

LAW OFFICES OF

**RACINE OLSON NYE BUDGE & BAILEY
CHARTERED**

201 EAST CENTER STREET
POST OFFICE BOX 1391
POCATELLO, IDAHO 83204-1391

TELEPHONE (208) 232-6101
FACSIMILE (208) 232-6109

www.racinelaw.net

SENDER'S E-MAIL ADDRESS: elo@racinelaw.net

W. MARCUS W. NYE
RANDALL C. BUDGE
JOHN A. BAILEY, JR.
JOHN R. GOODSELL
JOHN B. INGELSTROM
DANIEL C. GREEN
BRENT O. ROCHE
KIRK B. HADLEY
FRED J. LEWIS
ERIC L. OLSEN
CONRAD J. AIKEN
RICHARD A. HEARN, M.D.
LANE V. ERICKSON
FREDERICK J. HAHN, III
DAVID E. ALEXANDER
PATRICK N. GEORGE
SCOTT J. SMITH
JOSHUA D. JOHNSON
STEPHEN J. MUHONEN
CANDICE M. MCHUGH
CAROL TIPPI VOLYN
BRENT L. WHITING
JONATHAN S. BYINGTON
DAVE BAGLEY
THOMAS J. BUDGE
JONATHAN M. VOLYN
MARK A. SHAFFER
JASON E. FLAIG

BOISE OFFICE
101 SOUTH CAPITOL
BOULEVARD, SUITE 208
BOISE, IDAHO 83702
TELEPHONE: (208) 395-0011
FACSIMILE: (208) 433-0167

IDAHO FALLS OFFICE
477 SHOUP AVENUE
SUITE 107
POST OFFICE BOX 50698
IDAHO FALLS, ID 83405
TELEPHONE: (208) 528-6101
FACSIMILE: (208) 528-6109

ALL OFFICES TOLL FREE
(877) 232-6101

LOUIS F. RACINE (1917-2005)
WILLIAM D. OLSON, OF COUNSEL

September 13, 2010

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, Idaho 83720-0074

Re: Case No. IPC-E-10-09

Dear Ms. Jewell:

Enclosed for filing in the captioned matter, please find the original and seven (7) copies of *Idaho Irrigation Pumpers Association, Inc.'s Comments* in the above matter.

Sincerely,



ERIC L. OLSEN

ELO:elo
Enclosures
cc: Service List

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Eric L. Olsen ISB# 4811
RACINE, OLSON, NYE, BUDGE &
BAILEY, CHARTERED
P.O. Box 1391; 201 E. Center
Pocatello, Idaho 83204-1391
Telephone: (208) 232-6101
Fax: (208) 232-6109

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Attorneys for Idaho Irrigation Pumpers Association, Inc.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	
COMPANY'S APPLICATION FOR AN)	CASE NO. IPC-E-10-09
ORDER DESIGNATING THE ENERGY)	
EFFICIENCY RIDER FUNDS SPENT BY)	
THE COMPANY DURING 2008-2009 AS)	
PRUDENTLY INCURRED)	
_____)	

IDAHO IRRIGATION PUMPERS ASSOCIATION, INC.'S COMMENTS

IDAHO IRRIGATION PUMPERS ASSOCIATION, INC. ("IIPA"), by and through its attorneys, hereby respectfully submits the following comments with regard to Idaho Power Company's ("Idaho Power") application for an order designating that the monies that have been spent during 2008-2009 on its demand side management, i.e. energy efficiency and demand response programs, were prudent.

COMMENTS

The IIPA would like to complement Idaho Power for the efforts it has made over the last 10 years or so in the development of the varied programs that we have today and the overall energy and demand reductions that have been brought about because of these programs.

The purpose of this case is to evaluate the prudence of the various energy efficiency and demand response programs operated by Idaho Power. During the last couple of years the Commission

Staff has placed an increased emphasis upon a more rigorous documentation of the costs and

Idaho Irrigation Pumpers Association, Inc.'s Comments - 1

benefits of these programs. This is how it should be and the IIPA applauds the Commission Staff's efforts. Yes, it is important that these programs save energy and reduce peak load, but they must do so in a cost-effective manner.

As a foundation for this more rigorous review of energy efficiency and demand response program costs, a Memorandum of Understanding ("MOU") was entered into on December 21, 2009 between the Staff and Idaho Power as well as Avista Utilities and PacifiCorp (d/b/a Rocky Mountain Power). A stipulation between the Commission Staff and Idaho Power (based upon that MOU) was filed with the Commission on January 25, 2010 and called for a more rigorous analysis of the costs and benefits of these programs to be filed in the Company's next demand side management report and all future reports.

The stipulation recognized that the time was short for making such wholesale (but needed) changes in the information that was to be filed in the next report. The difficulty in implementing the rigorous calculations/review that was dictated by the stipulation can be seen from many of the responses that Idaho Power provided to the Staff regarding reviews that the Staff would have liked to have seen for various programs operated in 2009. From the IIPA's perspective, the timing of that stipulation was late enough such that it would be hard to see how it would have a meaningful impact upon Idaho Power's demand side management report for 2009 that would be filed in 2010. However, the IIPA does not believe that the lack of rigor in the 2009 DSM report should be considered grounds for a finding of impudence. The next demand side management report for 2010 should have had adequate time and notice to allow Idaho Power to fully analyze most, if not all, of its energy efficiency and demand response programs in a more rigorous manner and report on those findings.

It should come as no surprise that the IIPA has a strong interest in Idaho Power's Peak Rewards program, where Irrigation customers are interrupted on a designated day or at the Company's option in order to reduce summer peak loads. The Irrigation Peak Rewards program not only helps all Idaho Power customers by significantly lowering the system peak, and thus the need for peaking facilities, but it also gives the Irrigators an opportunity to control their own costs. Irrigators' crops need a certain amount of water to get profitable yields. But if Irrigators' crops can be watered in a fashion that reduces the costs to the system and to the Irrigators, then the IIPA supports such programs. Especially, during these tough economic times, the savings that Irrigators have received from participating in the Peak Rewards Program has allowed them to make ends meet.

The IIPA believes that the Peak Rewards Program is the best and most cost effective demand response program operated by Idaho Power (and Rocky Mountain Power as well). This belief is confirmed by the data provided in Idaho Power's "Supplement 1: Cost—Effectiveness" to its "Demand—Side Management 2009 Annual Report". At page 5 of that Supplement, the Residential Cool Credit Program is listed as only having a benefit/cost ratio of 1.09 under both the Utility Cost Test and the Total Resource Cost Test. On page 7 of that Supplement, the Commercial/Industrial FlexPeak Management is listed as having a slightly better ratio of 1.11 under both of these tests. By contrast, on page 9 of the Supplement, the Irrigation Peak Rewards program is listed as having a much better benefit/cost ratio of 1.50 under both the Utility Cost Test and the Total Resource Cost Test.

Although Idaho Power's data demonstrates that the cost effectiveness of the Irrigation Peak Rewards program is quite a bit better than either the Residential Cool Credit program or the Commercial/Industrial FlexPeak Management program, these ratios for the Idaho Power Peak

Rewards program are not in agreement with those supplied by Rocky Mountain Power for its very similar program/product. In Rocky Mountain Power's November 14, 2009 report to the Commission entitled "Schedule 72 & 72A Idaho Irrigation Load Control Programs: 2009 Credit Rider Initiative Final Report" at page 7, the benefit/cost ratio for PacifiCorp's Irrigation Load Control program under the Utility Cost Test is similar at 1.52, but the Total Resource Cost ratio is 2.72—considerably higher. The IIPA does not contend that one ratio is "more correct" than the other, but the fact that the Commission Staff has an MOU with all of the major utilities in Idaho to produce rigorous and meaningful values for the costs and benefits of these programs, means that the ratios for similar programs should eventually become similar. The IIPA believes that a uniform and rigorous benefit/cost test of all demand response programs will put the Irrigation Load Control program in a much better light than that which is even listed in Idaho Power's 2009 report.


The IIPA believes that more detail needs to be provided by all utilities for all programs and that these details and calculations should be similar such that comparisons between utilities and programs can be readily made. It is hoped that virtually all of the same types of data and methodology will be used for calculating the costs and benefits of similar programs. It is in no one's best interest to continue programs where the costs exceed the benefits. If such programs exist on the Idaho Power system, the IIPA would suggest that at this time they either be modified or abandoned. The IIPA is not as much interested in a disallowance of what may be termed "imprudent costs" as simply an elimination or change of the program so as to discontinue the waste of resources that may have been spent with good intentions, but where circumstances did not work out.

CONCLUSION

In summary the IIPA wish to commend Idaho Power for its efforts in its many DSM programs and especially the Irrigation Peak Rewards program. The MOU that was signed less than a year ago will greatly help bring rigor to the review of the benefit/cost ratios of these various programs and help direct future expenditures. Because the 2009 report came out shortly after the MOU was signed, the IIPA has no basis for recommending a finding of imprudence with respect to the 2008—2009 demand side management costs that are the subject of this case.

DATED this 13th day of September, 2010.

RACINE, OLSON, NYE, BUDGE &
BAILEY, CHARTERED

By 
ERIC L. OLSEN, Attorney for
Idaho Irrigation Pumpers
Association, Inc.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 13th day of September, 2010, I served a true, correct and complete copy of the foregoing document to each of the following, via U.S. Mail or private courier, e-mail or hand delivery, as indicated below:

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
P.O. Box 83720
472 W. Washington Street
Boise, Idaho 83720-0074
jjewell@puc.state.id.us

☐ U.S. Mail/Postage Prepaid
☐ E-mail
☐ Facsimile
☐ Overnight Mail
☒ Hand Delivered

Lisa D. Nordstrom
Donavan E. Walker
Idaho Power Company
P.O. Box 70
Boise, ID 83707-0070
lnordstrom@idahopower.com
dwalker@idahopower.com

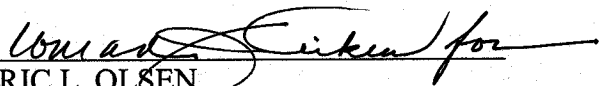
☒ U.S. Mail/Postage Prepaid
☒ E-mail
☐ Facsimile
☐ Overnight Mail
☐ Hand Delivered

Darlene Nemnich
Greg W. Said
Director State Regulation
Idaho Power Company
P.O. Box 70
Boise, ID 83707-0071
dnemnich@idahopower.com
gsaid@idahopower.com

☒ U.S. Mail/Postage Prepaid
☒ E-mail
☐ Facsimile
☐ Overnight Mail
☐ Hand Delivered

Benjamin J. Otto
Idaho Conservation League
710 N. 6th St./P.O. Box 844
Boise, ID 83702
dreading@mindspring.com

☒ U.S. Mail/Postage Prepaid
☒ E-mail
☐ Facsimile
☐ Overnight Mail
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ERIC L. OLSEN