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Attorney for the Commission Staff

## **BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION OF )</b>	
<b>IDAHO POWER COMPANY FOR AUTHORITY )</b>	<b>CASE NO. IPC-E-07-5</b>
<b>TO IMPLEMENT TIME-VARIANT ENERGY )</b>	
<b>PRICING PROGRAMS )</b>	
<b>)</b>	<b>COMMENTS OF THE</b>
<b>)</b>	<b>COMMISSION STAFF</b>
<b>)</b>	

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The Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Donovan E. Walker, Deputy Attorney General, in response to Order No. 30275, the Notice of Application and Notice of Modified Procedure issued on March 15, 2007, respectfully submits the following comments.

### **THE COMPANY'S APPLICATION**

On February 28, 2007, Idaho Power Company filed an Application seeking authority to implement two time-variant energy pricing programs for customers in the Emmett and Letha, Idaho vicinities (Emmett Valley). The two time-variant pricing programs, Energy Watch and Time-of-Day, were previously approved as pilot programs in March 2005, and authorized to continue through April 1, 2007. See Order No. 30037, Case No. IPC-E-06-05. The two pilot programs were available to customers in the Emmett Valley who had AMR metering installed.

Under both pilot programs, the pricing for energy consumption during the months of June, July, and August included a time-variant component. For all other months, the pricing was identical to that for standard residential service under Schedule 1. The Company wishes to continue offering these programs to customers in the Emmett Valley, allowing continued evaluation and refinement of the programs and internal systems required to run them.

The Company states it filed reports with the Commission detailing the results of the pilot programs' operation. A report for the first year of operation was filed on March 29, 2006, and a report for the second year of operation was filed on February 28, 2007. The Company requests that the Commission take administrative notice of those filings in this proceeding. The Company states that the analyses from those reports shows that: Overall, the participants in the pilots were satisfied with the programs; on average, customers benefited (saved money) by participating in the programs; on average, the participants reduced household energy demand; and customer retention in the programs was relatively high. The Company states that based upon the results of the pilot programs, including the high level of customer satisfaction, that it is proposing to maintain the same program design and pricing going forward as that implemented for the pilots during the summer of 2006.

Under the Energy Watch Program, Schedule 4, customers would pay a substantially increased flat rate for energy consumption during a designated Energy Watch Period. Energy Watch Periods will be determined by the Company. Program participants will be notified of the declared Energy Watch Period by 4:00 p.m. the day ahead by telephone and, where available, by e-mail. Energy Watch Periods can occur on any weekday from June 15 through August 15, and will be for the hours of 5:00 p.m. to 9:00 p.m. The Company proposes that the Energy Watch Periods will occur on no more than 10 days from June 15 to August 15, for a total of 40 hours. The base energy rate for the Energy Watch Program would be equal to the first block energy charge under Schedule 1, currently 5.4251¢ per kWh. During Energy Watch Periods the proposed base energy rate is 20¢ per kWh. The over-300 kWh pricing block will be eliminated. Customers participating in the Energy Watch Pilot Program would continue to pay the monthly service charge of \$4.00.

Under the Time-Of-Day Program, Schedule 5, customers would be given the opportunity to reduce their electric bills by shifting their summer usage, based upon three different price categories, from "on-peak" periods, when the cost to provide energy is highest, to the "off-peak" periods, when the cost to provide energy is the lowest. During the non-summer season, the pricing

would be the same as that under Schedule 1, currently 5.4251¢ per kWh. The three time-of-day periods for the summer season are defined and priced as follows:

<b>Time-of-Day Period</b>	<b>Definition</b>	<b>Energy Rate</b>
On-Peak	1:00 p.m. to 9:00 p.m., Monday through Friday	8.3279¢ per kWh
Mid-Peak	7:00 a.m. to 1:00 p.m., Monday through Friday	6.1060¢ per kWh
Off-Peak	9:00 p.m. to 7:00 a.m. on all days and all hours, Saturday, Sunday, and the Fourth of July	4.5145¢ per kWh

The summer and non-summer seasons are defined the same as under Schedule 1, with the summer season beginning June 1 and ending August 31. Customers participating in the Time-of-Day Pilot Program will continue to pay the monthly service charge of \$4.00.

#### **STAFF ANALYSIS**

Staff has reviewed the Company's filing and the evaluation reports of the second year of operation for both pilot programs. Staff agrees with the Company's assessment that additional questions and issues remain, particularly in the integration of the AMR meter data into the Company's standard billing procedures and operations. Staff recommends that continued operation of the pilot programs would be beneficial. The Company's previous applications for operation of these pilot programs were for a fixed time period, each basically covering a single summer. This application does not identify an end date. Staff believes that the operational issues identified during the first two years of pilot programs must be resolved prior to any significant expansion of these programs. Therefore, Staff believes it is reasonable to continue the programs on a pilot basis for an indefinite period until these issues are resolved. However, Staff also recommends the Company be directed to file an annual report on the progress made and information gained from the previous year's operation of the pilots. This report should be filed before the end of January of the following year. Staff and the Company have discussed evaluation plans for the operation of the programs in 2007, and would continue these discussions for any future years.

## STAFF RECOMMENDATION

Staff recommends the Commission approve Idaho Power's application to continue the two time variant pricing pilot programs, and that the Company be directed to file annual progress reports as stated above.

Respectfully submitted this *5th* day of April 2007.



Donovan E. Walker  
Deputy Attorney General

Technical Staff: Wayne Hart  
Dave Schunke

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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 5<sup>TH</sup> DAY OF APRIL 2007, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-07-05, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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SECRETARY