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IDAHO PUBLIC UTILITIES COMMISSION

September 3, 2008

I am submitting these comments to the Idaho Public Utilities Commission regarding case numbers AVU-E-08-01 and AVU-G-08-01 on behalf of the Idaho Community Action Network (ICAN).

ICAN opposes the rate hike and the settlement agreement, and urges the PUC to continue with the rate case process, including investigation and preparation of testimony by PUC staff and public hearings after staff testimony has been made public.

The settlement process, used in this spring's Idaho Power rate case and now in this case, is unfair to residential customers and in particular to low-income residential customers. Although the PUC covers some of the costs of intervention, it is a time- and resource-intensive process that few organizations can afford. The role of the PUC is to protect the interests of the customers, rather than the utility companies' shareholders.

One critical stage of the rate case process is the investigation and publication of the staff testimony. Few consumers can understand and analyze the utility company's testimony, and the PUC has hired experts to take on that role. When the PUC allows the utility companies to negotiate a settlement agreement with intervening parties before the PUC staff has had time to review the filing, it abdicates this critical responsibility.

Rate cases are expensive propositions for the PUC as well as the utilities and other parties. Allowing the utility companies to settle does not really save the PUC resources, however. As we have seen, Idaho Power has used the settlement process to raise rates once this year, and has filed a second rate increase in the same year. This is unprecedented. Unfortunately, other utility companies may follow Idaho Power's lead in this as well, wasting PUC resources with multiple filings in short succession. Avista plans to initiate another rate case in early 2009.

While the CAP agencies and other organizations may speak for some consumers, they cannot speak for all consumers. The settlement process, while including some consumer advocates, prevents other organizations and individual consumers from participating fully.

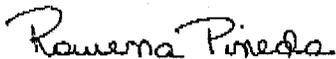
Increasing the base rates

In previous rate cases, ICAN and consumers have opposed increasing the base rates, which disproportionately impact low-income customers and customers on fixed incomes. Customers are unable to avoid these rate increases by cutting down on their power usage. The PUC has listened to consumers in the past, rejecting attempts by Avista and other utilities to raise base rates. This issue is one example of how a settlement agreement written by parties that can afford to intervene, without PUC staff testimony or an opportunity for consumers to sit at the settlement table, results in an agreement skewed in favor of the utility and large customers.

Low-income weatherization assistance

With rates increasing by \$95 a year for the average electricity customer, low-income home energy assistance and weatherization assistance will be the key to keeping the power on for many low-income families this year. Families are already struggling to keep up with utility rates, gas and food prices that have risen sharply in recent years. More households than ever will find their power shut off this year.

Avista has a responsibility to offset this rate hike with low-income weatherization assistance. The proposed \$115,000 increase is a good start, but not enough. Avista will be receiving an additional \$23 million in annual electric revenue alone. In 2005, weatherization benefits cost an average of \$3,366 per household.¹ Even if weatherization costs have not increased at all in three years, the \$115,000 would only serve an additional 34 households. ICAN urges the PUC to double Avista's weatherization contribution to the CAP agencies from \$350,000 to \$700,000 annually. This amount would do more to meet the increased need created by the Avista's rate hike.



Rowena Pineda
Executive Director
Idaho Community Action Network

¹ Community Action Partnership Association of Idaho.



**Idaho Community Action
Network (ICAN)**

The Idaho Community Action Network (ICAN) serves as a powerful, consolidated voice for low- and moderate-income Idahoans, with chapters and membership clusters in fourteen Idaho communities, including the state's three largest cities and numerous rural areas. Through ICAN, low-income Idaho families have a voice in the decisions that impact their lives. In addition to its direct action work, ICAN runs a statewide, volunteer-driven food program that helps low-income families supplement their monthly budgets.

ICAN's community organizing model integrates the provision of food with training, leadership development, and action on issues to win concrete changes in people's lives and advance the cause of social, racial and economic justice for all Idahoans.