

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER SMITH  
COMMISSIONER REDFORD  
COMMISSION SECRETARY  
COMMISSION STAFF

**FROM:** DON HOWELL  
DEPUTY ATTORNEY GENERAL

**DATE:** JANUARY 4, 2013

**SUBJECT:** IDAHO POWER'S APPLICATION TO TEMPORARILY SUSPEND ITS  
A/C COOL CREDIT AND IRRIGATION PEAK REWARDS PROGRAMS,  
CASE NO. IPC-E-12-29

On December 21, 2012, Idaho Power filed an Application seeking Commission authorization to “temporarily suspend” its A/C Cool Credit and Irrigation Peak Rewards demand response programs. These two programs are designed to reduce loads during summertime peak-hour demand. Idaho Power instituted these programs when it determined it was “more cost-effective to utilize demand response programs rather than build a simply-cycle peaking resource” to meet summertime peak-hour demand. Application at 3.

### THE APPLICATION

#### *A. Need for the Programs*

In its Application, the Company reports that its 2013 Integrated Resource Plan (IRP) shows that the peak-hour projected loads for the summer does not exceed the Company's generation resources. More specifically, the Company maintains that its current IRP does not show “a peak-hour deficit until July 2016 and therefore [there is] no need for near-term peak-hour resources like” the A/C Cool and Irrigation Peak Reward programs. *Id.* at 2-3. Consequently, the Company requests that it be allowed to temporarily suspend these two demand response programs for the 2013 season while the Company works with stakeholders to re-assess the programs so they can become effective prior to the 2014 summer season. *Id.* at 5.

The Company envisions using a collaborative approach with interested stakeholders to review changes to the two programs during calendar year 2013. The Company would file an

application with the Commission to reactive the programs prior to the summer of 2014. Application at 6. “However, should the Commission deny the Company’s request to suspend the two programs through an Order issued by March 1, 2013, the Company stands ready to operate the programs in the summer of 2013.” *Id.* If the Commission approves the temporary suspensions, the Company would adjust its tariff Schedule 23 (Peak Rewards) and Schedule 81 (A/C Cool) to show that the customer incentive payments would be reduced to zero, no new program participants would accepted in 2013, and that Idaho Power would not institute any load control events for either program in 2013. *Id.* at 6-7.

The Company requests that its Application be proceed under Modified Procedure and that the Commission suspend the two programs no later than March 1, 2013. The Company proposes to individually notify customers participating in the two programs. The customer notice letter also advises customers that the Company has filed an Application with the Commission and that the Application and accompanying documents can be reviewed at the offices of the PUC or Idaho Power or on their respective web sites. See Application, Atch. 2.

#### ***B. Costs and Savings***

The Company has included prefiled direct testimony in support of its Application. In 2012, Idaho Power spent approximately \$5.5 million on the A/C Cool program and approximately \$12.3 million on the Irrigation Peak Rewards program. Drake at 13, 19. Company witness Theresa Drake asserts that temporary suspension of the A/C Cool program would allow the Company to save approximately \$749,000 in payments to participating customers. Drake at 16. The Company does not anticipate removing any of the A/C load control devices but recognizes that customers may elect to no longer participate in the program. In such cases, the Company calculates that approximately 15% of customers may elect to have their devices removed at a cost of approximately \$85 per device. Consequently, removal costs in 2013 maybe approximately \$425,000. Drake at 14-15.

Despite the savings, the Company also anticipates spending approximately \$650,000 on the A/C Cool program in 2013 for customer service inquiries, maintenance on the devices, customer service for program participants, and maintaining access to the data bases. *Id.* at 14. Additionally, the Company will be responsible for “software and license fees for the AMI switches.” *Id.*

If the Irrigation Peak Reward program is suspended, the Company estimates it would spend between \$600,000 and \$900,000 in program-related expenses to keep the load control devices operational. Drake at 19. By suspending the two programs for 2013, the Company estimates a savings of about \$11.75 million which will “result in a direct customer benefit recognized in the 2013-2014 PCA.” Drake at 22.

**STAFF RECOMMENDATION**

Staff recommends that the Commission issue a Notice of Application and set a deadline for intervention. Staff also recommends that the Commission convene a prehearing conference at its earliest convenience to determine whether this Application may reasonably be processed under Modified Procedure.

**COMMISSION DECISION**

Does the Commission wish to issue a Notice of Application and set a deadline for intervention?

Does the Commission wish to convene a prehearing conference to allow parties an opportunity to address processing this Application under Modified Procedure or some other process?



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Don Howell  
Deputy Attorney General

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