

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 19, 2006

REGULAR _____ CONSENT X EFFECTIVE DATE December 20, 2006

DATE: December 8, 2006

TO: Public Utility Commission

FROM: Bill McNamee

THROUGH: Lee Sparling, Ed Busch and Bonnie Tatom

SUBJECT: IDAHO POWER COMPANY: (Advice No. 06-08) Revises Irrigation Peak Rewards Program, Schedule 23.

STAFF RECOMMENDATION:

I recommend that the Commission allow Idaho Power Company's Advice No. 06-08 to become effective on December 20, 2006.

DISCUSSION:

Idaho Power Company (IPCo) filed Advice No. 06-08 with the Oregon Public Utility Commission (OPUC) on September 29, 2006, under ORS 757.205. The purpose of this filing is to revise Schedule 23 (*Irrigation Peak Rewards Program*). The proposed revisions are the result of IPCo sponsored workshop discussions with the Idaho Irrigation Pumpers Association, IPCo agricultural irrigation customers, and Idaho Public Utility Commission Staff.

The Irrigation Peak Rewards Program is an optional, incentive-based program designed to achieve a temporary reduction in summer peak irrigation load.¹ The program allows IPCo to turn off specific irrigation equipment of participating customers on a regular, pre-scheduled basis. This is accomplished with the use of an electronic timer switch. In exchange, participating customers receive an incentive payment (*i.e., Demand Credit*) that is based on the kilowatt (kW) reductions as measured by the Customer's monthly billing demand.

¹ The Irrigation Peak Rewards Program has been in effect in the Company's Idaho service territory since 2004 and was approved by the OPUC at its November 22, 2005, public meeting.

Service interruptions under the Irrigation Peak Rewards Program are scheduled to occur weekdays between 4:00 p.m. and 8:00 p.m. Customers have the option to be interrupted one, two, or three times per week during the months of June, July, and August. The more the days of interruption, the greater the kW demand savings.

The first proposed modification is to adjust the incentives to more accurately reflect the value of demand savings achieved as the number of days of interruption increases. A comparison of the current and proposed demand credits follows:

<u>Option</u>	<u>Days Interrupted</u>	<u>Current Demand Credit</u>	<u>Proposed Demand Credit</u>
1	One weekday	\$2.01 per kW	\$2.01 per kW
2	Two weekdays	\$2.51 per kW	\$3.36 per kW
3	Three weekdays	\$2.76 per kW	\$4.36 per kW

IPCo states that these incentive changes derive from the Company's cost-effectiveness analysis of input and suggestions received at the mentioned workshop discussions. The higher Demand Credit incentives for Options 2 and 3 are intended to increase customer participation and, thereby, summer peak load reductions. For administrative and cost control purposes (*i.e., reprogramming installed timers*), during the June 1 to August 31 period, participating customers who request to reduce the agreed number of days of interruption will be assessed a \$100 fee. In addition, customers will not be allowed to increase the number of days of interruption after June 1.

Currently, program incentives are only available to customers with irrigation pumps of at least 100 cumulative horsepower (hp). In an attempt to increase the participation of smaller irrigators, IPCo is proposing to reduce the cumulative hp limit per metered service point from 100 hp to 75 hp. An installation fee of \$250 would be assessed on new program participants with irrigation pumps between 75 and 99 hp if it is necessary to install a timer on the pumps.² All members of the collaborative workshop support these changes.

System wide, the Company expects that for the 2007 irrigation season the modifications to the Irrigation Peak Rewards Program will result in an additional 4 to 5 MW (*i.e., approximately a 10 percent increase*) of summer peak load reduction.³ The Idaho Public Utility Commission (IPUC) has approved the Irrigation Peak Rewards Program modifications for IPCo's Idaho service territory (*see IPUC Order No. 30194, issued November 30, 2006*).

² IPCo indicates that timer installation can cost up to \$450 and, therefore, the \$250 installation fee is necessary to maintain program cost-effectiveness.

³ IPCo states that the additional peak demand savings for its Oregon service territory, with its relatively small pool of eligible customers, is difficult to predict.

IPCo Advice No. 06-08
December 8, 2006
Page 3

PROPOSED COMMISSION MOTION:

Idaho Power Company's Advice No. 06-08 be allowed to go into effect on December 20, 2006.