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Comments of the Snake River Alliance
On Idaho Power Company's Application to Purchase Power from PPL EnergyPlus
Case No. IPC-E-08-13

July 24, 2008

The Snake River Alliance appreciates the opportunity to provide these comments to the Idaho Public Utilities Commission relating to Case No. IPC-E-08-13, Idaho Power Company's Application for an Accounting Order Authorizing the Inclusion of Power Supply Expenses Associated With the Purchase of Capacity and Energy from PPL ENERGYPLUS, LLC in the Power Cost Adjustment.

The Snake River Alliance (Alliance) has long been interested in promoting sustainable energy opportunities as an alternative to conventional fossil fuel-based energy resources in Idaho or as a resource for purchases of power to be imported into Idaho. As such, the Alliance is interested in encouraging policies that promote renewable energy resources to serve Idahoans, as well as in promoting energy conservation and efficiency measures to slow the growth of base load and peak energy demands among Idaho's utilities.

The Alliance understands and appreciates Idaho Power's position and acknowledges that this docket is made necessary in part by the expiration of existing power purchase agreements with PPPL Montana in 2009. We also acknowledge that Idaho Power must meet its short-term power needs, and that no new significant baseload generation is scheduled to come online for the next two years or more.

Having said that, we continue to be concerned about the cost of this power purchase, and about the growing gap between the Company's projected firm and summer peak power needs. As became evident in Idaho Power's 2008 Integrated Resource Plan Update, the Company's projected peak demand continues to grow at rates greater than its forecasted firm load. For us, that raises the question of whether additional efforts must be marshaled to reduce the summer peak, which if successful would reduce the need for such expensive power purchase agreements as this.

The Alliance is not asking the PUC to deny Idaho Power's request in this case. Rather, we encourage the Commission to consider some modifications that might further incentivize what the Alliance believes is an already impressive improvement by the utility in its DSM programs. One option might be to allow 90 percent of the requested purchase amount in the first year of the contract, followed by 80 percent in the second, etc., and require the Company to make up the difference through energy efficiency and conservation measures beyond those the company has already implemented. This application is designed to address existing and chronic peak demand problems, and incentives to expand those programs is appropriate. Currently, about half of the Company's DSM budget is going to address peak demand concerns, notably the valuable residential air-conditioning and also the irrigation cycling programs.

As for the cost of the power to be imported from Montana, the Alliance agrees first that if power must be imported during these expensive summer months, importing it from an east-side resource is logical given the well-established transmission constraints on the west side of the Company's system. We're also mindful of the significantly higher market purchase costs during the peak summer months. But we continue to believe that, including line losses, the cost of this power will approach 11 cents per KWh – a price that poses challenges for ratepayers in all classes. Furthermore, the cost of this power underscores the need for the peak demand reductions referenced above, as it does for a review of how the PUC and our regulated utilities define "cost effective" energy efficiency measures.

Given the cost of this power, it's the Alliance's hope that we can re-evaluate what we consider "cost effective" for measures to be included in our utilities' DSM programs. If, for instance, an amount similar to that contemplated for the purchase and import of 83 MW per hour to satisfy peak demand needs were to be spent instead on air-conditioning replacement programs, the utility and its customers would benefit greatly by having a far more efficient fleet of air-conditioners and also by the corresponding reduction in peak demand. We believe a redefinition of what classifies as "cost effective" might make it easier to devote more utility DSM funds to efforts that are not currently considered cost effective but in fact are in the long run. It seems to us that any and all efforts to reduce the summer peak will benefit both the company and its customers – and would also reduce the need for expensive market purchase contracts such as this one.

Once again, the Alliance appreciates the opportunity to submit these brief comments to the Commission.

Respectfully submitted,

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