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IDAHO PUBLIC  
UTILITIES COMMISSION

Attorney for Idaho Conservation League

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE )  
APPLICATION OF IDAHO POWER )  
COMPANY FOR APPROVAL OF )  
MODIFICATIONS TO SCHEDULES 1, 4, )  
AND 5 IMPLEMENTING A TIME )  
VARIANT PRICING PLAN )

CASE NO. IPC-E-12-05  
COMMENTS OF THE IDAHO  
CONSERVATION LEAGUE

The Idaho Conservation League (ICL) supports Time Variant Pricing (TVP) and encourages Idaho Power to expand this offering to all customers. These comments discuss four issues: (1) the plan for Schedule 4, Energy Watch, (2) the design of both TVP schedules, (3) the customer solicitation plan, and (4) applying TVP to electric vehicles. ICL takes no position on Idaho Power's predictions of financial and usage impacts because the numbers appear speculative at this point. On this issue, we encourage the Commission to monitor a seemingly inherent disincentive to enroll customers who might reduce their bills without changing their energy use. Other than this comment, overall ICL supports the Company's expansion of Time Variant Pricing and offers the following to assist in this effort.

*Schedule 4, Energy Watch*

Idaho Power proposes to roll out Schedule 5, Time of Use rates, in 2012 and delay Schedule 4, Energy Watch, until 2013. We agree that providing a single option for customers to consider when switching rates will reduce confusion and could accelerate adoption. However, the TVP plan states that during the delay Idaho Power will "evaluate the value of the Energy Watch plan in comparison to other demand response resources."<sup>1</sup> In the most recent general rate case Idaho Power stated their intent to exclude customers participating in the A/C Cool Credit

<sup>1</sup> Time Variant Pricing (TVP) Plan at 3.

program or the Net Metering schedule from Schedule 4.<sup>2</sup> ICL believes decisions to exclude customers from rate plans requires careful consideration. Accordingly, the Commission should order Idaho Power to fully evaluate integrating Schedule 4 with other programs without any pre-conceived exclusions.

### *Time Variant Pricing Rate Designs*

In the most recent general rate case, Idaho Power proposed and ICL supported, changes to the design of the TVP schedules. The most important change was instituting year round time of use rates. This design is much simpler to understand while still providing price signals to effect customer energy use. This change is particularly important for Schedule 4, Energy Watch, where customers used to pay a flat rate per kilowatt during the summer. Sending customers price signals to spur shifting of consumption and reducing demand meets the Commissions directive to “diligently and vigorously pursue all available, cost effective DSM, conservation, and pricing options that could potentially displace or defer the need for additional future peaking generation.”<sup>3</sup>

The strength of price signals will determine if customers respond. ICL is concerned that Idaho Power is sending mixed messages about their goals for Schedule 5, Time of Use. In the most recent rate case, Idaho Power stated that Schedule 5 was designed to reflect cost of service, not reduce or shift load.<sup>4</sup> However, the TVP Plan filed in the present case states this schedule “provides customers the opportunity to . . . lower their bill while shifting usage.”<sup>5</sup> These statements are not contradictory. Instead, the issue is that providing an opportunity is fine, but strong signals will spur customers to take advantage of the opportunity. To address this issue ICL encourages Idaho Power and other parties to reconsider the rate differential in Schedule 5 to provide a stronger price signal.

### *Customer Solicitation Plan*

We acknowledge Idaho Power’s need to limit participation until the new billing system is operational. However, based on decades of experience in public engagement ICL believes a direct mail campaign is unlikely to elicit sufficient customer enrollment to achieve the

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<sup>2</sup> Nemnich Direct at 25 – 26, IPC-E-11-08.

<sup>3</sup> Order 30201 at 12, IPC-E-06-09, *Evander Andrews CPCN* (December 15, 2006).

<sup>4</sup> Nemnich Direct at 11 – 12, IPC-E-11-08.

<sup>5</sup> TVP Plan at 2.

Company's own goals. These goals include studying the effects of time variant rates on customer's usage and evaluating the impact of these rates on Company revenues and costs.<sup>6</sup> Good studies require a meaningful sample size. While 1,200 participants is meaningful our concern is the Company's plan will not reach this target.

Idaho Power plans to limit their solicitation of customers to direct mail and expects a 2 – 3 % response rate.<sup>7</sup> This response rate is highly unlikely. Over decades of experience, ICL has rarely surpassed a 1% rate, which is considered a solid response in the direct mail industry. Instead of simply sending more letters, ICL encourages Idaho Power to consider other means of solicitation. For instance, advertizing on the Company's website and facebook page can reach thousands of eyes with minimal cost and effort. Another idea is to find customers who participated in the pilot program and produce "Success Stories" similar to those produced for DSM programs. These success stories could then become bill inserts, posters, billboards, or other types of advertising. Often finding a compelling messenger is just as important as the message. To reach the 1,200 participant target ICL encourages the Company to cast a wide net.

One reason to use a direct mail campaign may be Idaho Power's desire to only solicit from a "sample population."<sup>8</sup> However, the advantages of limiting solicitations to a "sample population" are unclear. ICL acknowledges the need to have 12 months of usage data justifies limiting participants based on the AMI meter installations. We also recognize that enrolling renters could impose a workload burden until the billing system update is complete. But if another reason is to "help predict the overall acceptance of this rate introduction" within the entire residential class, then circumscribing the sample group does not make sense.<sup>9</sup> Instead, casting a wide net to see which types of customers respond will better indicate future response.

Respecting the limits acknowledged above while casting a wide net can be very simple. Consider the following sample message: "Do you own a home in the Treasure Valley? If so, we have a new rate plan that might help you save money. Learn more at [www.idahopower.com](http://www.idahopower.com)." The Company could use this simple message in a variety of media channels including radio spots, web postings, and print ads. Idaho Power could even use their "GetPluggedIn" website to solicit customers. Using a variety of solicitation methods will help meet Idaho Power's goals of

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<sup>6</sup> TVP Plan at 1.

<sup>7</sup> TVP Plan at 4, 5.

<sup>8</sup> *Id.*

<sup>9</sup> TVP Plan at 5.

“identifying customer response to different communication messages” and “help predict the overall acceptance of this rate introduction.”<sup>10</sup> Over the next year, ICL encourages Idaho Power to consider a variety of customer solicitation tools

#### *Applying Time Variant Pricing to Electric Vehicles*

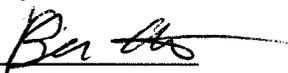
Electric vehicles could contribute significant new loads to Idaho Power’s system. ICL commends Idaho Power for thinking proactively on this issue. The potential impact is so great the ICL encourages the Company to actively promote the TVP rates to electric vehicle purchasers. To accomplish this the Company should engage sales people at car dealerships to ensure they are strong advocates for the TVP options. When a customer choose to purchase an electric vehicle, they are likely to be highly conscious of potential impacts to their electric bill. This heightened awareness presents an excellent opportunity to transition customers to a TVP plan. Engaging car sales people as advocates creates a motivated messenger who has direct contact with a customer uniquely inclined to consider a TVP plan.

#### *Conclusion*

Time Variant Pricing complements the Company’s current residential tiered rate structure. This variety of rate designs gives customers options to control their energy bills. ICL encourages Idaho Power to cast a wide net to solicit customers and stands ready, willing, and able to assist in this effort.

DATED this 14<sup>th</sup> day of March 2012.

Respectfully submitted,

  
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Benjamin J. Otto  
Idaho Conservation League

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<sup>10</sup> TVP Plan at 5, 6.