

LAW OFFICES OF

**RACINE OLSON NYE BUDGE & BAILEY  
CHARTERED**

W. MARCUS W. NYE  
RANDALL C. BUDGE  
JOHN A. BAILEY, JR.  
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JONATHAN S. BYINGTON  
DAVE BAGLEY  
THOMAS J. BUDGE  
JONATHAN M. VOLYN  
MARK A. SHAFFER  
JASON E. FLAIG

201 EAST CENTER STREET  
POST OFFICE BOX 1391  
POCATELLO, IDAHO 83204-1391

TELEPHONE (208) 232-6101  
FACSIMILE (208) 232-6109

[www.racinelaw.net](http://www.racinelaw.net)

SENDER'S E-MAIL ADDRESS: [elo@racinelaw.net](mailto:elo@racinelaw.net)

**BOISE OFFICE**  
101 SOUTH CAPITOL  
BOULEVARD, SUITE 208  
BOISE, IDAHO 83702  
TELEPHONE: (208) 395-0011  
FACSIMILE: (208) 433-0167

**IDAHO FALLS OFFICE**  
477 SHOUP AVENUE  
SUITE 107  
POST OFFICE BOX 50698  
IDAHO FALLS, ID 83405  
TELEPHONE: (208) 528-6101  
FACSIMILE: (208) 528-6109

**ALL OFFICES TOLL FREE  
(877) 232-6101**

LOUIS F. RACINE (1917-2005)  
WILLIAM D. OLSON, OF COUNSEL

June 4, 2010

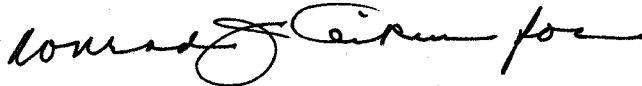
**Hand Delivered**

Jean Jewell  
IPUC Commission Secretary  
P.O. Box 83720  
Boise, Idaho 83720-0074

**Re: PAC-E-10-03**

Enclosed for filing please find an original and seven (7) copies of the Idaho Irrigation Pumpers Association, Inc.'s Comments in the above matter.

Sincerely,



ERIC L. OLSEN

ELO/rg  
Enclosures

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Eric L. Olsen ISB# 4811  
RACINE, OLSON, NYE, BUDGE &  
BAILEY, CHARTERED  
P.O. Box 1391; 201 E. Center  
Pocatello, Idaho 83204-1391  
Telephone: (208) 232-6101  
Fax: (208) 232-6109

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Attorneys for Idaho Irrigation Pumpers Association, Inc.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION )  
OF PACIFICORP DBA ROCKY MOUNTAIN ) CASE NO. PAC-E-10-03  
POWER FOR AN INCREASE TO THE )  
CUSTOMER EFFICIENCY SERVICES RATE )  
\_\_\_\_\_ )

**IDAHO IRRIGATION PUMPERS ASSOCIATION, INC.'S COMMENTS**

IDAHO IRRIGATION PUMPERS ASSOCIATION, INC. ("IIPA"), by and through its attorneys, hereby respectfully submits the following comments with regard to Rocky Mountain Power's ("RMP") proposed adjustment to Customer Efficiency Services Rate or Schedule No. 191.

**INTRODUCTION**

On February 25, 2010, PacifiCorp filed an Application with the Commission seeking authority to increase its Schedule No. 191 from the current 3.72% to 5.85% of retail revenue. Essentially, the Company asserts that it needs the increase in order to meet expected higher costs of the overall energy conservation and Demand Side Management (DSM) programs that are being conducted by the Company in Idaho. Additionally, the increase would help to reduce the current accrued deficit balance of \$3.5 million associated with these programs.

The IIPA agrees with the overall concept of the promotion of energy conservation and DSM programs. Furthermore, the IIPA agrees with the fact that the utility should be reimbursed

Idaho Irrigation Pumpers Association, Inc.'s Comments - 1

for its approved costs in these areas. However, the IIPA disagrees that the Schedule No. 191 rates should be increased at this time.

### **COMMENTS**

The IIPA believes that there should be an opportunity in RMP's pending rate case to address the cost effectiveness of these programs and more importantly the funding of at least the Irrigation Load Control Program ("ILCP"). Depending upon the programs that are approved in the rate case, as well as the funding of those programs, the overall future cost recovery needed from Schedule No. 191 could drop below existing levels. This is not to say that the accrued \$3.5 million will not need to be recovered, but that it could be done based upon the present rate level. For purposes of these comments, the IIPA will only address the treatment of cost recovery of the ILCP.

The ILCP is unique among many of the energy conservation and DSM programs being offered/utilized by RMP in Idaho. The ILCP not only has reached 258 megawatts in magnitude, but it is generally available on demand and completely under the control of the RMP. By comparison, weatherization, refrigerator recycling and other energy savings, are not as large in magnitude with respect to demand reductions, and their quantification is far more theoretical than the immediate response that is realized when an irrigation pump is shutoff.

RMP contracted with Quantec to do a study of demand side resources and energy efficiency programs in 2007. On July 11, 2007, Quantec produced a report entitled "Assessment of Long-Term System-Wide Potential for Demand-Side and other Supplemental Resources". With respect to direct load control programs, the study found that the ILCP had a levelized cost that was half (or lower than half) of that of other direct load control programs such as Thermal Energy Storage, Commercial Direct Load Control, and Direct Load Control of Air Conditioning

Load. These findings were before the development of the current curtailment programs and mostly addressed the more static “designated-day” curtailment program that existed at the time. In looking at the ILCP, it is in a category by itself. Today, it is not only a major program where RMP has 258 MW (and rising) of curtailment at its finger tips, but it has now greatly surpassed the Monsanto interruptible load with respect to size. It is the new importance of the ILCP, compared to that of all the other programs, that calls for special attention in this case and in RMP’s present rate case.

In Attachment 4 to RMP’s Application in this case, the 2010 forecast Total Resource Cost of all programs is \$7,649,000. Of this amount \$4,300,000 or 56% is associated with the ILCP. Not only is the ILCP a major part of the RMP’s energy efficiency and DSM programs in Idaho, but it is a major driving force behind the rates in Schedule No. 191. Without recovery of the ILCP costs in Schedule No. 191 (and absent the present arrearage), the Company would be seeking a reduction in the Schedule No. 191 rates as opposed to an increase.

The IIPA will be proposing in RMP’s current rate case that, like Monsanto, all costs associated with the ILCP be considered “system” costs and not “jurisdictional” costs. By way of example, the ILCP is reducing the system peak by approximately 250 MW. This is a reduction at the time of the system peak. This curtailment of 250 MW allows the RMP to either forgo the purchase of the most expensive power during the time of the system peak, or the ability to sell into a market when sale for resale prices are at their highest. What does Idaho get for that benefit that is provided to all customers in all jurisdictions—an average system cost benefit that is closely tied to lower priced and depreciated coal fired power plants. However, the present jurisdictional allocation scheme requires Idaho to pay all of the costs (\$4,300,000) to achieve this 250 MW reduction (plus the credit paid to customers as well). This is not the treatment afforded

Monsanto. The IIPA does not assume that the change in the treatment of the costs of the ILCP will be easy, as all of the other jurisdictions would be more than happy for Idaho to continue to bare all of the costs of the program, while they enjoy 95% of the benefit—Idaho is only allocated approximately 5% of the system costs/benefits. Admittedly, there are other programs that other jurisdictions would like Idaho to support from a cost perspective. The appropriateness of such claims needs to be reviewed as well. Just because another jurisdiction would like the costs of their programs covered by others, does not mean that they are on a par with the ILCP or that other jurisdictions should support such costs.

However, the IIPA believes that the Commission should look at this program from an Idaho Irrigator's point of view and ultimately that of the other Idaho customers as well. A very simplistic example will be provided here as this is not the venue where jurisdictional allocation arguments need to be made. An Idaho Irrigator gives up his right to irrigate (or allows the RMP to curtail) up to 52 hours per season. The Irrigator does this for a credit of \$30 per kW per year. There is a cost to this that is obvious, but difficult to quantify. The cost impacts include reduced yield and additional labor costs—the Irrigator clearly does not net \$30 per kW. In total, this credit amounts to approximately \$7,500,000 at the present level of participation. Because the present jurisdictional allocation ties this credit to Idaho, and not the system as a whole, all of the Idaho customers (Residential, Commercial, Industrial, and Irrigation) pay for this cost that brings a benefit to the entire system. Assuming that the Irrigators are allocated in the cost of service study  $\frac{1}{3}^{\text{rd}}$  of the cost of these credits ( $\$7,500,000/3 = \$2,500,000$ ), they will have been given a credit of \$30, but pay \$10 back, for a net benefit of \$20 per kW (which may or may not cover potential lost yield and additional labor costs).

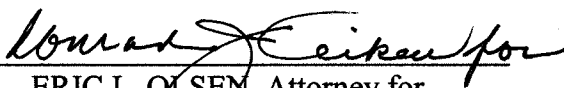
Additionally, the cost of the ILCP that is included in Schedule No. 191 is now expected to be \$4,300,000 in 2010. Because the present jurisdictional allocation ties this credit to Idaho and not the system as a whole, all of the Idaho customers (Residential, Commercial, Industrial, and Irrigation) pay for this costs that brings a benefit to the entire system. Based upon the present intra-jurisdictional allocation scheme, the IIPA would also pay about a 1/3<sup>rd</sup> of these costs as well ( $\$4,300,000/3 = \$1,430,000$ ). In total the Irrigators would be given a credit of \$7,500,000 but pay back \$3,930,000 ( $\$2,500,000 + \$1,430,000$ ) or more than half of the original credit. Not even addressing the potential lost yields or additional labor costs, this treatment of Idaho customers for the "system" benefit is simply inequitable.

### CONCLUSION

It is not the IIPA's position in this case to change the jurisdictional allocation scheme that is presently in place—we plan to address that in the pending rate case. However, given the need for a change, we urge the Commission to not increase Schedule No. 191 at this time. By leaving Schedule No. 191 at the existing level, but removing the cost of the ILCP, it will be possible to completely fund all of the remaining energy efficiency and DSM programs, while rapidly bring down the present \$3,500,000 in accrued balance.

DATED this 4 day of June, 2010.

RACINE, OLSON, NYE, BUDGE &  
BAILEY, CHARTERED

By   
ERIC L. OLSEN, Attorney for  
Idaho Irrigation Pumps  
Association, Inc.

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 4<sup>th</sup> day of June, 2010, I served a true, correct and complete copy of the foregoing document to each of the following, via U.S. Mail or private courier, e-mail or hand delivery, as indicated below:

Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
P.O. Box 83720  
472 W. Washington Street  
Boise, Idaho 83720-0074  
[jjewell@puc.state.id.us](mailto:jjewell@puc.state.id.us)

☒ Hand Delivery

Ted Weston  
Idaho Regulatory Affairs Manager  
201 South Main, Suite 2300  
Salt Lake City, UT 84111  
[ted.weston@pacificorp.com](mailto:ted.weston@pacificorp.com)

☒ E-mail/U.S. Mail

Daniel Solander  
Senior Counsel  
201 South Main, Suite 2300  
Salt Lake City, UT 84111  
[daniel.solander@pacificorp.com](mailto:daniel.solander@pacificorp.com)

☒ E-mail/U.S. Mail

Benjamin J. Otto  
Idaho Conservation League  
710 N. 6<sup>th</sup> Street  
P.O. Box 844  
Boise, ID 83702  
[botto@idahoconservation.org](mailto:botto@idahoconservation.org)

☒ E-mail/U.S. Mail

  
ERIC L. OLSEN