning software that included a customizable VEE module. Both Itron and Idaho Power believed that customizing the estimating algorithm to utilize individuals' usage data as a baseline for estimation was a realistic expectation. This customization performed by Itron under contract with Idaho Power was ultimately determined to be more difficult than expected. Idaho Power believed at the time and still believes that using a customer's individual usage history to profile the missing hourly usage based on the difference between the daily kWh usage (calculated from cumulative reads) and the sum of the hourly consumptive usage, is the preferred method.

7. Nexus – 300 kW Usage Level

On page six, paragraph one of their comments, Staff states: "Nexus accurately displays information to customers whose demand does not exceed 300 kW although the Company has indicated that the threshold is more in the neighborhood of 500 kW (only .38% of industrial customers have a higher demand, and therefore were unable to use this resource)."

Idaho Power wishes to clarify that the Nexus Energy tools were designed for residential customers and general service customers with up to 300 kW in average demand. Idaho Power is currently allowing general service customers with up to 500 kW in demand access to the Nexus tools. Idaho Power has found that these tools provide accurate data for customers up to this level of demand. Idaho Power has very

few large general service customers, approximately .38% of the class total, who are unable to access their usage data through the Nexus Energy tools. Industrial customers within the AMR area were not converted to meters utilizing TWACS® meter modules. All Idaho Power Industrial Customers have load profile metering packages with telephone line connections. Idaho Power's Industrial Customers do not have access to Nexus, however they can contact an Idaho Power Delivery Service Representative (DSR) to request interval data be emailed to them concurrent with their monthly bill. All customers can view their monthly usage information at idahopower.com.

8. Nexus

On page six, paragraph two of their comments, Staff states: "(Most customers, 87% of those surveyed, prefer to receive usage analysis with their bills.)"

Idaho Power would like to clarify that it stated in the AMR Report: When asked where they would prefer to get electricity usage information, 87 percent of the customers involved in this research said they would prefer to see it on their Idaho Power bill rather than on the Idaho Power Web site. (AMR Report, page 10, part 1) In the customer survey conducted by Northwest Research Group, Inc in September 2005, a sample of 533 customers was asked: "Where would you prefer to get detailed information about your electricity usage?" They were given two choices: "Idaho Power bill or Idaho Power Website?" 455 (87%) replied on their Idaho Power bill, 69 (13%) replied on Idaho Power Website, and 9 replied don't know/refused to answer.

9. Consulting Services

On page eight, paragraph one of their comments, Staff stated: "From there, the Company will conduct an in-depth financial analysis with the continued assistance of MW Consulting to evaluate the business case for further AMR deployment."

Although Idaho Power engaged the services of MW Consulting in 2005 to assist in our in-depth evaluation of AMR and potential future options and strategies, the Company wishes to clarify that it currently does not have an ongoing contract with or obligation to MW Consulting nor does MW Consulting have any commitment or obligation to Idaho Power. The Company will continue to evaluate the costs and benefits of employing consultants during its AMR analysis and utilize their services if deemed of value

10. Population Density

On page eight, paragraph one of their comments, Staff states: "Staff would like to see AMR deployment follow logical steps based on the Company's findings, e.g. testing communication equipment in more densely populated areas as well as rural areas that are similar to Phase One implementation."

The communication characteristics of the TWACS® system are not a function of urban or rural installation of AMR equipment. Rather, they are a function of the substation buss section capability and are based on the volume of data being retrieved from the meters. The communications functionality works the same in both urban and rural environments. In the AMR Phase One Area, the Company installed the AMR system on a bus section with approximately 6,000 customers. Idaho Power's

larger substations in more urban settings usually have a series of bus sections each with approximately 6,000 customers. Given the similarity in buss section configuration for both urban and rural substations, there is no benefit to be gained by installing and testing TWACS® AMR communications equipment on urban stations instead of on those included in the AMR Phase One Area.

11. Conclusion

Idaho Power appreciates Staff's support of the Company's Phase One AMR Implementation Status Report ("the Report") and commits to continue working closely with Staff as it pursues its strategy for determining its future AMR policy. Specifically, the Company will continue testing and evaluating AMR functionality during 2006 and will work with its vendors to address the technical issues encountered during Phase One. The Company supports Staff's recommendation that the Company file a report by May 1, 2007, detailing the advances that have been made in resolving issues encountered during Phase One. During the first half of 2007 the Company plans to conduct a competitive bidding process that will include new Request for Proposals to multiple vendors. An in-depth financial analysis of AMR is planned during the second half of 2007 using varied scenarios of cost options and benefit possibilities. The Company believes this strategy will allow it to better understand the costs, benefits, and customer impacts of AMR prior to final determination of its future AMR policy.

DATED at Boise, Idaho this 8th day of June, 2006.



BARTON L. KLINE
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 8th day of June, 2006, I served a true and correct copy of the within and foregoing IDAHO POWER COMPANY'S REPLY COMMENTS upon the following named parties by the method indicated below, and addressed to the following:

Donovan E. Walker
Deputy Attorney General
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Hand Delivered
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 Overnight Mail
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