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February 25, 2009

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, Idaho 83720-0074

Re: Case No. PAC-E-08-07

Dear Ms. Jewell:

Enclosed for filing in the captioned matter, please find the original and eight (8) copies of *Idaho Irrigation Pumpers Association, Inc.'s Comments in Support of Stipulation*.

Sincerely,



ERIC L. OLSEN

ELO:nj
Enclosures
cc: Service List

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Attorneys for Intervenor
Idaho Irrigation Pumpers Association, Inc.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF ROCKY MOUNTAIN POWER FOR) CASE NO. PAC-E-08-7
APPROVAL OF CHANGES TO ITS)
ELECTRIC SERVICE SCHEDULES)
_____)

**IDAHO IRRIGATION PUMPERS ASSOCIATION, INC.'S COMMENTS
IN SUPPORT OF STIPULATION**

IDAHO IRRIGATION PUMPERS ASSOCIATION, INC. ("IIPA"), by and through its attorneys, hereby respectfully submits following comments in support of the Stipulation filed in this case on February 5, 2009.

BACKGROUND

On September 19, 2008, Rocky Mountain Power ("RMP") filed an Application seeking authority to increase the Company's base rates for electric service by \$5.9 million annually (an increase of approximately 4.0%). Because of contracts that are presently in place, this increase was proposed to be collected from all but RMP's two special contract customers in Idaho. By customer class, the increase was proposed to be based on the Company's cost of service study and was proposed to be distributed as follows:

<u>Customer Class</u>	<u>Increase</u>
Residential	4.73%
Schedule 23/23A	0.00%
Schedule 6/6A/8/35	7.96%
Schedule 9	7.96%
Schedule 19	2.31%
Irrigation	2.31%
Street Lighting	0.00%

The IIPA is an Idaho nonprofit corporation that was organized in 1968 to represent agricultural interests in electric utility rate matters affecting farmers in southern and central Idaho. During its existence and participation in rate proceedings, the IIPA and its membership has witness periods of excess power supplies, energy shortages, loss of the BPA credit, and growth on RMP's system. RMP is now in the early stages of a large and sustained expansion program. This building program is planned to significantly increase the amount of Generation, Transmission, and Distribution plant the Company has in service. The construction of these new facilities is necessitated by the customer growth on the system and the growth in usage (on-peak and off-peak) per customer.

A settlement of this case has been proposed by the affected parties. Each party that signed the stipulation presumably did so because it felt that the outcome of the settlement would be as good as or better than the possible results of a fully litigated case. This is not to say that the IIPA (or other parties) fully agree with each specific term of the Stipulation, but that "in total" the Stipulation provides an acceptable result. With this in mind, the IIPA hereby gives the following comments in support of the Stipulation.

REASONS FOR SUPPORT

For much of this past decade, the irrigation class has been singled out as a customer class that has needed above average rate increases. This perceived need to give disproportionate rate increases to the irrigation class is not so much been tied to the growth or cost of growth that the Irrigators have placed upon the system. Rather, the proposed increases are more byproduct of RMP's cost of service study that simply assigns/allocates costs based upon usage at the hour of the system peaks as opposed to assigning costs to those who are causing the increased costs to occur at the time of the system peaks. The irrigation class has been in the unfortunate position of taking service during the summer where RMP's growth (and therefore costs) has been rising rapidly in order to meet the ever increasing air-conditioning load.

The Irrigators have been working with RMP since 2002 to develop and refine irrigation load management programs. In the last year or so, we helped develop a new set of parameters such that the load management programs are now capable of taking over 200 MW off of the summer, system peak. This level of load control is larger than for any other customer class on the entire system.

There are several sets of benefits that flow from such a level of load control. First, in the long run, this curtailment program significantly reduces the need for peak resources, resulting in lower generation and transmission costs for the entire system. Second, when RMP's load is high and purchased power costs are high, RMP can avoid some or all of these expensive purchases by curtailing the Idaho Irrigation load—once again lowering the operating costs to the entire system. Equally important, when market prices are high, the Company could take advantage of these curtailment opportunities to

sell power into the market at a significant profit—once again lowering the operating costs of the entire system.

The above described system benefits are at the margin—much higher than the average system costs. However, the Company’s jurisdictional separation model allocates these benefits on an average cost basis. Because the system peak has been lowered as a result of the load management programs and because the Idaho contribution to the system peak is lowered, all Idaho customers receive a benefit in the form of a lower jurisdictional revenue requirement. Likewise, the irrigation class receives an average cost benefit due to the allocations in RMP’s class cost of service model.

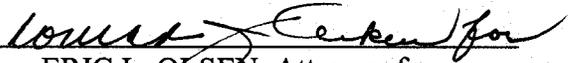
From a conceptual basis, it is obvious that both the Idaho jurisdictional revenue requirement as well as the irrigation class’ share of that increase has been reduced because of the curtailment programs. Thus, the rate increase being requested of the Idaho jurisdiction was only 4.0% and the percentage increase for the Irrigators was even less at 2.31%. It was incumbent upon the IIPA as well as the Commission Staff to insure that these benefits fully flowed to the proper customers (the Idaho Jurisdiction as a whole and the irrigation class specifically).

From the Irrigator’s perspective, it is believed that the jurisdictional revenue increase of 3.1% to the non-contract customers as specified in the Stipulation, with an increase to the Irrigation class of 1.73%, is a reasonable result given the variety of factors and information considered during the course of this case. This is not to say that any of RMP’s filing or methodology employed is appropriate for future use, simply that the “black box” settlement proposed produced an acceptable result for purposes of this case.

The IIPA believes that the proposed settlement is in the best, overall interest of all parties and that the terms of the Stipulation are fair, just and reasonable. The IIPA urges that the Commission accept the Stipulation as proposed.

DATED this 25th day of February, 2009.

RACINE, OLSON, NYE, BUDGE &
BAILEY, CHARTERED

By 
ERIC L. OLSEN, Attorney for
Idaho Irrigation Pumpers Assn., Inc.

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on this 25th day of February, 2009, I served a true, correct and complete copy of the foregoing document, to each of the following, via the method so indicated:

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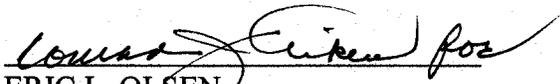
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