

# THE IDAHO PUMPER

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## **Funding**

The Idaho Irrigation Pumpers Association is funded by voluntary contributions from individuals, corporations, associations and businesses interested in achieving the Association's goals and objectives of providing an inexpensive, reliable electrical power supply for Idaho's irrigators. Contributions to the Association are not classified as charitable but are deductible as a regular business expense. Less than 5% of the Association's funds are used for administration. The balance is used for legal and technical services.

## **IIPA FACES FINANCIAL CRISIS**

Utilities define "the efficient frontier" as the intersection between affordability and reliability used to choose its resource mix. For irrigators that frontier may be the point where water supply and availability, energy costs, and commodity prices determine the cost of doing business or going out of business.

Idaho Irrigation Pumpers Association faces a similar dilemma. **IIPA is deeply in debt after successfully fending off back-to-back rate cases on Idaho Power and PacifiCorp's systems in 2006** and challenging utilities' cost of service studies that unfairly burden a declining irrigation class. Even as we struggle to pay our current bills, new challenges loom ahead, threatening the viability of the association and your farming operations. We cannot take on these challenges without your immediate, generous and prompt response.

Since incorporating in 1968, IIPA is committed to providing an inexpensive, reliable electrical supply for Idaho's irrigators. In recent years that goal has expanded to ensure that irrigators are not paying for the costs of building or buying new generation needed by residential, commercial or industrial customers.

IIPA also works to identify opportunities that pay irrigators to shift or reduce their usage, benefiting irrigators, other ratepayers, and the utilities with lower rates and costs. Idaho Power Company's Irrigation Peak Rewards program (**See IPCO page 2**) and Rocky Mountain Power's Irrigation Load Control Program would not be the programs they are today without IIPA's efforts. (**See PacifiCorp page 3**) And we continue to push funding for these programs closer to the utilities' cost of buying or building new generation resources.

IIPA is closely following Bonneville Power Administration's proposed reduction to its residential and small farm exchange program that, if implemented, could result in irrigation rates rising somewhere between 12.5% to 25% by 2011. (**See Bonneville page 3**) IIPA is also participating in the Idaho Legislature's Interim Energy, Environment and Technology Committee as it re-writes the state energy plan. (**See State Energy Plan page 4**)

And twice a year IIPA delivers "The Idaho Pumper" to keep you updated on the state of the energy markets and potential impacts to your farming operations. None of this is possible without the generous support of you, our members, whose voluntary contributions provide the legal and technical expertise to intervene in these issues on behalf of irrigated agriculture. In between, visit our website at [www.idahowaterpolicygroup.org](http://www.idahowaterpolicygroup.org)

**As you renew your dues this year**, please bear in mind that your voluntary contribution, measured in cents per horsepower or dollars per acre, results in millions of dollars in benefits to Idaho's irrigators and other ratepayers who face ever-increasing challenges in maintaining an inexpensive, reliable electrical supply. **Please renew today.**

*Lynn Tominaga, Executive Director*

## IDAHO POWER COMPANY— IPCO— EXPANDS PEAK REWARDS

Idaho Power Company proposes changes to its 2007 Irrigation Peak Rewards Program that increase the demand credit irrigators receive and lower the horsepower limit from 100 to 75. Pending Idaho Public Utilities Commission approval, irrigators who allow the company to interrupt power between 4 and 8 p.m. on two or three weekdays in June, July and August would receive \$3.36 to \$4.36 per kW over the current \$2.51 to \$2.76. Irrigators on the one day option would continue to receive \$2.01 per kW.

IIPA consistently advocates for better incentives and broader eligibility requirements to increase participation, up from the nearly one-quarter (23%) of the 1112 eligible who participate now. IIPA maintains that, if the price irrigators receive more closely matched what IPCO would pay to purchase surplus power or build new generation, more irrigators would probably sign on. Are you considering what lower pumping costs and demand charges do for your farming operation? While recognizing the benefit to individual irrigators, IIPA also promotes the program as a means of reducing irrigation's overall impact on peak load and what it costs IPCO's cost to serve irrigation load, increasing reliability, postponing the building or buying more expensive resources, and keeping rates lower for all ratepayers.

*Idaho Power expands Irrigation Peak Rewards Program, increasing demand credit as IIPA advocates for better incentives & broader eligibility.*

IPCO increasingly views the load shifting program as a valuable resource that is reducing summer peak by an average 23 MWs and, in critical demand periods, by more than 40 MW (the equivalent of building a small power plant). The recently completed Treasure Valley Electrical Plan estimated that demand side management programs like Peak Rewards are one option to counter the company's phenomenal growth, estimated at 50 MW per year, by as much as 20 to 30% and reducing future build-out by perhaps 600 MW over the next 20 years. Its latest Integrated Resource Plan proposes adding 187 MW of demand side management. While not binding, IRPs are seen as an "action plan" outlining how future load growth and reliability will be met and irrigation may be able to supply a significant amount of that DSM.

IIPA's representative on the IRP Advisory Committee, Sid Erwin, says the IRP is fairly realistic and practical. In filing comments on the IRP, IIPA will emphasize the need to expand DSM programs like Peak Rewards, not unfairly burden irrigators with the cost of growth in other customer classes, and the importance of preserving Idaho Power's hydropower system as critical to keeping your rates low.

Hydropower, the backbone of Idaho Power's generation, is shrinking in proportion to demand and is increasingly challenged by growth and environmental issues like dam relicensing, fish recovery, and recharge. IIPA supports IPCO's efforts to ensure that its hydropower system, especially the Hells Canyon Complex, is not encumbered by re-licensing requirements that decrease capacity or increase operating costs to the detriment of the ratepayer. In 2006 a good water year doubled hydropower production, lowered production costs, and tripled surplus power sales, a boon to ratepayers and shareholders, but a disappointment to water users on the Eastern Snake Plain Aquifer who wanted some of that surplus for recharge. IIPA, as part of an agricultural coalition, supported increased recharge. Improved aquifer levels benefit river flows, hydropower production, and ratepayers.

**In the West, irrigators and natural resource based industries can benefit from a growing trend toward reliable, affordable and environmentally friendly energy.** Badly needed generation is expected to be built in remote areas far from load centers with the challenge being to balance environmental concerns with moving energy across city, county, state and federal jurisdictions to load centers. With abundant natural resources—coal, wind, geothermal or bio-fuels—local and regional economies can benefit via new investment, construction, jobs, and markets for agricultural, mineral and timber products or by-products. The **Western Governor's Association** recently adopted a Clean and Diversified Energy Initiative proposes that the region add 30,000 MW of new clean and diverse energy by 2015, increase energy efficiency 20% by 2020, and develop adequate transmission over the next 25 years.

*Expanding domestic production of energy may be a boon to the West and natural resource based industries: mining, timber and agriculture.*

**IIPA supports the development of renewables, conservation and energy efficiency as important supplemental resources.** However, IIPA will also continue urging utilities to invest in base load generation and transmission to maintain a reliable supply and stable rate structure. Clean coal and nuclear are considered the mainstay for base load electricity with coal or integrated coal gasification generation being considered in Arizona, Nevada, Utah, Montana, Wyoming, Washington, Oregon, and Idaho. Recent actions in California, Washington and Oregon potentially limit coal's use as renewable portfolio standards or other measures try to mandate the percentage of renewables in a portfolio or limit the amount of energy produced from coal that can be imported into a state. Some consumers falsely assume that conservation and renewables can meet all future load growth.



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**OUR OBJECTIVES**

- The Idaho Irrigation Pumpers Association is a non-profit organization committed to insuring a reliable power supply at a reasonable cost for Idaho's irrigation pumpers.
- Programs of the Association are guided by a volunteer Board of Directors representing a broad cross section of Idaho irrigators and electrical energy users.
- The Association is committed to providing legal and technical representation for Idaho's irrigation pumpers before the Idaho Public Utilities Commission, the Idaho State Legislature and in other forums where the future and cost of our electrical supply is discussed.

**USDA Rural Development  
Announces Energy Funds**

are available to help agricultural producers and rural small businesses with their energy-related projects. Grant funds (up to 25% of the total project cost) and Loan Guarantee funds (up to 50% of project cost) can be used to help purchase a renewable energy system (e.g., wind turbines or solar panels) or to make energy efficiency improvements (e.g., converting diesel pivot pumps to electrical pumps). Brian Buch at 208-785-5840, ext. 118, or [brian.buch@id.usda.gov](mailto:brian.buch@id.usda.gov), can provide information.

**In Idaho** the Energy, Environment and Technology Legislative Interim Committee worked throughout 2006 to update the 1982 State Energy Plan. In its report to the 2007 Legislature, the committee is expected to recommend that overall “the current system works well” and does not need a major overhaul. The new plan attempts to balance Idaho's future generation, transmission, and siting needs with air and water quality, water supply and allocation, and potential impacts to the health, safety and welfare of its citizens, industries, economy and/or environment. **IIPA participated in the committee hearings and workshops leading to the development of the plan.** A copy of the draft plan is available on the web at [www.legislature.idaho.gov](http://www.legislature.idaho.gov).

Idaho utilities are urged to develop a diverse resource base with an increased emphasis on conservation. Siting, a highly controversial issue, would remain at the local level supported by technical information from state agencies upon request. of Water Resources, Commerce, Health & Welfare, Fish & Game, and Agriculture.

According to the committee's consultant, California-based E3, considerable opportunities exist to develop wind, geothermal, biomass, and other renewables “...eventually adding up to as much as 9% of Idaho's fuel mix by 2015...” However, most experts do not see renewables a viable base load resource—the resources that keep the lights on. E3 projects that Idaho utilities will add base load, as much as 937 aMW, with more than half potentially coming from coal-fired generation built out of state.

Last year's fierce debate over a proposed coal-fired plant in the Magic Valley and then-Governor Risch's decision to “opt out” of the federal mercury program effectively closes the door on any future coal plant being sited here at this time, although some speculate that Idaho could “opt-in” once its own mercury standards are developed. Limiting any viable resource is a concern as Idaho imports just over 50% of its electricity and our primary resource, large hydropower, is shrinking proportionate to the growth and increased energy demand the state is experiencing.

**IIPA soldiers on in the face of increased competition for energy supplies and growth from sectors outside irrigated agriculture. The competition, the challenges, and the opportunities are outstripping our current financial base.** Without IIPA, there is no unified irrigation customer class to challenge rate increases, to confront efforts that unfairly burden irrigators with the cost of growth, or to promote opportunities that benefit both agricultural producers and ratepayers.

**Irrigators must step up to support the association or face losing it!** Your dues are voluntary. The suggested donation is a minimum, not a maximum. If agriculture has been good to you this year, if you want to keep rates low, please consider increasing your level of support this year. And, as always, we thank you for your on-going support!