

# Introduction

*The commission shall make and submit to the governor on or before the first day of December of each year, a report containing a full and complete account of its transactions, and proceedings for the preceding fiscal year, ending June thirtieth, together with such other facts, suggestions, and recommendations as it may deem of value to the people of the state.*

The Public Utilities Law  
Idaho Code 61-214

With this report, the Idaho Public Utilities Commission has satisfied Idaho Code 61-214; this is a “full and complete account” of the most significant cases to come before the Commission from July 1, 1999 through June 30, 2000. An accounting of each and every action taken by the Commission for this time period may be referenced through the Commission’s Summary of Utilities Activities and Summary of Rail Activities compiled monthly by the Commission’s Utilities and Rail divisions. These summaries provide a chronological list of all applications, orders, notices, errata and tariff actions and are available upon request.

Anyone with access to the Internet may also review the Commission’s agendas, notices and decisions by visiting the IPUC’s World Wide Web home page at: <http://www.puc.state.id.us>. E-mail may be sent to the Commission at: [ipuc@puc.state.id.us](mailto:ipuc@puc.state.id.us). Commission records are also available for public inspection at the Commission’s Boise office Monday through Friday, 8 a.m. to 5 p.m. A nominal fee of 5-cents per page may be charged for the cost of copying.

The Idaho Public Utilities Commission, as outlined in its 1997 Strategic Plan, serves the citizens and utilities of Idaho by determining fair, just and reasonable rates for utility commodities and services which are to be delivered safely, reliably and efficiently. During the period covered by this report, the Commission also had responsibility for ensuring that all rail services operating within Idaho do so in a safe and efficient manner. Motor carrier responsibilities have been transferred to the Department of Law Enforcement and Idaho Transportation Department, with the Commission retaining its jurisdiction in rail carrier matters.

# Idaho Public Utilities Commission

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Legal Division ..... 334-0324

Rail Section ..... 334-0330

Consumer Assistance Section ..... 334-0369

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Idaho Telephone Relay Service (available statewide)

Voice: ..... 1-800-377-1363

Text Telephone: ..... 1-800-377-3529

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# The Commissioners

## Dennis S. Hansen

was appointed to the Commission in February 1995 by Gov. Phil Batt.

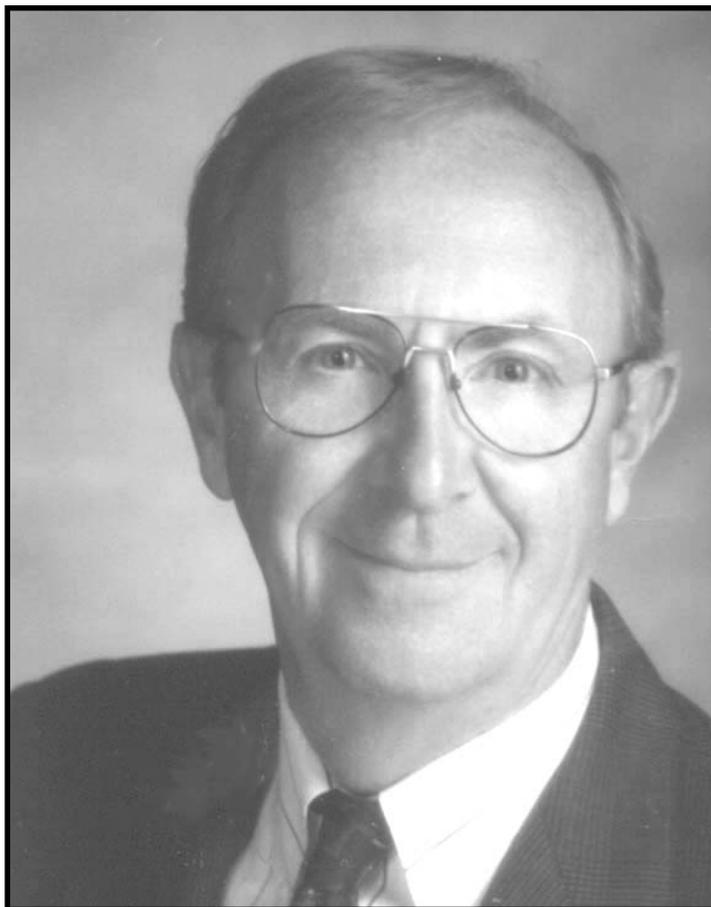
Hansen, reelected in April of 1999 to a second two-year term as Commission President, is a member of the Committee on Gas of the National Association of Regulatory Utility Commissioners (NARUC) and served on the Federal Railroad Administration's Safety Advisory Committee.

Prior to his appointment to the Commission, he was an accountant with Monsanto Co. in Soda Springs, Idaho.

Commissioner Hansen, a Republican, was elected five times to the Idaho State Senate, where he served from 1987 to 1995. He was Chairman of the Senate Transportation Committee from 1991 to 1995 and a member of the Agricultural Affairs and Finance committees. He was elected by his colleagues to service on the Legislative Council from 1993 to 1995. From 1973 to 1977, Commissioner Hansen served on the Soda Springs City Council.

He has a 1967 Bachelor of Science degree in business management from Brigham Young University in Provo, Utah. Commissioner Hansen also attended Ricks College in Rexburg, Idaho, 1960-61.

A third generation Idahoan, Commissioner Hansen and his wife, Marianne, have six children - Shelli, Kristi, Chad, Heather, Ryan and Nikki.



# The Commissioners



## Marsha Smith

is serving her second term on the Commission, to which she was appointed by Gov. Cecil Andrus in January 1991 and reappointed by Gov. Phil Batt in January 1997. A Democrat, Commissioner Smith served as Commission President from November 1991 to April 1995.

She is Chair of the Electricity Committee of the National Association of Regulatory Utilities Commissioners (NARUC), and serves on that organization's Board of Directors and Ad Hoc Committee on Electric Industry restructuring. Commissioner Smith is also Chair of the Committee for Regional Electric Power Cooperation of the Western Interstate Energy Board. She is also a member of the National Council on Competition and the Electric Industry and the Harvard Electricity Policy Group.

Commissioner Smith received a Juris Doctorate degree from the University of

Washington in 1980. She has a Master of Library Science degree from Brigham Young University and a Bachelor of Science degree in Biology/Education from Idaho State University.

Prior to her appointment, Commissioner Smith worked as a deputy attorney general for the Commission and in the business regulation and consumer affairs division of the Idaho Office of the Attorney General.

A fourth generation Idahoan, Commissioner Smith is married and has two sons. She and her husband operate a small farm in southwestern Ada County.

# The Commissioners

## Paul Kjellander

is serving his first term on the Idaho Public Utilities Commission, to which he was appointed in January 1999 by Gov. Dirk Kempthorne.

Commissioner Kjellander, a Republican, was elected to three terms in the Idaho House of Representatives, where he served since 1994 as a member of the House State Affairs, Judiciary and Rules, Ways and Means, Local Government and Transportation committees. During his last term in office, Commissioner Kjellander had won election as House Majority Caucus Chairman.

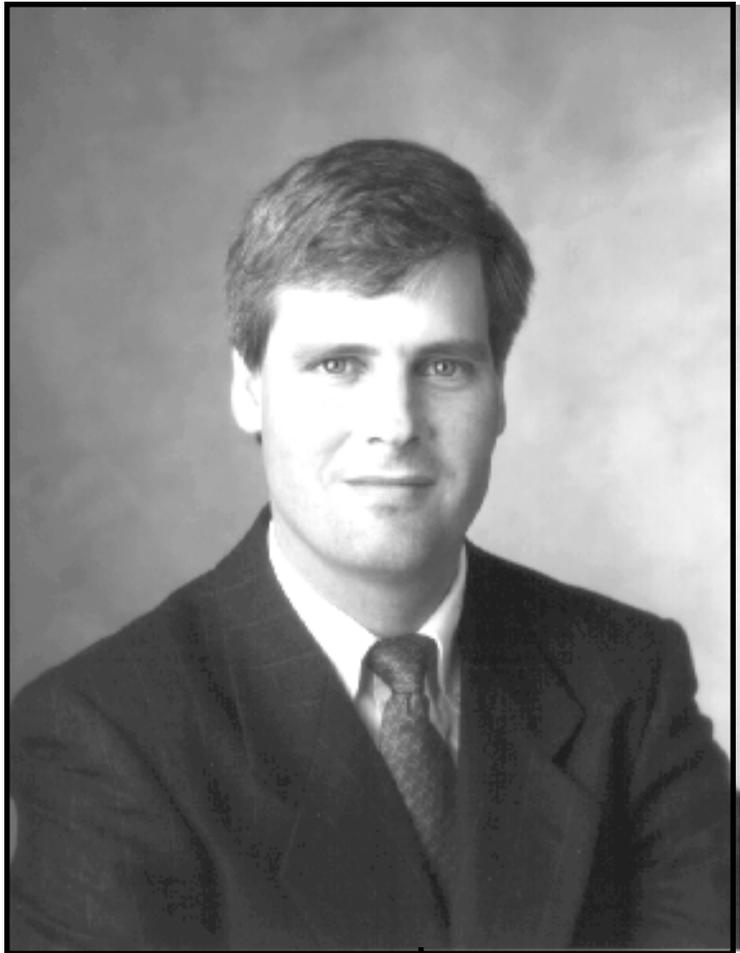
Commissioner Kjellander's legislative service includes membership on the Legislature's Information Technology Advisory Council and the House/Senate Joint Committee on Technology. He also served as co-chairman of the Legislative Task Force on the federal Telecommunications Act of 1996 and vice-chairman of the Council of State Governments West Smart States Committee Structure and Leadership. His interim legislative committee assignments included the Optional Forms of County Government Committee, Capital Crimes Committee and the Private Property Rights Committee.

Commissioner Kjellander has served as Boise State University's College of Applied Technology Distance Learning Director, Interim Program Head of Broadcast Technology, Station Manager of BSU Radio Network, Special Projects Unit Director for BSU Radio, Executive Producer/Newscaster for BSU Radio and Director of News and Public Affairs.

His undergraduate degrees from Muskingum College were in Communications, Psychology and Art. He holds a Masters in Telecommunications from Ohio University.

As a member of the National Association of Regulatory Commissioners, Commissioner Kjellander serves on the Telecommunications & Consumer Affairs Committees.

He and his wife, Radelle, are the parents of a daughter, Allison, and two sons, Sky and Justus.



# Commissioners

## IDAHO PUBLIC UTILITIES COMMISSION

1913 - 1999

**Only 39 people have served as Commissioners of the Idaho PUC. They have established a tradition of fairness, balancing the needs of utilities with the needs of customers.**

<u>Commissioner</u>	<u>From</u>	<u>To</u>
J. A. Blomquist	May 8, 1913	Jan. 11, 1915
A. P. Ramstedt	May 8, 1913	Feb. 8, 1917
D. W. Standrod	May 8, 1913	Dec. 1, 1914
John W. Graham	Dec. 1, 1914	Jan. 13, 1919
A. L. Freehafer	Jan. 14, 1915	Jan. 31, 1921
George E. Erb	Dec. 8, 1917	April 14, 1923
Everett M. Sweeley	May 23, 1919	Aug. 20, 1923
J. M. Thompson	Feb. 1, 1921	Dec. 20, 1932
Will H. Gibson	April 16, 1923	June 29, 1929
F. C. Graves	Sept. 7, 1923	Nov. 12, 1924
Frank E. Smith	March 6, 1925	Feb. 25, 1931
J. D. Rigney	July 2, 1929	Sept. 30, 1935
M. Reese Hattabaugh	March 2, 1931	Jan. 26, 1943
Harry Holden	March 27, 1933	Jan. 31, 1939
J. W. Cornell	Oct. 1, 1935	Jan. 11, 1947
R. H. Young	Feb. 1, 1939	March 19, 1944
B. Auger	Feb. 1, 1943	March 9, 1951
J. D. Rigney	March 30, 1944	April 30, 1945
W. B. Joy	May 1, 1945	March 9, 1951
H. N. Beamer	Jan. 17, 1947	Dec. 31, 1958
George R. Jones	March 12, 1951	Jan. 31, 1957
H. C. Allen	March 12, 1951	Feb. 28, 1957
A. O. Sheldon	March 1, 1957	June 30, 1967
Frank E. Meek	Feb. 1, 1957	Feb. 5, 1964
Ralph H. Wickberg	Jan. 14, 1959	Feb. 23, 1981
Harry L. Nock	May 1, 1964	Sept. 30, 1974
Ralph L. Paris	July 1, 1967	Oct. 5, 1967
J. Burns Beal	Dec. 1, 1967	April 1, 1973
Robert Lenaghan	April 1, 1973	April 15, 1979
M. Karl Shurtliff	Oct. 1, 1974	Dec. 31, 1976
Matthew J. Mullaney	Jan. 2, 1977	Feb. 15, 1977
Conley Ward, Jr.	March 7, 1977	Feb. 9, 1987
Perry Swisher	April 16, 1979	Jan. 21, 1991
Richard S. High	Feb. 24, 1981	April 30, 1987
Dean J. Miller	March 16, 1987	Jan. 30, 1995
Ralph Nelson	May 4, 1987	Feb. 12, 1999
Marsha H. Smith	Jan. 21, 1991	Now Serving
Dennis S. Hansen	Feb. 1, 1995	Now Serving
Paul Kjellander	Feb. 15, 1999	Now Serving

# Financial Summary

## IPUC FISCAL YEAR 1996 - FISCAL YEAR 2000

<u>Description</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY2000</u>
Personnel Costs	\$2,657,213	\$2,746,215	\$2,975,862	\$3,197,151	\$2,992,650
Travel	\$108,826	\$101,062	\$115,090	\$125,805	\$118,205
Consultants	\$30,254	\$196,833	\$99,006	\$47,786	\$144,316
Subscriptions	\$22,247	\$22,660	\$23,459	\$23,520	\$17,625
Emp. Training	\$17,606	\$22,240	\$22,670	\$37,622	\$26,920
Postage	\$38,058	\$29,479	\$12,692	\$30,301	\$18,819
Telephone	\$36,891	\$34,576	\$34,465	\$32,017	\$22,009
Office Supplies	\$15,382	\$23,866	\$23,896	\$19,960	\$16,678
Office Rent	\$196,854	\$200,315	\$231,972	\$238,767	\$231,821
Maintenance	\$28,288	\$29,866	\$22,265	\$21,744	\$21,694
Insurance	\$4,612	\$4,631	\$3,093	\$2,023	\$4,429
Automobiles	\$16,947	\$18,680	\$22,442	-	-
Office Equip.	\$13,670	\$43,579	\$9,457	\$5,506	\$2,873
Computer Eqpt.	\$61,235	\$59,236	\$44,132	\$46,323	\$45,096
Comm.'s Eqpt.	-	-	\$175	\$41,222	\$1,035
Other Expenses	\$55,379	\$231,098	\$99,449	\$116,039	\$77,928
Total Expend.	\$3,324,719	\$3,788,208	\$3,739,125	\$3,985,786	\$3,742,098
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Appropriations	\$3,569,000	\$3,889,300	\$3,952,500	\$4,324,300	\$4,123,500
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Unexpnded Bal.	\$244,281	\$101,092	\$213,375	\$342,404	\$381,402

# IPUC Structure & Operations

**... assuring adequate service and affixing just, reasonable and sufficient rates.**

Under state law, the Idaho Public Utilities Commission supervises and regulates Idaho's investor-owned utilities – electric, gas, telecommunications and water, ... assuring adequate service and affixing just, reasonable and sufficient rates. The Commission does not regulate publicly owned, municipal or cooperative utilities. In setting rates, the Commission must consider the needs of both the utility and its customers.

IPUC commissioners are appointed by the governor with confirmation by the Idaho Senate. No more than two commissioners may be of the same political party. The commissioners serve staggered six-year terms. Vacancies that occur when the Idaho Senate is not in session are filled by gubernatorial appointment subject to confirmation by the Senate upon reconvening in regular session. The governor may remove a commissioner before his/her term has expired for dereliction of duty, corruption or incompetency.

The three-member Commission was established by the 12th session of the Idaho Legislature and was organized May 8, 1913 as the Public Utilities Commission of the State of Idaho. In 1951 it was reorganized as the Idaho Public Utilities Commission. Statutory authorities are established in Idaho Code titles 61 and 62.

The IPUC has quasi-legislative and quasi-judicial as well as executive powers and duties. In its quasi-legislative capacity, the Commission sets rates and makes rules governing utility operations. In its quasi-judicial mode, the Commission hears and decides complaints, issues written orders similar to court orders and may have its decisions appealed to the Idaho Supreme Court. In its executive capacity, the Commission enforces state laws affecting the utility and rail industries.

Commission operations are funded by fees assessed on the utilities and railroads it regulates. Annual assessments are set by the Commission each year in April within limits set by law.

The Commission president is its chief executive officer. Commissioners elect one of their own to a two-year term as president at the Commission meeting on the first Monday in April in odd-numbered years. The president signs contracts on the Commission's behalf, is the final authority in personnel matters and handles other administrative tasks.

Chairmanship of individual proceedings is rotated among all three commissioners. Public meetings are conducted regularly. The Commission conducts its business in two types of meetings: hearings and decision meetings.

# IPUC Structure & Operations

Formal hearings on utility and railroad issues are held on a case-by-case basis, often in the service area of the utility under consideration to allow maximum public participation. These hearings resemble judicial proceedings and are recorded as well as transcribed by a court reporter. Formal parties to the case under consideration present testimony and evidence, subject to cross-examination by the other parties and the commissioners.

Members of the general public may address the Commission at a hearing without prior notice or formal intervention; however, those seeking the full rights of parties - such as the right to cross-examine other witnesses or to make and argue motions - must file a petition for intervenor status.

The Commission also holds decision meetings to consider issues set forth on an agenda prepared by the Commission Secretary and posted in advance of the meeting. These meetings are usually held weekly, although by law the Commission is required to meet only once a month.

Typically, decision meetings consist of the Commission's review of decision memoranda prepared by Commission Staff. Minutes of the meetings are taken and decisions reached at these meetings are preliminary, becoming final only when issued in a written order signed by a majority of the Commission.

**Members of the general public may address the Commission at a hearing without prior notice or formal intervention; however, those seeking the full rights of parties - such as the right to cross-examine other witnesses or to make and argue motions - must file a petition for intervenor status.**

# Commission Staff

To help ensure that its decisions are fair and workable, the Commission employs a staff of about 50 people - engineers, rate analysts, attorneys, accountants, investigators, economists, secretaries and other support personnel. The Commission Staff is organized in divisions - administration, legal, utilities, consumer assistance and a rail section.

The staff analyzes each petition, complaint, rate increase request or application for an operating certificate received by the Commission. In formal proceedings before the Commission, the staff acts as a separate party to the case, presenting its own testimony, evidence and expert witnesses. The Commission considers staff recommendations along with those of other participants in each case - including utilities, public, agricultural, industrial, business and consumer groups.

## Administration

The Administrative Division is responsible for coordinating overall IPUC activities. The division includes the three Commissioners, two policy strategists, Commission Secretary, Executive Administrator, Executive Assistant and support personnel.

The two policy strategists are executive level positions reporting directly to the Commissioners providing policy and technical consultation and research support regarding major regulatory issues in the areas of electricity, telecommunications, water and natural gas. Strategists assist the Commissioners in developing comprehensive policy and strategy. They also participate in regional and national organizations and committees that address utility and regulatory issues.

The Commission Secretary, a post established by Idaho law, keeps a precise public record of all Commission proceedings. The Secretary issues notices, orders and other documents to the proper parties and is the official custodian of documents issued by and filed with the Commission. Most of these documents are public records.

The Executive Administrator has primary responsibility for the Commission's fiscal and administrative operations, preparing the Commission budget and supervising fiscal, administration, public information, personnel, information systems and rail section operations. The Executive Administrator also serves as a liaison between the Commission and other state agencies and the Legislature.

The Executive Assistant is responsible for the Commission's website, electronic filings and other special projects assigned by the Commissioners.

**The Commission Staff is organized in divisions - administration, legal, utilities, consumer assistance and a rail section.**

**The staff acts as a separate party to a case, presenting its own testimony, evidence and expert witnesses.**

# Commission Staff

## Rail Section

The Rail Section oversees the safe operations of railroads that move passengers and freight in and through Idaho and enforces state and federal regulations safeguarding the transportation of hazardous materials by rail in Idaho. The Commission's rail safety specialist inspects railroad crossings and rail clearances for safety and maintenance deficiencies. The Rail Section investigates all railroad crossing accidents and makes recommendations for safety improvements to crossings.

As part of its regulatory authority, the Commission evaluates the discontinuance and abandonment of railroad service in Idaho by conducting an independent evaluation of each case to determine whether the abandonment of a particular railroad line would adversely affect Idaho shippers and whether the line has any profit potential. Should the Commission determine an abandonment would be harmful to Idaho interests, it then represents the state before the federal Surface Transportation Board (STB), which has authority to grant or deny line abandonments.

## Legal Division

Five Deputy Attorneys General are assigned to the Commission and have permanent offices at IPUC headquarters. The IPUC attorneys represent the staff in all matters before the Commission, working closely with staff accountants, engineers, investigators and economists as they develop their recommendations for rate case and policy proceedings.

In the hearing room, IPUC attorneys coordinate the presentation of the staff's case and cross-examine other parties who submit testimony. The attorneys also represent the Commission itself in state and federal courts and before other state or federal regulatory agencies.

## Utilities Division

The Utilities Division, responsible for technical and policy analysis of utility matters before the Commission, is divided into three sections.

**The Accounting Section** audits utility books and records to verify reported revenue, expenses and compliance with Commission orders. Staff auditors present the results of their findings in audit reports as well as in formal testimony and exhibits. When a utility requests a rate increase, cost of capital studies are performed to determine a recommended rate of return. Revenues, expenses and investments are analyzed to determine the amount needed for the utility to earn the recommended return on its investment.

**The Utilities Division,  
is divided into  
three sections:**

- 1. Accounting**
- 2. Engineering**
- 3. Telecommunications**

# Commission Staff

**The Engineering Section** reviews the physical operations of utilities. Staff engineers determine the cost of serving various types of customers, design utility rates and allocate costs between Idaho and the other states served by Idaho utilities. They determine the cost effectiveness of conservation and cogeneration programs, evaluate the adequacy of utility services and frequently help resolve customer complaints. The group develops computer models of utility operations and reviews utility forecasts of energy usage and the need for new plant.

**The Telecommunications Section** reviews and recommends Commission action on telecommunications issues and new telecommunication services filed with the Commission. Telecommunications analysts propose ways to allocate revenue among the various types of telecommunication services and recommend rates to recover that revenue.

## Consumer Assistance Division

Division investigators resolve conflicts between utilities and their customers. Customers faced with service disconnections often seek help in negotiating payment arrangements. Consumer Assistance may mediate disputes over billings, deposits, line extensions and other service problems.

Consumer Assistance monitors Idaho utilities to verify they are complying with Commission orders and regulations. Investigators participate in general rate and policy cases when rate design and customer service issues are brought before the Commission.

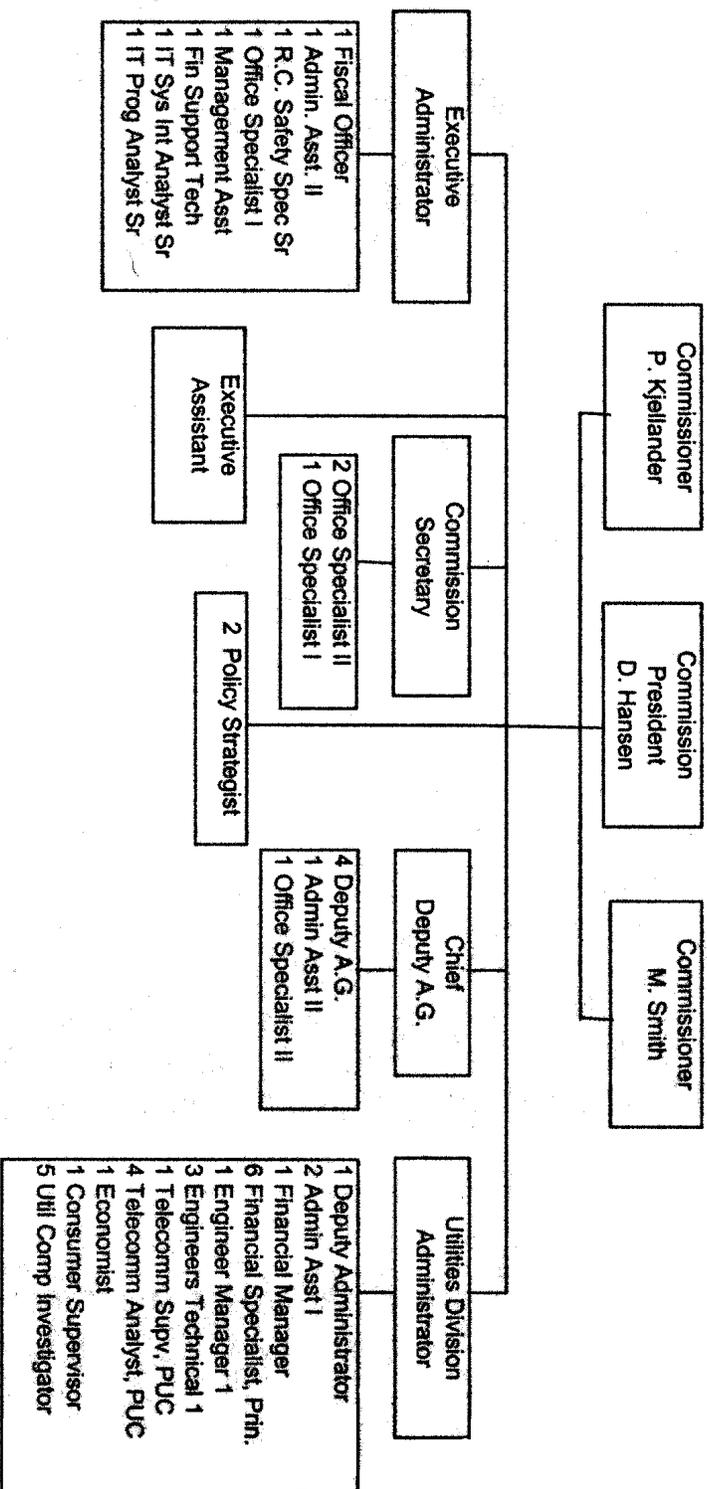
Most consumers contact the Commission by telephone. Staff members may negotiate payment arrangements with utilities on behalf of consumers and, when appropriate, refer clients to social service agencies, financial aid programs or budget counseling services.

As traditionally regulated services become deregulated the Consumer Assistance Division's role of educating consumers and mitigating complaints with non-regulated utilities has increased. The increase in companies providing services equates to an increase in consumer inquiries and complaints. Also on the increase are disputes between companies providing services, especially among telecommunications providers.

The Consumer Assistance Division is also responsible for conducting quality of service and compliance investigations and customer satisfaction surveys.

**Consumer Assistance investigators resolve conflicts between utilities and their customers.**

# Idaho Public Utilities Commission Organization Chart



# COMMISSION WEBSITE

<http://www.puc.state.id.us>

The Commission was proud to be a leader in state government web sites and has been online since 1995. The Commission recognizes the need to provide information to the public in whatever media is available.

The Commission web site is currently undergoing a major overhaul, and the goal is to allow citizens across the state equal access to Commission records and information 24 hours a day, seven days a week.

Currently, citizens can file complaints about a utility or comment on a current case via our web site. They can access our rules, statutes, annual report, orders, press releases, Commission agendas, and other special reports online. We also have a pilot program in progress for filing of tariffs electronically. Most of the major utilities in the state have electronic tariffs on file. These tariffs are available to the public on our web site.

Citizens can subscribe to a multitude of e-mail lists allowing them to receive information automatically via e-mail, including Commission agendas, orders and press releases.

Consumer information, including a description of the Commission's processes and how a consumer may provide input to the Commission, is also available from the website.

The Commission is committed to meeting the information needs of our citizens and encourages participation in its process via the Internet.

## Year 2000 Update

As the end of the year 1999 approached there was some concern over what could be expected when the New Year arrived. Would there be computer problems associated with the Y2K event?

Considerable effort on the part of the utilities and government went into preparation for the New Year. Every possible scenario was considered. Redundant systems were installed and tested. An elaborate communications system was established along with a reporting protocol.

All of this extensive preparation paid off as Year 2000 arrived with no significant incidents.