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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
IDAHO POWER COMPANY FOR AUTHORITY) CASE NO. IPC-E-02-9
TO REVISE DEPOSIT REQUIREMENTS IN)
SCHEDULES 24 AND 25 (IRRIGATION)
CUSTOMERS).) COMMENTS OF THE
) COMMISSION STAFF**

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Weldon B. Stutzman, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 29112 on September 11, 2002, submits the following comments.

BACKGROUND

On August 20, 2002, Idaho Power Company filed an Application requesting approval to revise the deposit requirements in Schedules 24 and 25 for electric service to irrigation customers. Currently those schedules allow the Company to collect a deposit from customers with no credit history, customers with a history of late payments, customers for whom an order for relief has been entered under bankruptcy laws, or for whom a receiver has been appointed in a court proceeding. The Company asserts its proposed revisions will be fairer to customers while furthering the purpose of protecting the Company against losses from unpaid irrigation bills.

STAFF ANALYSIS

The Company is proposing two changes to irrigation deposit requirements that include modifying the criteria used to determine who is required to post a deposit and the method of calculating the deposit amount. Current tariff language requires that Schedule 24 and 25 customers who have two or more late payments of \$100 or more during a twelve-month period pay a deposit for the next irrigation season. Payments are late when they have not been received at the time the following month's bill is rendered, which gives customers approximately 30 days to pay their bills without being "late". The Company proposes that the deposit requirements be changed so that a deposit is not required unless a customer is sent two or more "reminder notices" for unpaid bills of \$100 or more in the previous year. Reminder notices are mailed approximately 45 days following the initial mailing of the bill if it is unpaid. This gives customers an additional 15 days to pay their bills without incurring a deposit requirement in the following year. A deposit is required from fewer customers under the proposed criteria.

The Company also proposes to change the method of calculating the deposit amount. The current deposit amount is 1.5 times the customer's highest monthly bill at that metering point during the past year. The Company is required to adjust the deposit amount if the customer tells the Company that a different crop with different water requirements will be irrigated from that pump in the coming year. The Company contends that this method can be gamed to reduce the deposit amount if the irrigator tells the Company that a less water intensive crop will be supplied from that pump when it is not true. To avoid this situation, the Company proposes to calculate the deposit amount based on the physical characteristics of the pumping installation and the Company's irrigation rates with an adjustment factor that makes total irrigation deposits revenue neutral. Revenue neutral means that the Company collects the same total dollar amount of irrigation deposits from the proposed customer group under the proposed methodology that it would have collected from the same group under existing irrigation deposit methodology. The new formula that produces the same total irrigation deposit revenue for the Company will not necessarily require the same amount from each customer required to pay a deposit. Some will pay more under the proposed methodology than they would have under the existing methodology and some will pay less. The proposed step by step calculation process is identified on the bottom half of Page 3 of the Company's Application. Another way to view the proposed method for calculating the amount of the deposit is that it is approximately 1.5 times a customer's estimated

