

Peter J. Richardson
Mark R. Thompson
Richardson & O'Leary PLLC
515 N. 27th Street
Boise, Idaho 83702
(208) 938-7900
Of attorneys for the Industrial Customers of Idaho Power

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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)	CASE NO. IPC-E-06-32
APPLICATION OF IDAHO POWER)	
COMPANY TO IMPLEMENT A)	COMMENTS OF THE
DEMAND SIDE MANAGEMENT)	INDUSTRIAL CUSTOMERS
INCENTIVE PILOT PROGRAM)	OF IDAHO POWER
_____)	

I. Introduction

In accordance with the Commission's Notice of Modified Procedure and Comment/Protest Deadline issued in the above-captioned proceeding, the Industrial Customers of Idaho Power (ICIP) respectfully submit these comments on Idaho Power Company's application to the Commission, in which the company requests authority to implement a demand-side management incentive pilot program ("DSM Incentive Program"). For the reasons set forth below, ICIP believes the Commission should deny the application.

II. Customers Should Not Be Required to Pay Idaho Power to Induce it to Undertake Cost-Effective Conservation Activities

From Idaho Power's application, and from meetings with Idaho Power on this topic, ICIP understands that the amount of money that may be at issue under

the proposed pilot DSM Incentive Program is relatively small. Despite the modest dollar amount, however, the principle at issue in this proceeding is quite significant and troubling to ICIP. The clear premise of Idaho Power's proposal is that the company must be paid more in order to meet or exceed the conservation goals outlined in its application. ICIP does not believe that customers should be required to pay over and above their cost-based rates in order for the company to follow this Commission's direction that it achieve cost-effective conservation.

Although Idaho Power's application for the DSM Incentive Program is in a separate docket from its application to implement a decoupling pilot program (Case No. IPC-E-04-15), the two are related. ICIP agreed to not actively oppose Idaho Power's seeking of a decoupling mechanism. The purpose of the decoupling mechanism is to *remove disincentives* that may be keeping Idaho Power from achieving conservation that it otherwise would, absent those disincentives. The DSM Incentive Program would go further by affirmatively *adding financial incentives* for Idaho Power to achieve conservation.

Thus, in addition to having disincentives to achieving conservation removed, the company is asking its customers to provide it with a financial incentive to achieve increased conservation targets. ICIP believes that if the company cannot or will not make every effort to achieve cost-effective conservation without incentive payments from its customers, the Commission should assign that task to a third-party provider of conservation. Third party

conservation providers are commonly used toward achieving increased conservation in regulated utilities' service territories.

III. A DSM Incentive Program Should Not Be Implemented During the Decoupling Pilot Program

As stated above, although filed in separate dockets, Idaho Power's application in this proceeding and its application to implement a decoupling mechanism are related. They both seek to create a context in which it is hoped that Idaho Power will achieve more cost-effective conservation. Additionally, both programs are proposed to be implemented on a pilot, or temporary basis.

Presumably, at least one reason the programs are proposed to be implemented on a pilot basis is because the outcomes of the program are unknown at this time. That is, unintended or unanticipated consequences will undoubtedly occur under these programs. Additionally, a temporary pilot gives the company, the Commission, and Idaho Power's customers an opportunity to evaluate the performance of the programs at the end of the pilot period, given new information that will be available in the future regarding each programs' performance.

ICIP urges the Commission not to adopt a pilot DSM Incentive Program that will run concurrent with the decoupling program. Doing so will combine the risks that would be associated with each pilot program individually, and may confound and contaminate the information derived from the decoupling pilot proposal. In sum, it is difficult to understand how either pilot program could be

separately and objectively evaluated at the end of the pilot period if both have the same end goal and were tested during the same period.

IV. Conclusion

For all of the reasons above, ICIP respectfully requests that the Commission deny Idaho Power's application to implement the DSM Incentive Program proposed in its application.

Respectfully submitted this 31st day of January, 2007.

A handwritten signature in black ink, appearing to read "Peter J. Richardson", with a long horizontal flourish extending to the right.

Peter J. Richardson
Richardson & O'Leary PLLC
515 N. 27th Street
Boise, Idaho 83702
Of Attorneys for Industrial Customers of Idaho Power

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 31st day of January, 2007, a true and correct copy of the within and foregoing COMMENTS OF THE INDUSTRIAL CUSTOMERS OF IDAHO POWER, was Hand Delivered to the following parties:

Jean Jewell
Commission Secretary
Idaho Public Utilities Commission
472 West Washington
Boise, Idaho 83702
jjewell@puc.state.id.us

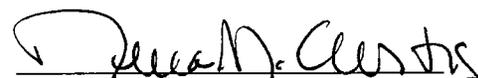
U.S. Mail, Postage Prepaid
 Hand Delivered
 Overnight Mail
 Facsimile
 Electronic Mail

Barton Kline
Monica Moen
Idaho Power Company
PO Box 70
Boise, Idaho 83707-0070

U.S. Mail, Postage Prepaid
 Hand Delivered
 Overnight Mail
 Facsimile
 Electronic Mail

John R. Gale
Vice President Regulatory Affairs
Idaho Power Company
PO Box 70
Boise, Idaho 83707-0070

U.S. Mail, Postage Prepaid
 Hand Delivered
 Overnight Mail
 Facsimile
 Electronic Mail


Nina M. Curtis