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IDAHO PUBLIC
UTILITIES COMMISSION

DONOVAN WALKER
Attorney II

May 23, 2008

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

Re: Case No. IPC-E-08-12

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of Idaho Power's Application in the above-referenced matter.

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

Very truly yours,

Donovan Walker

DW:csb
Enclosures

DONOVAN E. WALKER, ISB No. 5921
BARTON L. KLINE, ISB No. 1526
Idaho Power Company
P.O. Box 70
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Attorneys for Idaho Power Company

Street Address for Express Mail:
1221 West Idaho Street
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. IPC-E-08-12
APPROVAL OF AN AIR CONDITIONER)
CYCLING PROGRAM AGREEMENT FOR) APPLICATION
MOUNTAIN HOME AIR FORCE BASE.)
_____)

Idaho Power Company ("Idaho Power" or the "Company" or the "Applicant") in accordance with RP 52, Idaho Code § 61-313, and §61-502 hereby respectfully makes Application to the Idaho Public Utilities Commission ("IPUC" or the "Commission") for an Order approving an Air Conditioner Cycling Program Agreement for Mountain Home Air Force Base ("MHAFB" or "Customer").

In support of this Application, Idaho Power represents as follows:

BACKGROUND

1. Idaho Power currently operates a Residential Air Conditioning Cycling Program under Tariff Schedule 81 (A/C Cool Credit). The Air Conditioner Cycling

Program is an optional, supplemental service that permits participating Residential Customers (Schedule 1) an opportunity to allow the Company to cycle their central air conditioners with the use of a direct load control device installed at their residence. Customers receive a monthly monetary incentive for successfully participating in the Program during the air conditioning season.

2. This program was initially rolled out as a two-year pilot program in March 2003. Case No. IPC-E-02-13, Order No. 29207. Based on the success of the pilot program, in February 2005, it was implemented as a voluntary, supplemental service offered under Tariff Schedule 81 to residential customers. Case No. IPC-E-04-27, Order No. 29702. During 2007 approximately 13,600 customers participated in the A/C Cool Credit program. The estimated demand reduction in July 2007 was 10.8 MW, with a cumulative savings at year-end of approximately 15 MW.

MHAFB AGREEMENT

3. Idaho Power and MHAFB have executed an Agreement to provide for the participation of MHAFB in the Air Conditioner Cycling Program for its base housing. The Agreement, which mirrors Tariff Schedule 81, is attached hereto as Attachment No. 1 and incorporated herein by this reference. Tariff Schedule 81 applies only to residential customers who take service pursuant to Schedule 1. Mountain Home Air Force Base is a Schedule 19, Large Power Service, customer of Idaho Power taking service from one service point. Although MHAFB is a single customer of Idaho Power, approximately 1,100 individual residences exist on its property as base housing and are served by/through MHAFB's Schedule 19 service. MHAFB expressed interest in having

the individual residences located on base (base housing) participate in the Air Conditioner Cycling Program, and thus the attached Agreement was executed.

4. The Agreement is meant to operate in much the same way as Schedule 81. The Agreement provides for the installation of a load control device at residences on the air base that qualify for the program. The customer, MHAFB, will receive a \$7.00 per month credit for June, July, and August for each participating residence. However, because MHAFB is a single Customer with multiple residences, the Agreement provides for a cumulative credit on MHAFB's September bill at the end of the air conditioning season.

5. Other notable differences between the Agreement and Schedule 81 are: 1) MHAFB will be responsible for notifying the occupants of its residences in advance of the installation, and subsequent access to the devices by the Company and 2) MHAFB may request to have residences added to, or removed from the Program at any time during the year, but the one day per month "opt out" provision for an individual residence was removed because of technical limitations.

MODIFIED PROCEDURE

6. Idaho Power believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure, i.e., by written submissions rather than by hearing. RP 201 *et seq.* If, however, the Commission determines that a technical hearing is required, the Company stands ready to present its testimony and support the Application in such hearing.

COMMUNICATIONS AND SERVICE OF PLEADINGS

7. Communications and Service of Pleadings with reference to this Application should be sent to the following:

Donovan E. Walker
Barton L. Kline
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
dwalker@idahopower.com
bkline@idahopower.com

John R. Gale
Courtney Waites
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
rgale@idahopower.com
cwaites@idahopower.com

REQUEST FOR RELIEF

8. Idaho Power respectfully requests that the Commission issue an Order: 1) authorizing that this matter may be processed by Modified Procedure and 2) approving the Agreement between MHA FB and Idaho Power attached as Attachment No. 1 to this Application.

DATED at Boise, Idaho this 3rd day of May 2008.


DONOVAN E. WALKER
Attorney for Idaho Power Company

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-08-12

IDAHO POWER COMPANY

ATTACHMENT NO. 1

**AIR CONDITIONER CYCLING PROGRAM
FOR MOUNTAIN HOME AIR FORCE BASE**

This Agreement is entered into as of the 8 day of May, 2008, between Idaho Power Company, (Idaho Power; Company) and Mountain Home Air Force Base (MHAFB; Customer). This Agreement sets forth the terms and conditions by which MHAFB may participate in Idaho Power's Air Conditioner Cycling Program.

PURPOSE

Idaho Power Company operates a Residential Air Conditioner Cycling Program under Schedule 81 of its approved tariff on file with the Idaho Public Utilities Commission (Commission). The Air Conditioner Cycling Program is an optional, supplemental service that permits participating Residential Customers (Schedule 1) an opportunity to voluntarily allow the Company to cycle their central air conditioners with the use of a direct load control Device installed at their residence. Customers receive a monthly monetary incentive for successfully participating in the Program during the Air Conditioning Season.

Mountain Home Air Force Base is a Schedule 19, Large Power Service, customer of Idaho Power. MHAFB desires to have the individual residences located on base (base housing) participate in the Air Conditioner Cycling Program. MHAFB is a single customer of Idaho Power, although numerous individual residences exist as base housing and are served by MHAFB's Schedule 19 service. The intent of this Agreement is to provide for the participation of MHAFB in the Air Conditioner Cycling Program for its base housing.

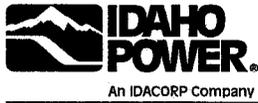
DEFINITIONS

AC Cycling is the effect of the Company sending a signal to a Device installed at a Residence and instructing it to cycle the Central Air Conditioning compressor for a specified length of time.

Air Conditioning Season is the three-month period that commences on June 1 and continues through August 31 of each calendar year.

Central Air Conditioning is a home cooling system that is controlled by one or more centrally located thermostats that controls one or more refrigerated air-cooling units located outside a Residence.

Cycling Event is a period during which the Company sends a signal to the Device installed at a Residence, which instructs the Device to begin AC Cycling. Cycling Events occur during a four hour period between 3:00 p.m. and 7:00 p.m. on select weekdays, with a maximum of 40 hours per month. Cycling Events do not occur on weekends or holidays. Cycling Events occur during the Air Conditioning Season, which



is a three month period from June 1 through August 31 of each calendar year. During a typical Cycling Event, a Residence's unit would cycle at a 50% rate, i.e., if an individual unit normally runs 30 out of 30 minutes, during a Cycling Event it would run for 15 minutes on, and 15 minutes off.

Customer is Mountain Home Air Force Base.

Device is a direct load control device installed at a Residence that enables the Company to initiate AC Cycling.

Notification refers to the Customer's indication of intent to initiate or terminate participation of an individual Residence in the Program by either contacting Andrea Simmons, Idaho Power, at 208-388-5488, or calling toll free at 866-865-2665.

Residence is an individual dwelling unit (base housing) located on Customer's property, i.e., the Air Base.

Occupant is the individual or individuals occupying or living in a Residence owned by Customer.

AVAILABILITY

Service under this Agreement will be available to Customer's residential housing units (base housing) that have Central Air Conditioning located at the Residences. Customer may request to have Residences added to, or removed from the Program at any time during the year by providing Notification to the Company.

Service under this schedule may be limited based upon the availability of Program equipment and/or funding. The Company shall have the right to select and reject Program participants (Residences) at its sole discretion based on criteria the Company considers necessary to ensure the effective operation of the Program. Selection criteria may include, but will not be limited to, energy usage, residential location, size of home, or other factors. Customers' Central Air Conditioning equipment must be fully functional and comply with the National Electric Code (NEC) standards.

TERMS AND CONDITIONS

Upon execution of this Agreement, participation in the AC Cycling Program will be subject to the following terms and conditions:

1. MHAFFB, in taking service under this Agreement is hereby giving the Company or its representative permission, on reasonable notice and upon complying with security requirements, to enter the Air Base and property to install a Device and, in certain cases, either a mass memory meter or an end-use meter and to allow Idaho Power or its representative, with prior notice to Customer, reasonable access to the residences, including the Device or other Program-related equipment following its

installation. MHAFB shall be responsible for notifying the Occupants of the Residences in advance of the installation of, and subsequent access to, the Devices by the Company.

2. Residences added to the Program during the Air Conditioning Season must be effectively participating in the Program prior to the 20th day of the month in order for the Customer to receive an incentive payment for the Residence for that initial month.

3. Customer may discontinue a Residence's participation in the Program or add additional Residence's to the Program by providing Notification to the Company.

4. If there is evidence of alteration, tampering, or otherwise interfering with the Company's ability to initiate a Cycling Event, the Residence's participation in the Program may be terminated and the Customer may be required to reimburse the Company for the cost of replacement or repair of the Device or other Program equipment and the Company will reverse any amounts credited to the Customer's bills during the past twelve months as a result of that Residence's participation in the Program.

PROGRAM DESCRIPTION

1. At the Company's expense, the Company or its representative will install a Device at each of the Customer's residential housing units (base housing) that qualify for participation in the Program.

2. A financial incentive of \$7.00 per month for each of the three months of the Air Conditioning Season will be paid to Customer for each Residence that successfully participates in the Program. This incentive will be paid in the form of a cumulative credit on the Customer's bill for the month of September. Incentive payments are limited to one controlled Central Air Conditioning unit per Residential service point. Residences that have more than one Central Air Conditioning unit at a Residential service point may participate in the Program. A Device must be installed at each Central Air Conditioning unit. However, no additional incentive will be paid.

3. The Company will send a signal to the Device to initiate a Cycling Event. A Cycling Event may be up to four hours per day on any weekday during the Air Conditioning Season. A Cycling Event may occur over a continuous 4-hour period or may be segmented throughout the day at the Company's discretion in order to optimize available resources. Cycling Events may occur up to 40 hours each month and will not exceed a total of 120 hours per Air Conditioning Season. Mass memory meters or end-use meters may be installed on some Residences or Central Air Conditioning units for program evaluation purposes. The Residences or Central Air Conditioning units selected for installation of the meter shall be at the Company's sole discretion.

SPECIAL CONDITIONS

The Company is not responsible for any consequential, incidental, punitive, exemplary or indirect damage to the participating Customer, Occupant, or third parties that results from AC Cycling, from the Customer's or Occupant's participation in the Program, or of Customer's and or Occupant's efforts to reduce peak energy use while participating in the Program.

The Company makes no warranty of merchantability or fitness for a particular purpose with respect to the Device and any and all implied warranties are disclaimed.

The Company shall have the right to select the AC Cycling schedule and the percentage of Customer's Central Air Conditioning systems to cycle at any one time, up to 100%, at its sole discretion. 100% cycling, (where every unit would be off, or cycling, at the same time) is reserved only for an emergency situation. During normal Cycling Events the signal is sent out to all switches at once. Based upon the internal coding, the load control devices randomly cycle, or turn off, their individual units for their portion of time. This effectively randomizes and smoothes the entire load from dropping and resuming at the same time.

The provisions of this Agreement do not apply for any time period that the Company interrupts the Customer's load for a system emergency or any other time that a Customer's service is interrupted by events outside the control of the Company. The provisions of this Agreement will not affect the calculation or rate of the regular charges associated with Customer's standard service schedule.

This Agreement is designed to closely follow Idaho Power's Schedule 81 in its Commission Approved Tariff. However, this Agreement must be presented to, and approved or accepted by the Commission prior to the commencement of performance under the Agreement by any party. This Agreement is hereby conditioned upon approval or acceptance, without substantial change, by the Commission. Upon execution of this Agreement the Company will promptly seek Commission approval and/or acceptance.

(Signature page immediately follows)



IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in their respective names on the dates set forth below:

MOUNTAIN HOME AIR FORCE BASE

Signature

Joseph C. Armstrong
Printed Name of Signor

I.T.E. Base Energy Manager
Title of Signor

5/23/08
Date

IDAHO POWER COMPANY

Signature

Theresa Drake
Printed Name of Signor

Customer Relations and Energy Efficiency Manager
Title of Signor

May 23, 2008
Date

Anthony Charles
Signature, Housing Maintenance Contractor

ANTHONY CHARLES
Printed Name of Signor

21 May 2008
Date