

Commission Secretary  
Idaho Public Utilities Commission  
PO Box 83720  
Boise, ID 83720-0074

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IDAHO PUBLIC  
UTILITIES COMMISSION

**Case No. IPC-E-12-29**

*In the matter of the application of Idaho Power Company for authority to temporarily suspend its A/C Cool Credit and Irrigation Peak Rewards demand response programs*

**Comment on proposed settlement stipulation**

My interest in this case comes as an early participant in the A/C Cool Credit program. Just before Christmas, a Company contractor came to my house to install a new control device. When I asked why, he responded that it was a digital controller to replace the not-very-old device that was already there. (Why a non-digital controller might have been so installed so recently at the onset of the program seems also a sensible question to ask.) Much to my surprise about two weeks later I got an announcement from the Company that they were suspending the program! Why replace a fairly new controller with an upgraded new one when you are suspending the program? The mixed message of this experience troubled me and I wanted to learn more, so I read the case materials and attended the settlement workshop.

In general, I am willing to accept the proposed settlement since it was jointly arrived at by Company, Staff, and intervenors and some action needed to be taken rather quickly. Just canceling the program because the Company says it doesn't need it this year is NOT an appropriate policy action. I am fully supportive of the Company making at least some token payment to participants to show continuing commitment to the programs. However, I would caution that the level proposed for continuing payments for participation seems quite arbitrary, based mostly on a guess at what level is needed to show good faith to participants in keeping the programs alive for possible future use. There was actually discussion about whether such a small payment by the Company to participants would be insulting, indicating its low value and contempt for the program, rather than being positive evidence of its long term commitment. And during the settlement workshop there was virtually no discussion of the long term cost-effectiveness of these particular demand response programs.

I remain dismayed that the Company shows such a dismissive attitude toward programs that it said were vital not so long ago. The Company says it now doesn't need such programs and doesn't anticipate using them during 2013. Such an attitude assumes perfect foresight as to demand and supply conditions for the summer of 2013 and seems to ignore the fact that the Company is not a self-sufficient island but a player in an integrated regional power system. Surely it is possible for some unforeseen peak load problem to arise, either in the Company's own resources or in its ability to access regional resources. And surely it is possible that, even if the Company doesn't have peak deficits of its own, some other regional utility might have need for additional resources that could be profitably supplied by the Company via demand response. Or it may even

be possible that it is cheaper for the Company to turn off a kw than to supply it from its own available resources.

I believe the Company has built a set of programs based on a worthwhile concept and that such programs ought to have some continuing value in the ordinary operation of the Company. As a matter of fact, it is hard for me to believe that it is not still cost-effective to use this peak-damping resource, with the control devices now in place as a sunk cost and nothing needed but the sending of an electronic signal to trigger a demand reduction. Surely these peak kws must still be inexpensive enough to have some value, if not to the Company itself then to other utilities!

My comments emphasize the need for much fuller discussion of the pros and cons and cost-effectiveness of both these demand response programs in the future. If they are indeed worthless programs now that the Company has built a new combustion turbine and thinks it has plenty of capacity, this calls into question the Company's choice to initiate programs with such short-lived value in the first place. Or, to put it another way, the IPUC must not allow the Company to install demand response only for emergencies, until it is able to build another supply resource like a combustion turbine. Perhaps more thought should be devoted to whether it makes sense to continue to build expensive capital cost turbines which sit idle most of the time and remain utterly dependent on the sometimes unpredictable cost of fuel to run them.

Most of all, I believe that demand response programs are like an insurance policy, something that costs a little on a regular basis but provides a lot if/when it is actually needed. It makes no sense to buy insurance only when you need it, then quit paying when you think you might not. Which is exactly what the Company seems to be attempting. Wise management of the Company in the interest of providing reasonable and cost-based service to customers requires such expenditure. Saying demand response is now "not needed" is very short term thinking that serves neither the interests of the Company or its customers. And in the very long run it can lead only to over-building of ever more expensive capacity resources which are often under-utilized.

Submitted by:  
Bill Eastlake  
333 E. Brookhollow Drive  
Boise, Idaho 83706