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April 16, 2013

**VIA HAND DELIVERY**

Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
472 West Washington Street  
Boise, Idaho 83702

Re: Case No. IPC-E-12-29  
Temporary Suspension of Demand Response Programs – Idaho Power  
Company's Petition for Clarification of Order No. 32776

Dear Ms. Jewell:

Enclosed for filing in the above matter are an original and seven (7) copies of Idaho Power Company's Petition for Clarification of Order No. 32776.

Very truly yours,

Lisa D. Nordstrom

LDN:evp  
Enclosures

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Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION )  
OF IDAHO POWER COMPANY FOR ) CASE NO. IPC-E-12-29  
AUTHORITY TO TEMPORARILY )  
SUSPEND ITS A/C COOL CREDIT AND ) IDAHO POWER COMPANY'S  
IRRIGATION PEAK REWARDS ) PETITION FOR CLARIFICATION OF  
DEMAND RESPONSE PROGRAMS. ) ORDER NO. 32776  
\_\_\_\_\_ )

COMES NOW, Idaho Power Company ("Idaho Power" or "Company"), by and through its undersigned counsel, and hereby petitions the Idaho Public Utilities Commission ("Commission") to clarify, pursuant to RP 325, that: (1) Idaho Power has considered whether the Residential Air Conditioner Cycling ("A/C Cool Credit") and Irrigation Peak Rewards demand response programs could be utilized to respond to system emergencies during the summer of 2013 and (2) that it is in the interest of its customers to fully suspend these programs for 2013 until modifications can be evaluated and potentially made for operation of the Company's demand response programs in 2014 and beyond. This Petition is based on the following:

## **I. BACKGROUND**

1. On December 21, 2012, Idaho Power filed an Application for an order authorizing it to temporarily suspend the A/C Cool Credit and Irrigation Peak Rewards demand response programs for 2013. The A/C Cool credit program allows Idaho Power under tariff Schedule 81 to periodically “cycle” the central air conditioning units of participating residential customers during the summer months of June, July, and August in exchange for the customer receiving an incentive for participation in the form of a bill credit in July, August, and September. Under the Irrigation Peak Rewards program, Idaho Power can turn off the irrigation pumps of participating irrigation customers for a limited number of hours during the three summer months of the program in exchange for the customer receiving an incentive for participation in the form of a bill credit in July, August, and September. Based upon the peak-hour capacity planning criteria of 90<sup>th</sup> percentile water conditions and 95<sup>th</sup> percentile weather conditions used in its load and resource balance prepared for the 2013 Integrated Resource Plan (“IRP”), the Company identified no need for peak-hour resources like demand response programs until July 2016. Suspending all incentive payments under the two programs had the potential to save customers nearly \$12 million of direct incentive expenses, which would be recognized in the 2013-2014 Power Cost Adjustment providing a direct customer benefit.

2. On January 10, 2013, the Commission issued a Notice of Application and Intervention Deadline. Order No. 32713. The Commission granted the timely Petitions to Intervene filed by the Idaho Irrigation Pumpers Association, Inc., Idaho Conservation League, and Snake River Alliance. Order Nos. 32725, 32718, and 32713.

3. Following a prehearing conference in this matter on January 29, 2013, the Company, Intervenors, and Commission Staff (hereinafter referred to as the "Parties") filed a proposed settlement stipulation on February 14, 2013. The Parties agreed to suspend the two programs for 2013 and asked the Commission to schedule workshops to discuss and evaluate further changes to all of the Company's demand response programs for the 2014 program seasons and beyond. On February 20, 2013, the Commission issued a Notice of Proposed Settlement and requested public comments on the proposed settlement stipulation. Order No. 32747.

4. On April 2, 2013, the Commission issued an order approving the Parties' proposed settlement stipulation and directed Idaho Power to file conforming tariffs within 14 days. Order No. 32776 at 8. It was also ordered that the Commission will open a new docket for the purpose of assessing the A/C Cool Credit and Irrigation Peak Rewards programs for 2014 and beyond, and that Staff counsel will convene an informal scheduling conference for the new docket.<sup>1</sup> *Id.*

5. As required by Order No. 32776, Idaho Power filed conforming tariffs for Schedule 23, Irrigation Peak Rewards, and Schedule 81, Residential Air Conditioner Cycling Program, on April 16, 2013.

## **II. PETITION FOR CLARIFICATION**

6. On page 8 of Order No. 32776, the Commission directed the Company "to consider whether these programs might be utilized to respond to system emergencies in 2013 and in the future." The Company wishes to clarify that it evaluated the role of

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<sup>1</sup> Idaho Power believes that the new docket will allow stakeholders to discuss the operation of all three of Idaho Power's demand response programs—A/C Cool Credit, Irrigation Peak Rewards, and FlexPeak Management.

demand response programs in responding to system emergencies prior to reaching agreement with Parties as to the terms of the proposed settlement stipulation.

7. Idaho Power believes that demand response programs play a limited role in responding to system emergencies. Demand response programs are designed to minimize or delay the need to build new supply-side resources by reducing peak loads for short periods of time when the utility is experiencing very high loads and has inadequate resources to serve them. The Company evaluates future capacity shortfalls through its IRP process, and plans for resources accordingly to mitigate any shortfalls. Idaho Power presently has adequate capacity on its system to meet peak-hour needs even under extreme weather and water conditions, and although water conditions have worsened since filing its proposal to suspend the A/C Cool Credit and Irrigation Peak Rewards programs in December 2012, the fundamental load and resource risk profile has not changed. Idaho Power has a load curtailment system in place for system emergencies.

8. The Company evaluated the use of the A/C Cool Credit and Irrigation Peak Rewards programs for emergency response purposes prior to filing its proposal to suspend the programs and concluded that the costs to use the programs for emergencies would essentially be the same as keeping the programs fully operational. The Company did not believe that it was a prudent use of customer money to pay for insurance against an extreme condition where the programs could be used to prevent an outage or load curtailment under system emergency conditions. Rather, the Company filed to suspend the programs and place them in 'maintenance' mode for the 2013 program seasons.

9. This very issue was also discussed with Parties during the January 29, 2013, settlement discussions and Parties agreed that a full suspension of the programs for 2013 was the best approach because it would not be appropriate for the Company to have a 'free call' on capacity. Concerns were also raised with regard to the customer confusion and potential dissatisfaction that would arise from expectations for program suspension, but then finding that the programs could still be used for emergencies. Parties agreed that the communication required to change customer expectations would be difficult and might result in higher drop-out rates, potentially eroding future participation.

10. The approved settlement stipulation was reached by the Parties with the understanding that the use of the A/C Cool Credit and Irrigation Peak Rewards programs for emergencies or otherwise would not occur in 2013. To modify the terms of the settlement stipulation, Idaho Power believes it would be required to revisit this issue with Parties. Sufficient time does not exist to revisit this issue and still have all of the components of the programs contracted for, tested and in place for the 2013 program seasons.

11. Idaho Power would also like to point out that the temporary suspension will not apply to the Company's commercial and industrial FlexPeak Management demand response program, which can provide Idaho Power's system with approximately 35 mega-watts ("MW") of demand reduction capacity in the summer of 2013.<sup>2</sup>

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<sup>2</sup> On March 7, 2013, Idaho Power filed a petition with the Commission for approval of an amendment to the contract with its third-party contractor EnerNoc, Inc., that, if approved, would reduce the weekly MWs of demand reduction capacity obligations from an average of 35 MW per week to a range of 20 MW to 35 MW per week. Case No. IPC-E-13-04.

12. Idaho Power has fully evaluated its system's need for demand response programs in 2013, both before it filed its Application and during settlement discussions with Parties. The Company ultimately filed tariffs that were a reflection of the Settlement Stipulation filed on February 14, 2013, stating that "Idaho Power will not initiate any load control events in 2013" effective April 1, 2013. The Company believes that the \$10.1 million customer benefit that will be recognized in the 2013-2014 Power Cost Adjustment by suspending full incentive payments and making continuity payments as approved in Order No. 32776 has greater value to customers than the limited system emergency benefit offered by the A/C Cool Credit and Irrigation Peak Rewards demand response programs.

### **III. CONCLUSION**

NOW, THEREFORE, Idaho Power respectfully requests the Commission acknowledge that Idaho Power has considered whether the A/C Cool Credit and Irrigation Peak Rewards programs could be utilized to respond to system emergencies and that it is in the customers' interest to fully suspend them for 2013 as reflected in the Settlement Stipulation that was approved by the Commission in this case until modifications can be evaluated and potentially made for program operation in 2014 and beyond.

Respectfully submitted this 16<sup>th</sup> day of April 2013.

  
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LISA D. NORDSTROM  
Attorney for Idaho Power Company

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 16<sup>th</sup> day of April 2013 I served a true and correct copy of IDAHO POWER COMPANY'S PETITION FOR CLARIFICATION OF ORDER NO. 32776 upon the following named parties by the method indicated below, and addressed to the following:

**Commission Staff**

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**Idaho Irrigation Pumpers Association, Inc.**

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**Idaho Conservation League**

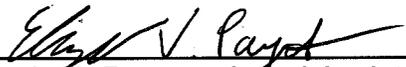
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