

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE INVESTIGATION )**  
**OF TIME-OF-USE PRICING FOR IDAHO )** **CASE NO. IPC-E-02-12**  
**POWER RESIDENTIAL CUSTOMERS. )**  
**)** **NOTICE OF PUBLIC**  
**)** **WORKSHOP**  
**)**  
**)** **ORDER NO. 29226**  
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In Order No. 29196 issued on February 21, 2003, the Commission declined to authorize residential time-of-use rates for Idaho Power customers. However, the Commission directed Idaho Power Company to begin replacing its existing revenue metering equipment as soon as possible with an automated meter reading (AMR) system. AMR allows the meter to be read remotely and thus significantly reduces operational costs. Anticipating the replacement process could be complete by the end of 2004, the Commission ordered Idaho Power to submit an implementation plan no later than March 20, 2003.

On March 12, 2003, Idaho Power Company filed three petitions in this docket: 1) a Petition to Stay that portion of Order No. 29196 requiring the Company to submit the Advanced Meter Implementation Plan by the March 20 deadline; 2) a Petition for Confirmation that Order No. 29196 is or is not a final Order; and 3) a Petition for Reconsideration. In Order No. 29210, the Commission granted the Company's Petition for Stay. This present Order addresses Idaho Power's remaining Petitions for Confirmation and Reconsideration, and schedules further proceedings in this case.

**PETITIONS FOR CONFIRMATION AND RECONSIDERATION**

The Company would like an opportunity to be heard regarding AMR issues and the installation timeframe mandated in Order No. 29196, but was uncertain how to proceed because Order No. 29196 was not a "final" Order. Under Commission Rule 331, parties may normally seek reconsideration only of final Orders. Here Idaho Power seeks to clarify whether Order No. 29196 should be treated as a final Order. See Rule 323.03. The Commission will now attempt to give clarity to this procedural situation.

**Commission Findings:** After reviewing the record and the Company's Petitions, the Commission grants Idaho Power's Petition seeking Confirmation that Order No. 29196 is or is not a "final Order" for purposes of reconsideration. In short, we find that Order No. 29196 is a "final Order" as to the issue of residential time-of-use pricing and an "Interlocutory Order" as to AMR issues. Parties seeking review of our decision to not implement residential time-of-use pricing at this time may file a Petition for Reconsideration within 21 days of the service date of this Order.

Because Order No. 29196 is not final with regard to AMR issues, the Commission must deny the Company's Petition for Reconsideration as premature. Once a final Order addressing AMR matters is issued at some point in the future, Idaho Power may choose to file another Petition for Reconsideration that will be considered timely if filed within 21 days of that final Order.

Given the concern about the finality of Order No. 29196, we find it reasonable to treat Idaho Power's Petition for Reconsideration as a Petition for Clarification in order to address the financial and implementation issues raised by the Company's Petition(s). At minimum, it appears that disagreement exists regarding the quantifiable cost-effectiveness of AMR. As noted on page 3 of the Company's Petition for Stay, counsel for Idaho Power personally advised Commission Staff, Advocates for the West, and DRAM of the Company's Petition(s). None of these parties filed a cross-petition or written response to the Company's petitions.

Without apparent objection, we find it appropriate to amend the interlocutory portions of Order No. 29196 so that the Commission may establish a more complete record on AMR issues. See Commission Rule of Procedure 322. Pages 10 and 11 of Order No. 29196 shall be changed to read as follows:

While the Commission is pleased Idaho Power agreed in its reply comments that AMR should be implemented, we do not understand Idaho Power's decision to delay AMR implementation until 2004. The Company has known of AMR's substantial benefits since it completed testing an AMR system in the Idaho City area in 1999. We believe that AMR should be implemented as soon as possible, ~~with installation commencing this year and completed in 2004~~ and thus encourage the Company to work collaboratively with interested parties to develop an Advanced Meter Implementation Plan that will best benefit Idaho Power ratepayers. As a public utility, Idaho Power has the responsibility to keep the rates charged for the services it provides "just and reasonable." *Idaho Code* § 61-301. This responsibility includes installing infrastructure that reduces operation costs funded by ratepayers. Moreover,

the Company has a statutory duty to provide service that “shall be in all respects adequate, efficient, just and reasonable.” *Idaho Code* § 61-302.

The Company indicated that it cannot implement AMR any earlier than 2004 because of a tight capital market and a lack of funding in its 2003 capital budget. Reply Comments at 7. Although we do not doubt this to be true, the Commission does not believe that these obstacles are insurmountable. The Fourth Quarter 2002 Earnings Release Analyst Call indicated that Idaho Power’s earnings have improved significantly and present cash flow is strong due to power cost recovery. The Company’s credit rating is investment grade and there is minimal short-term debt outstanding. The Company’s Operation and Maintenance expenses during 2002 were below forecast and are expected to remain so. Given the Company’s financial health is improving, we are ~~confident~~ hopeful that Idaho Power will find a way to begin implementing AMR this year. At a minimum, we expect the Company to implement AMR as soon as practicable if its updated analysis indicates AMR remains cost-effective for ratepayers.

To allow for further collaborative proceedings, we find the filing requirement for the Advanced Meter Implementation Plan will continue to be stayed until: (1) a multi-party implementation plan is endorsed by interested parties, (2) the Company unilaterally files its Implementation Plan, or (3) the Commission issues an Order revoking the Stay and sets a new filing date.

#### **FURTHER PROCEEDINGS**

On March 20, 2003, the Commission held a public meeting to discuss AMR issues with Idaho Power and interested parties before ruling on the Petition for Reconsideration. At that meeting, Idaho Power President and COO LaMont Keen stated that the Company was not philosophically opposed to AMR and viewed its implementation as inevitable at some point in the future. Mr. Keen also committed to install an AMR system over a four-year period if, once the Company updated its 1999 AMR analysis, AMR continued to be cost-effective.

In an effort to resolve AMR issues in a timely manner, we direct Idaho Power to update its 1999 AMR analysis and file it with the Commission **no later than Friday, May 9, 2003**. This analysis should: 1) contemplate use of an “advanced meter” that is AMR- and TOU-capable and allows for two-way communication between the Company and its customers; 2) update the Company’s AMR research, analysis, and experience to this point; 3) describe the functionality of the AMR technology preferred by Idaho Power and the Company’s rationale for choosing it over other alternatives; 4) set out an implementation timetable that institutes AMR

first in areas Idaho Power and its customers will receive the greatest benefits; 5) provide a cost analysis of the AMR system given the implementation schedule proposed by the Company; and 6) identify the cost savings that the AMR system will achieve.

In conjunction with its updated AMR analysis, we also direct Idaho Power to file the original AMR report relating to the Company's Idaho City pilot program with the Commission. Not only has the Company's original AMR analysis been referenced several times in the record thus far, the Commission and interested parties will need the Company's original report to properly evaluate the updated analysis.

Before an Advanced Meter Implementation Plan is ultimately filed with the Commission, we request that interested parties discuss possible methods to recover the cost of the meters and their installation, along with net expense reductions. The Commission also requests that these options, as well as the parties' preferences, be discussed in the Company's Implementation Plan.

#### **NOTICE OF PUBLIC WORKSHOP**

YOU ARE HEREBY NOTIFIED that an Advanced Meter Public Workshop has been scheduled to commence at 10:00 A.M. ON MONDAY, MAY 19, 2003, AT THE COMMISSION HEARING ROOM, 472 WEST WASHINGTON STREET, BOISE, IDAHO, (208) 334-0300. This public workshop will allow interested parties to offer Idaho Power input on its AMR analysis, proposed timeline to install the system, and possible methods to recover the cost of the meters and their installation. The workshop may also pinpoint topics that may need additional research before Idaho Power files its Advanced Meter Implementation Plan with the Commission. Idaho Power should be prepared to address the cost-effectiveness of additional AMR options (i.e., discretionary "bells and whistles") at the workshop.

YOU ARE FURTHER NOTIFIED that all further workshops, hearings and prehearing conferences in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act. In order to participate, persons needing the help of a sign language interpreter or other assistance may ask the Commission to provide a sign language interpreter or other assistance as required under the Americans with Disabilities Act. The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION  
PO BOX 83720  
BOISE, ID 83720-0074  
(208) 334-0338 (TELEPHONE)  
(208) 334-3762 (FAX)  
E-mail: [secretary@puc.state.id.us](mailto:secretary@puc.state.id.us)

YOU ARE FURTHER NOTIFIED that the parties participating in the public workshop may offer to settle some or all of the issues to be discussed at the public workshop.

#### **CONCLUSIONS OF LAW**

The Idaho Public Utilities Commission has jurisdiction over Idaho Power Company, an electric utility, and the issues presented in this case pursuant to Title 61 of the Idaho Code, specifically *Idaho Code* §§ 61-302, 61-336, 61-501 and 61-503.

#### **ORDER**

IT IS HEREBY ORDERED that Idaho Power Company's Petition seeking Confirmation that Order No. 29196 is or is not a "final Order" for purposes of reconsideration is granted. Order No. 29196 shall be treated as a "final Order" as to residential time-of-use pricing and an "Interlocutory Order" as to AMR issues.

IT IS FURTHER ORDERED that Idaho Power's Petition for Reconsideration is denied. However, we clarify Order No. 29196 by amending the interlocutory portions of Order No. 29196 as described in greater detail above.

IT IS FURTHER ORDERED that no later than May 9, 2003, Idaho Power Company shall file its original and updated AMR analysis as described in detail above.

IT IS FURTHER ORDERED that the Commission does hereby solicit public and Commission Staff input on the Company's updated AMR analysis at the Public Workshop more particularly described above.

THIS IS A FINAL ORDER AS TO SOME ISSUES. Any person interested in issues finally decided by this Order or in interlocutory Orders previously issued in Case No. IPC-E-02-12 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter finally decided in this Order or in interlocutory Orders previously issued in Case No. IPC-E-02-12. For purposes of filing a petition for reconsideration, this Order shall become effective as of the service date. *Idaho Code* § 61-626. Within seven (7) days after

any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

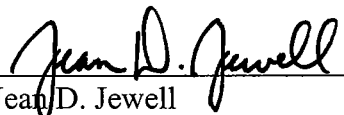
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 14<sup>th</sup> day of April 2003.

  
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PAUL KJELLANDER, PRESIDENT

  
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MARSHA H. SMITH, COMMISSIONER

  
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DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary

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