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Courtney Waites
Pricing Analyst

January 30, 2009

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

RE: Case No. IPC-E-07-05
2008 Energy Watch and Time-of-Day Programs Annual Report

Dear Ms. Jewell:

Enclosed please find eight copies of Idaho Power Company's Energy Watch and Time-of-Day Programs Annual Report. This report is filed in compliance with Idaho Public Utilities Commission Order No. 30292.

If you have any questions regarding this filing, you can contact me at 388-5612.

Sincerely,

Courtney Waites
Pricing Analyst

CW
Enclosures

c: Ric Gale
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UTILITIES COMMISSION

2008 ENERGY WATCH AND TIME-OF-DAY PROGRAMS ANNUAL REPORT

January 30, 2009

Background

On April 12, 2007, the Idaho Public Utilities Commission (IPUC) approved Idaho Power's application to continue offering on an ongoing basis two time-variant energy pricing programs for customers with Advanced Meter Reading (AMR) capability in the Emmett and Letha areas: the Energy Watch program and the Time-of-Day program. These two programs were initially approved as pilot programs in March 2005 and were authorized by the Commission to continue through April 1, 2007.

Program Descriptions

Energy Watch – The Energy Watch program is a simplified critical peak pricing program in which customers pay a flat energy rate in June, July and August other than during Energy Watch events, when participants pay a significantly higher rate. The Energy Watch events can be called on up to ten weekdays between June 15 and August 15. If called, the Energy Watch event runs between the hours of 5:00-9:00 p.m. and the electricity rate increases to 20¢ per kWh. During all other hours, participants pay a rate equal to the 0-300 kWh energy rate under Schedule 1.

When an Energy Watch event is called, participants are notified by telephone and/or email by 4:00 p.m. the day preceding the Energy Watch event. The Company utilizes live operators for the notification call for the first Energy Watch event, notifying customers of the Energy Watch event date and times. After the initial Energy Watch event, the Company uses the autodialing system to deliver recorded messages about the next Energy Watch events.

Time-of-Day – The Time-of-Day program has two seasons: the summer season and the non-summer season. The summer season runs June 1 through August 31 and has three pricing blocks. There are no time differentiated blocks for the non-summer season.

The following chart outlines the time blocks and pricing used during the summer of 2008:

Time-of-Day Program Summer Pricing 2008			
Price Block	Days	Hours	Cents/kWh
On-Peak	Mon – Fri	1 p.m. – 9 p.m.	8.8683¢ / kWh
Mid-Peak	Mon – Fri	7 a.m. – 1 p.m.	6.5148¢ / kWh
Off-Peak	Mon – Fri	9 p.m. – 7 a.m.	4.8074¢ / kWh
Off-Peak	Sat, Sun, July 4 th	All hours	4.8074¢ / kWh

On the Time-of-Use program, customers who shift their energy consumption from the daytime hours to the late evening and weekend hours are rewarded by paying the lowest rate for electricity.

Program Enrollment

In an attempt to increase participation in either program, the Company included information on the programs in a bill insert to the Emmett valley customers, advertised the program in the Emmett Messenger and held an in-store event at Albertson's, distributing information and answering customers' questions. As of September 2008, Idaho Power had 54 customers participating in the Energy Watch program and 81 customers participating in the Time-of-Day program. Currently, about 75% of the customers currently enrolled in one of the programs have been participants since 2005 when the programs were first offered.

Program Operation

The Energy Watch and Time-of-Day programs were operated in the same way they were in previous years. The Company sent a letter to all program participants in May thanking them for participating and reminding customers of ideas to reduce energy usage during the summer months. Likewise, in May, bill inserts were sent to all customers living in the Emmett and Letha areas soliciting their participation in one of the programs.

The Company continues to face the challenge of the manual intervention involved when moving a customer on or off of one of these programs. As has been noted in previous reports, this process requires a 'virtual' meter exchange within the Company's Customer Information System and is very time consuming for our Customer Service Representatives. However, the Meter Data Management System (MDMS) that required manual intervention during the 2005 and 2006 seasons passed acceptance testing in early 2007 and successfully validated, estimated, and aggregated the hourly meter data.

For the Energy Watch program, Idaho Power's program managers met on a daily basis between June 15th and August 15th to analyze forecasted temperatures and system load or supply side issues to determine if an event would be called the next day. The

Company called ten Energy Watch events between June 15th and August 15th. This year, five events were called in July and five were called in August, with two instances of consecutive events. The following is a list of the event days called:

JUNE	JULY	AUGUST
	July 1 st	August 1 st
	July 9 th	August 5 th
	July 15 th	August 7 th
	July 24 th	August 14 th
	July 25 th	August 15 th

When an event was called, an email was sent by 11 a.m. to those program participants who supplied an email address notifying them of the next day's scheduled event. This email also triggered the autodialing system which notified all program participants of the upcoming Energy Watch event by telephone. The following is a summary of the results by month of the telephone notification system that was completed by 4 p.m. on the day preceding an Energy Watch event:

	Calls Placed	Talked to a Live Person	Message left to an Answering Machine	Busy	No Answer	Customer Hung Up	Other
Jun-08	57	49	3	0	2	0	3
		86%	5%	0%	4%	0%	5%

	Calls Placed	Talked to a Live Person	Message left to an Answering Machine	Busy	No Answer	Customer Hung Up	Other
	57	49	3	0	2	0	3
		86%	5%	0%	4%	0%	5%

	Calls Placed	Left Message w/ a Live Person	Message left to an Answering Machine	Busy	No Answer	Customer Hung Up	Other
Jul-08	230	184	15	2	6	7	16
		86%	7%	1%	3%	3%	7%
Aug-08	301	148	89	5	8	18	33
		49%	29%	2%	3%	6%	11%

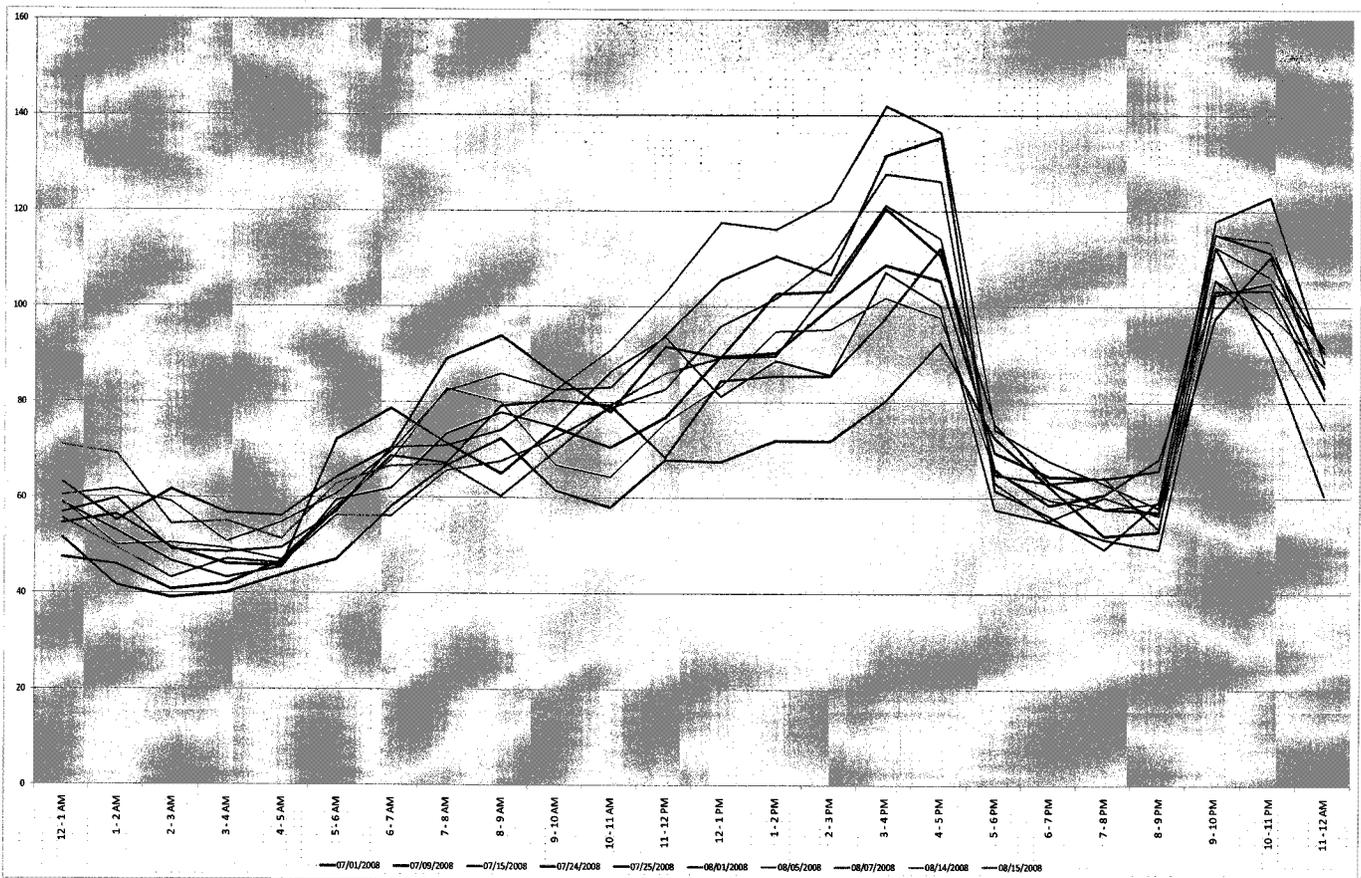
	Calls Placed	Left Message w/ a Live Person	Message left to an Answering Machine	Busy	No Answer	Customer Hung Up	Other
	301	148	89	5	8	18	33
		62%	20%	1%	3%	5%	9%

Program Results

With the acceptance of the MDMS in 2007, Idaho Power was able to internally aggregate and analyze customer data for the 2008 summer season. The following is a review of the results of the Energy Watch and Time-of-Day programs.

Energy Watch – In order to analyze the data of the Energy Watch customers, the customers' aggregate hourly usage for each of the days an Energy Watch event was called is graphed below. The chart details the load shape for the Energy Watch customers on event days.

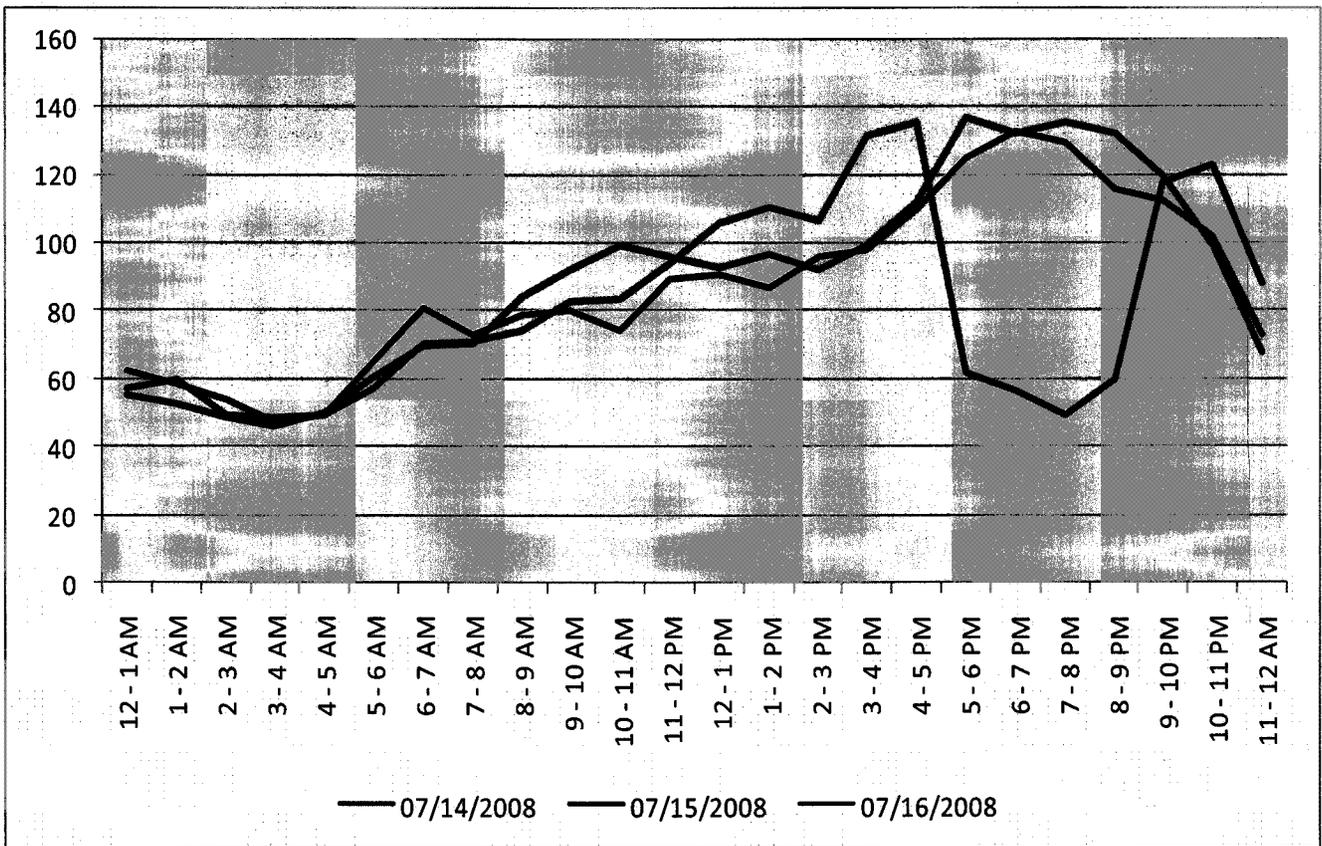
All 2008 Energy Watch Event Dates



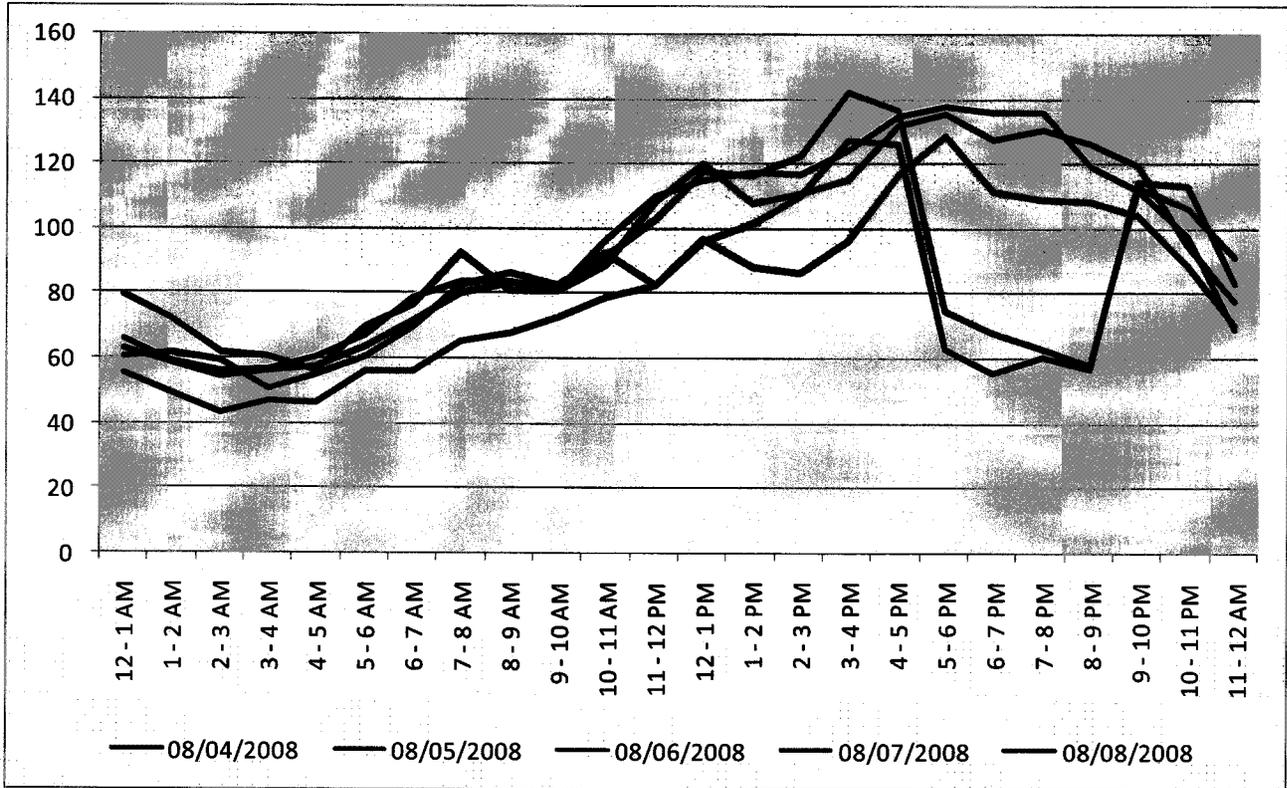
As can be seen from the graph above, customers substantially reduced their load during the Energy Watch events.

To further analyze the data, the hourly usage for each day of an Energy Watch event was compared to the hourly usage for the day before and the day after the event. In addition, hourly usage was analyzed during a week in which two event days were called to understand the impacts on customers and how they may respond to two events in one week. The following two charts illustrate these scenarios:

Event Date: July 15th, 2008



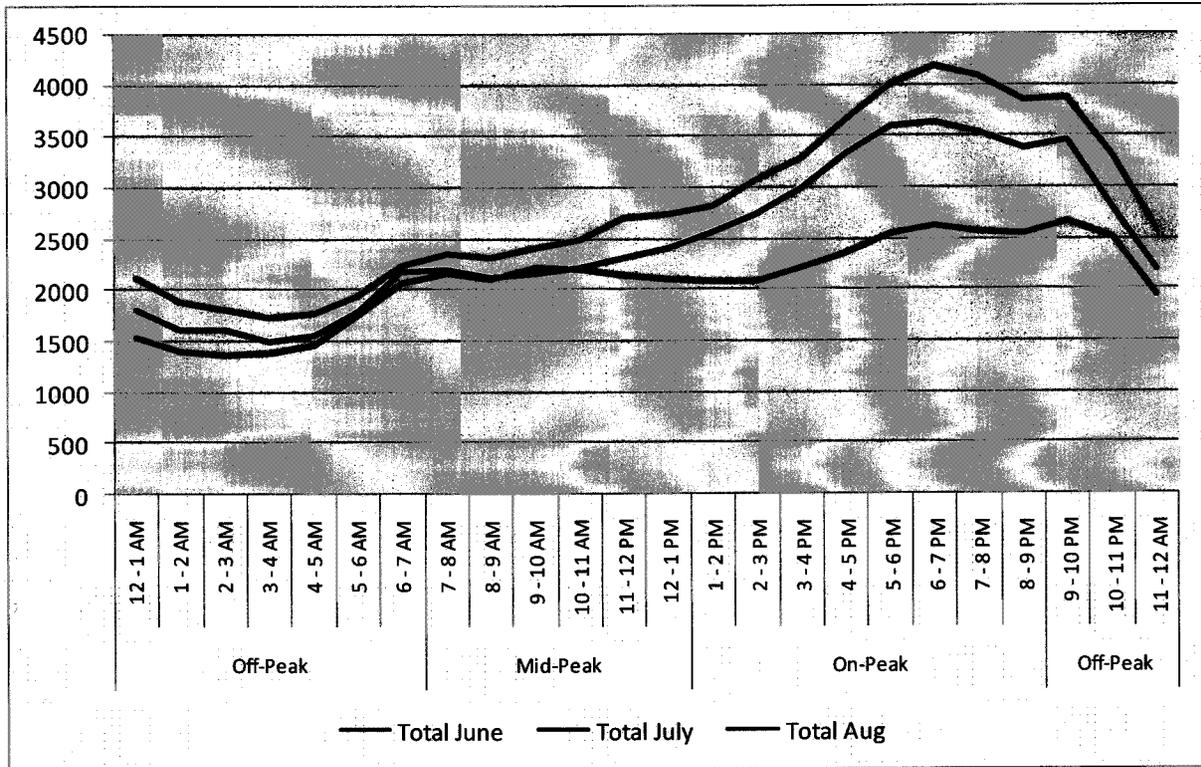
Event Dates: August 5th and 7th, 2008



These charts clearly reflect that customers are reducing their usage during Energy Watch events.

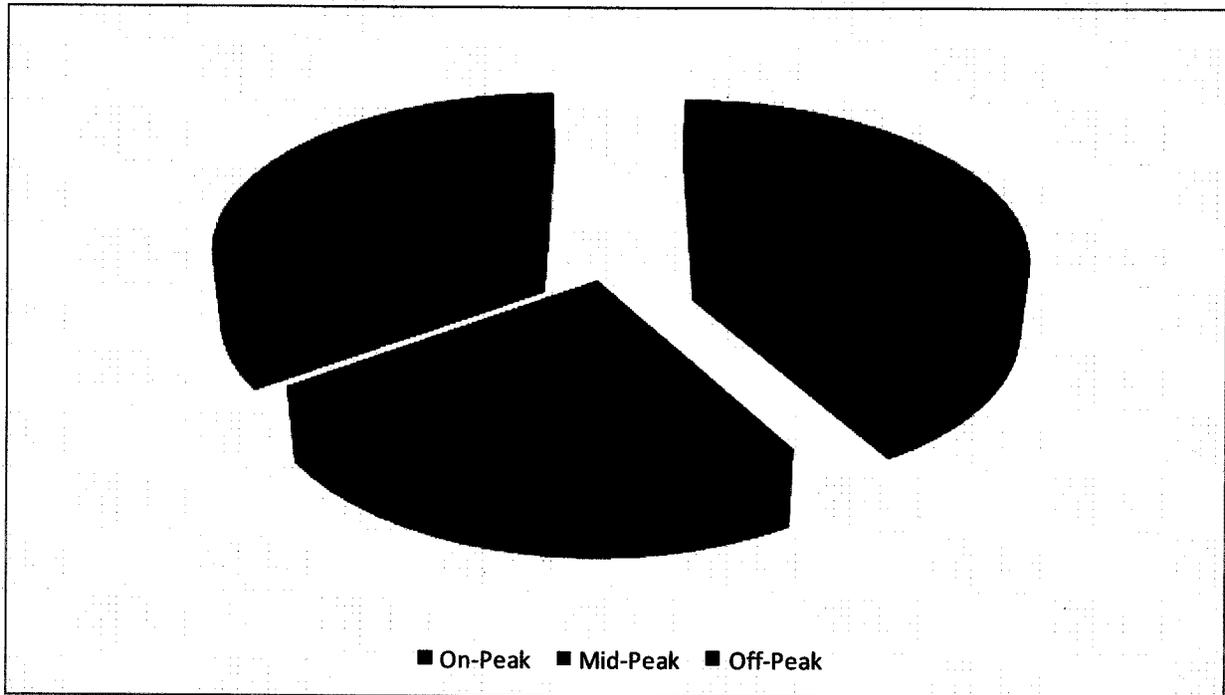
Time of Day – In order to analyze the data of the Time-of-Day customers, the total weekday hourly energy usage for the Time-of-Day customers during the 2008 summer season by month was totaled (excluding Independence Day). The chart below shows the total weekday usage by hour for each of the three summer months.

Time of Day: 2008 Season



To evaluate what impact the Time-of-Day rates had on customers' usage patterns during on-peak periods, the hourly usage data was grouped by on-peak, mid-peak and off-peak time periods and compared with the percent of energy consumed during each of those periods. Below is a summary of that data for 2008 weekdays (excluding Independence Day).

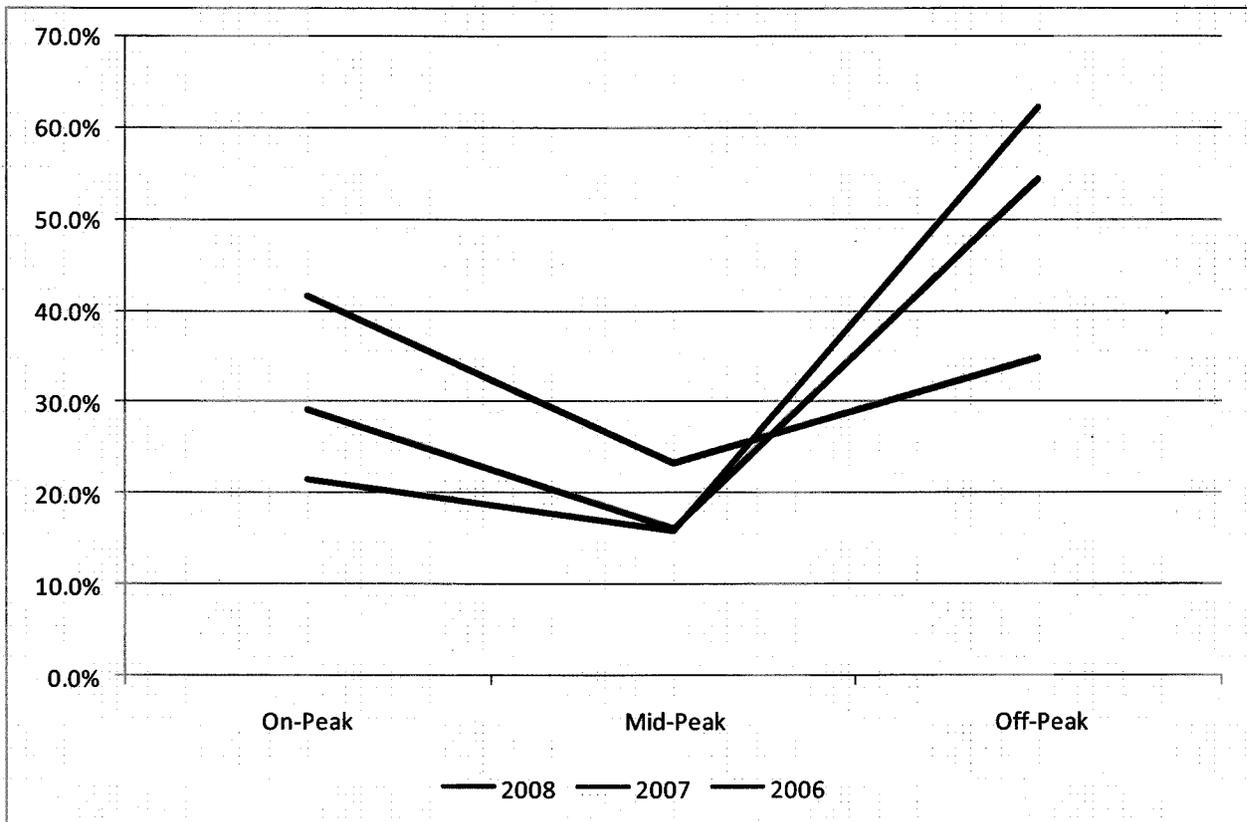
Time of Day Percent of Usage by Time Period



To identify any changes in overall usage patterns, a comparison was made between the on-peak, mid-peak, and off-peak usage for 2006, 2007, and 2008. The chart below summarizes the percent of total use by time period for each year.

Period	2006	2007	2008
June			
On-Peak	21.6%	27.7%	38.1%
Mid-Peak	17.7%	16.7%	25.8%
Off-Peak	60.8%	55.6%	36.1%
July			
On-Peak	20.7%	28.9%	43.1%
Mid-Peak	14.2%	14.9%	22.4%
Off-Peak	65.1%	56.2%	34.6%
August			
On-Peak	22.8%	31.1%	43.1%
Mid-Peak	16.7%	17.1%	22.5%
Off-Peak	60.5%	51.8%	34.4%

When compared to the total summer season time period usage in 2006 and 2007, the 2008 time period usage shows a significant shift of off-peak usage to on-peak. See the chart below.



Future of the Energy Watch and Time-of-Day Programs

The Energy Watch and Time-of-Day programs continue to provide the Company with valuable information regarding customers' responses to time-variant pricing. Consistent with the findings from previous analyses, Energy Watch program participants appear to reduce load during the Energy Watch events while it appears that Time-of-Day program participants do not engage in load shifting. The Company's ongoing objectives are to better educate customers on ways to reduce usage during high cost time periods, increase participation in both the Energy Watch and Time-of-Day programs, and reevaluate the differentials between the periods of the Time-of-Day program.