

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER REDFORD
COMMISSION SECRETARY
COMMISSION STAFF

FROM: DONOVAN E. WALKER

DATE: APRIL 6, 2007

SUBJECT: IDAHO POWER'S APPLICATION TO IMPLEMENT TIME-VARIANT PRICING PROGRAMS, CASE NO. IPC-E-07-05

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). On March 15, 2007, the Commission issued a Notice of Application and Modified Procedure establishing a comment deadline of April 5, 2007. The only comments received were those of Commission Staff, recommending approval of the Application.

THE APPLICATION

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 states that it 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 that 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 analysis 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.

THE PROGRAMS

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 email. 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 cents/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:

Time-of-Day Period	Definition	Energy Rate
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 day, and all hours on 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 RECOMMENDATION

Staff reviewed the Company's Application as well as the Year Two Final Report on the Pilot Programs in Case No. IPC-E-06-05. Staff agreed with the Company that additional questions and issues remain, particularly with the integration of the AMR meter data into the Company's billing procedures and operations, that could benefit from continued operation of the pilot programs prior to a more widespread implementation. Staff recommended that the Commission grant the Company's Application to continue both programs, and that the Company be directed to file annual progress reports on the programs by the end of January each year.

COMMISSION DECISION

Does the Commission wish to grant the Company's request to implement/continue the two time-variant energy pricing programs for customers in the Emmett Valley area?

If so, does the Commission wish to direct the Company to file annual progress reports regarding the programs?



Donovan E. Walker