

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF IDAHO POWER** )  
**COMPANY’S APPLICATION FOR** ) **CASE NO. IPC-E-15-03**  
**APPROVAL OF NEW TARIFF SCHEDULE** )  
**82, A COMMERCIAL AND INDUSTRIAL** ) **NOTICE OF APPLICATION**  
**DEMAND-RESPONSE PROGRAM (FLEX** )  
**PEAK PROGRAM).** ) **NOTICE OF**  
) **MODIFIED PROCEDURE**  
) )  
) **ORDER NO. 33242**

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On February 4, 2015, Idaho Power Company applied to the Commission for an Order authorizing the Company to implement a new schedule—Schedule 82, Flex Peak Program—and continue recovering its demand response program expenses in the current manner. The Company asks the Commission to process the case under Modified Procedure, and to issue an Order by May 1, 2015, so the Company can solicit participants and implement the program by June 15, 2015.

**NOTICE OF APPLICATION**

YOU ARE HEREBY NOTIFIED that the Company proposes to offer a new demand response program—the Flex Peak Program—that would enable commercial and industrial customers to voluntarily reduce their loads on summer peak days. The Company implemented an earlier version of the program—the FlexPeak Management Program—in 2009. Since then, the earlier program has achieved between 8.5 and 39.3 megawatts (MW) of generation-level reductions per year.

YOU ARE FURTHER NOTIFIED that a third party managed the earlier program. The Company’s contract with the third party has expired, however, and the Company believes it can save costs for all customers and increase program transparency by managing the new Flex Peak Program itself. The Company says most of its Energy Efficiency Advisory Group’s members cautiously support the Company managing the program.

YOU ARE FURTHER NOTIFIED that in Order No. 32923 the Commission approved a settlement agreement that set the following design parameters for the Company’s FlexPeak Management Program:

- a. Participants. Idaho Power will not actively seek to expand the capacity of the FlexPeak [Management] Program. Participants are industrial and large commercial customers.
- b. Program Details. The FlexPeak Management Program will be available from June 15 through August 15, Monday through Friday, from 2:00 p.m.-8:00 p.m., excluding holidays. Each dispatch event will last up to four hours per participant within the available program hours. Dispatch events will not occur more than 60 hours per season. In the event of a system emergency, demand response capacity from the FlexPeak Management program will be available. Idaho Power will conduct a minimum of three dispatch events per season. There will be two hours advanced notice to participants.
- c. Incentive. A fixed and variable payment structure may be appropriate, as long as the variable portion is low enough that it does not prevent the program from being dispatched. If a variable and fixed incentive structure is used, a minimum of three dispatch events will be included in the fixed incentive. The variable incentive will be paid to participants if Idaho Power conducts dispatch events in the FlexPeak Management program for more than the three minimum dispatch events.

*See* Case No. IPC-E-13-14, Demand Response Programs Settlement Agreement, pp. 7-8. The Company says it has incorporated these parameters into its current proposal for an internally-managed Flex Peak Program.

YOU ARE FURTHER NOTIFIED that the Company says the new Flex Peak Program will be available to commercial and industrial customers taking service under Schedules 9, 19, or a special contract. The Company will promote the program to past commercial and industrial demand response program participants. As explained in Schedule 82, customers who intend to participate must apply to participate in the program before each program season begins.

YOU ARE FURTHER NOTIFIED that the Company proposes a June 15 through August 15 season for the Flex Peak Program. During the season, the Company will call at least three dispatch events. The events will occur between 2:00 p.m. and 8:00 p.m., Monday through Friday, excluding holidays, and last from two to four hours per day but not more than 15 hours per week or 60 hours per season. The Company will notify participants of an impending event two hours before the event occurs.

YOU ARE FURTHER NOTIFIED that the proposed Flex Peak Program's incentive structure includes fixed and variable payments. The fixed payment would be \$3.25 per kilowatt

(kW) per week multiplied by either: (1) the actual kW reduction received during a dispatch event, or (2) nominated kW if there is no event. The variable payment would be \$0.16 per kilowatt-hour (kWh) reduced, effective after the first three events have been called for the program season. The Company would send checks to participants within 30 days after the program season ends.

YOU ARE FURTHER NOTIFIED that the Company expects its total costs for the Flex Peak Program will range from about \$1.1 million per year without variable payments, to \$1.4 million per year if the program has 35 MW of nominated reductions and is dispatched for 60 hours. The Company does not propose changing customer rates that fund the program. Rather, it believes the current level and method of recovery will adequately fund the program for the foreseeable future.

YOU ARE FURTHER NOTIFIED that, in furtherance of Commission Order No. 32426, the Company moved about \$2 million of commercial and industrial demand response incentive payment into base rates effective January 1, 2012. The Company has since recovered or credited deviations above or below the base amount through the annual Power Cost Adjustment (PCA). The Company notes that demand response costs tracked through the PCA would include only the incentives paid to participants, or the amounts paid to third-party demand aggregator contractors. The Company would continue to recover its labor costs for administering the program through the Energy Efficiency Rider.

YOU ARE FURTHER NOTIFIED that the Company says it currently recovers about \$2 million a year in commercial and industrial demand response costs through base rates. The Company expects that the Flex Peak Program's incentive payment costs would range from about \$0.9 million per year with no variable payments, to about \$1.27 million if the program is dispatched for the maximum hours allowed.

YOU ARE FURTHER NOTIFIED that the Company proposes to recover its expenses for the Flex Peak Program under Schedule 82, in the same manner that it currently recovers its commercial and industrial demand response program expenses. In other words, the Company proposes to recover its costs for the Flex Peak Program incentive payments through base rates, with deviations from the base level tracked through the PCA. The Company explains that this will allow 100% of any annual program cost savings to flow to customers by June of the following year. The Company would continue to recover program labor expenses and

administrative expenses through the Energy Efficiency Rider. The Company's DSM Annual Report would report on all program activities, including how the program impacts the Energy Efficiency Rider and what incentives are to be included in the PCA.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers, testimonies and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and testimonies are also available on the Commission's web site at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on the "File Room" tab at the top of the page, scroll down to "Electric Cases," and then click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code. The Commission may enter any final order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

#### **NOTICE OF MODIFIED PROCEDURE**

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application must file a written comment in support or opposition with the Commission **by Wednesday, April 8, 2015**. The comment must contain a statement of reasons supporting the comment.

YOU ARE FURTHER NOTIFIED that persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and the Company at the addresses reflected below:

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

Street Address for Express Mail:

472 W. Washington Street  
Boise, ID 83702-5918

Lisa D. Nordstrom  
Idaho Power Company  
121 West Idaho Street (82702)  
PO Box 70  
Boise, ID 83707  
Email: [lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)  
[dockets@idahopower.com](mailto:dockets@idahopower.com)

Tami White  
Quentin Nesbitt  
Idaho Power Company  
121 West Idaho Street (82702)  
PO Box 70  
Boise, ID 83707  
E-mail: [twhite@idahopower.com](mailto:twhite@idahopower.com)  
[qnesbitt@idahopower.com](mailto:qnesbitt@idahopower.com)

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click the "Utility Case Comment or Question Form" under the "Consumers" tab, and complete the form using the case number as it appears on the front of this document. These comments must also be sent to the Company at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Company shall file reply comments, if necessary, **no later than Wednesday, April 15, 2015.**

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

### **ORDER**

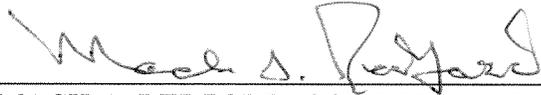
IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons shall file written comments no later than April 8, 2015.

IT IS FURTHER ORDERED that the Company shall file reply comments, if necessary, no later than April 15, 2015.

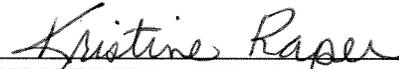
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 4<sup>th</sup>  
day of March 2015.



PAUL KJELLANDER, PRESIDENT

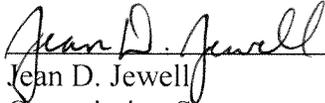


MACK A. REDFORD, COMMISSIONER



KRISTINE RAPER, COMMISSIONER

ATTEST:



Jean D. Jewell  
Commission Secretary

O:IPC-E-15-03\_kk