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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	
COMPANY'S APPLICATION SEEKING)	CASE NO. IPC-E-09-12
AUTHORITY TO IMPLEMENT A)	
COMMERCIAL AIR CONDITIONER)	COMMENTS OF THE
CYCLING PILOT PROGRAM.)	COMMISSION STAFF
)	

The Staff of the Idaho Public Utilities Commission, by and through its Attorney of Record, Neil Price, Deputy Attorney General, in response to the Notice of Application and Notice of Modified Procedure, issued on May 12, 2009, Order No. 30804, submits the following comments.

BACKGROUND

On April 16, 2009, Idaho Power Company ("Idaho Power" or "Company") filed an Application with the Commission, pursuant to *Idaho Code* §§ 61-502, 61-507, 61-508 and Commission Rules of Procedure 52, seeking authority to implement a Commercial Air Conditioner (AC) Cycling Pilot Program ("Program").

Idaho Power's Application describes the Program as directed toward small commercial customers; similar to its Schedule 81 residential air conditioner cycling program; and developed in response to numerous inquiries and requests from its small commercial customers.

Participation in the Program will be extended to Schedule 7 and Schedule 9 secondary customers in Ada and Canyon Counties with a base load capacity under 200 kW.

Under the terms and conditions of the Program, Idaho Power retains discretion as to whether to select or reject Program participants. Participating commercial customers can elect to either: (1) install a direct load control device ("Device") similar to the one used in the residential program; or (2) install a Programmable Controllable Thermostat ("PCT") which allows the Company to initiate AC cycling.

The Program will run for two air conditioning seasons (June, July, and August) in order to allow the Company to obtain sufficient data and operational information to evaluate cost-effectiveness and make a determination as to whether to offer a full-scale commercial program in the future. The Company envisions that the Program could potentially address its "summer peaking requirements" by reducing commercial AC use during the summer peaking period. Additionally, the PCT may help reduce overall energy use which could result in potential savings to all of the Company's customers.

Idaho Power will have the capability to initiate a cycling event by sending a radio/paging signal to the PCT or Device. A power line carrier ("PLC") signal will be used for customers with installed Advanced Metering Infrastructure ("AMI"). The radio/paging signal system will eventually be replaced by a PLC system as AMI installation is completed or the paging type switches require service. Cycling events may last up to four hours, continuous or in various segments, per day during the June-August AC season. Cycling events are limited to a total of 40 hours each month and 120 hours per AC season. Compensation for Program participation will consist of either a \$7.00 monthly payment for Device participants or receipt of a PCT for PCT participants.

The Company's Application includes, as Attachment No. 1, a copy of a proposed new tariff Schedule 82 which includes: (1) a detailed description of the Pilot Program, (2) terms and conditions for Program participation, and (3) procedures for withdrawal from Program participation.

Idaho Power requests that the costs of the Program be paid by the Energy Efficiency Rider funds collected under Schedule 91. The Company estimates that the costs for the Pilot Program will be approximately \$325,500 for 2009 and \$340,800 for 2010.

STAFF ANALYSIS

Idaho Power's Application stated that its research indicated a wide range of load reduction capability has been achieved by other utilities' similar programs. The Company said it will acquire data regarding the Program's potential to reduce peak load by installing data loggers on a sample of pilot participants. The Company will also solicit and evaluate data regarding customer preference, level of comfort and overall satisfaction with the Program. Due to the uncertainty of achievable average load reduction in Idaho Power's service area and thus the cost-effectiveness of a full, on-going program for Schedule 7 and Schedule 9 Secondary customers, the Company is seeking approval to operate this program as a two-year pilot with an estimated cost of \$765,300.

In the Application, Idaho Power stated that due to Device and PCT installation costs being higher than AC switch costs in the Residential AC Cycling Program, a commercial Program may not be cost-effective. But, the Company also said that the Program would be cost-effective if an average load reduction of at least 2 kW is achievable at a 50% cycling rate, compared to the achieved average residential load reduction of 1.12 kW. However, at Idaho Power's October 2, 2008, meeting of its Energy Efficiency Advisory Group (EEAG), the Company estimated the potential demand reduction for a small commercial AC cycling program to range between just .88 kW and 1.54 kW per thermostat. The Application in this case provided no data to support the Company's request to initiate a pilot for a program that will be cost-effective only if a much higher average load reduction of 2 kW is achieved. And telephone calls to Idaho Power representatives resulted in no supporting data being provided.

Assuming that there is at least a potential chance of this program being cost-effective, much of the data that Idaho Power needs to evaluate such potentiality may be obtainable less expensively through various survey and analyses techniques. An Idaho Power representative said that the Company considered using such survey methods to obtain the data it needs, but ultimately decided to proceed with a two-year pilot, instead.

Staff does not believe that it has sufficient information to judge the potential cost-effectiveness of a full, non-pilot program. Generally Staff prefers to defer to the Company's prerogative in planning and implementing its demand-side (DSM) programs, with Staff evaluating the prudence of such planning and implementation at a later date. However,

the scant information provided in this Application, combined with prior information provided to the EEAG, leaves Staff with too much skepticism of this pilot to recommend its approval.

RECOMMENDATIONS

Staff recommends that Idaho Power's Application for authority to implement a Commercial Air Conditioner Cycling Pilot Program be denied. Staff further recommends that the Company be invited to reapply for authority if and when it is able to support such a request with sufficient information and analysis leading to a reasonable expectation of cost-effectiveness.

Respectfully submitted this 9th day of June 2009.



Neil Price
Deputy Attorney General

Technical Staff: Lynn Anderson

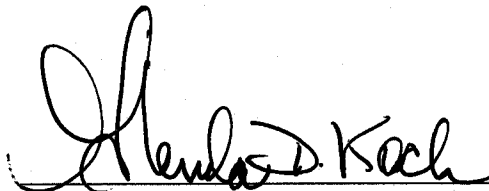
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 9TH DAY OF JUNE 2009,
SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE
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SECRETARY

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