

**BEFORE THE**

**IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )  
OF IDAHO POWER COMPANY FOR )  
AUTHORITY TO INCREASE ITS INTERIM )  
AND BASE RATES AND CHARGES FOR )  
ELECTRIC SERVICE. )  
 )  
 )  
 )  
 )  
 )**

---

**CASE NO. IPC-E-03-13**

**DIRECT TESTIMONY OF MARILYN PARKER**

**IDAHO PUBLIC UTILITIES COMMISSION**

**FEBRUARY 20, 2004**

1 Q. Please state your name and address for the  
2 record.

3 A. My name is Marilyn Parker. My business  
4 address is 472 West Washington Street, Boise, Idaho.

5 Q. By whom are you employed and in what capacity?

6 A. I am employed by the Idaho Public Utilities  
7 Commission as a Utilities Compliance Investigator. I  
8 accepted that position with the Consumer Assistance Staff  
9 in November 2002.

10 Q. What is your educational and professional  
11 background?

12 A. Prior to my employment with the Idaho Public  
13 Utilities Commission, I had twenty years experience  
14 working in private industry for three different utility  
15 companies. In 1973 and 1974, I was employed by Central  
16 Alaska Utilities, a water company in Anchorage, Alaska, as  
17 the Executive Secretary to the President of the company.  
18 From 1982 until 1987, I was employed as a Customer Service  
19 Representative for Idaho Power Company in Salmon, Idaho.  
20 From February 1989 until November 2002, I was employed by  
21 Intermountain Gas Company in Customer Services. During my  
22 last six years at Intermountain Gas, I supervised  
23 representatives at the Customer Service Center's Emergency  
24 Answering Service.

25 I received a Bachelor of Arts Degree in

1 Management and Organizational Leadership from George Fox  
2 University in Boise, Idaho in June of 2002.

3 In June 2003, I attended the National Low  
4 Income Energy Consortium Annual Conference in Sacramento,  
5 California.

6 Q. What is the purpose of your testimony in this  
7 proceeding?

8 A. I will address issues related to: 1) customer  
9 comments received by the Commission regarding this case;  
10 2) proposed charges and rates; 3) proposed tariff  
11 revisions; 4) low-income issues, payment options, and  
12 special need customers; 5) Company operations with regard  
13 to the Customer Service Center and Outage Management  
14 Operations Center; 6) customer relations; and, 7) out-of-  
15 cycle meter readings

16 Q. Please summarize Staff's recommendations to  
17 the Commission as discussed in your testimony.

18 A. Staff recommends that Idaho Power Company  
19 (Company) be commended for improving customer service  
20 through the use of technology-based tools such as its  
21 customer-friendly Website and Customer Service Center and  
22 Outage Management Operations Center Interactive Voice  
23 Response System.

24 Staff also recommends the Company be required  
25 to do the following:

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

- 1) On the initial bills for customers whose service needs a physical connection at the time service is initiated that the charge be entitled, "Service Connection Charge" and not "Reconnection Charge" as proposed by the Company.
- 2) Make Staff's suggested changes to Rules D and L.
- 3) Change its methods or billing system to avoid the need to prorate bills for Schedules 1, 7, and 9.
- 4) Add a sentence in Spanish to its bills and disconnection notices advising Spanish speakers what to do if the customer is unable to determine what the statement or notice says.
- 5) Add a message in Spanish for those waiting on hold advising Spanish-speaking customers that a Spanish speaker is available upon request and that many of the Company's important brochures and information are available in Spanish.
- 6) Consult with organizations such as the Idaho Migrant Council to gather information about the customer service needs of Hispanic people

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

in its service territory.

- 7) Evaluate the need to print bills and delinquent notices in Spanish.
- 8) Change its billing practices so that the billing period dates given on bills correspond to the dates that beginning and ending meter readings were taken.
- 9) Establish a protocol that specifies when a new meter reading should be taken in situations where service has not been disconnected between occupants.
- 10) Continue to work with Staff to revise the Company's bills, forms, and other documents to achieve compliance with the Utility Customer Relations Rules.

**CUSTOMER COMMENTS**

Q. Have you reviewed the written customer comments that have been received by the Commission regarding this case?

A. Yes. As of February 11, 2004, the Commission received 291 comments from both residential and commercial customers, with the majority coming from residential customers.

Q. What are the concerns mentioned by customers?

A. The concern mentioned most often was the

1 increase in the residential monthly customer charge from  
2 \$2.51 to \$10.00, which was mentioned by more than one-  
3 third of those commenting. Customers are opposed to the  
4 increase and the most often repeated reason for opposing  
5 the increased customer charge is its perceived unfairness.  
6 Customers feel it would decrease their ability to affect  
7 the size of the bill by adjusting usage. For example, a  
8 Pocatello customer wrote, "I am opposed to the customer  
9 charge increase, which is exorbitant as it will negate my  
10 economic incentive to conserve energy. What I am opposed  
11 to is the base flat increase over which my conservation  
12 efforts have no effect."

13 The second most frequently mentioned issue was  
14 the impact of the overall rate increase on low-income,  
15 fixed-income and senior citizen customers. As one retired  
16 customer from Caldwell said, "My pension does not come  
17 close to keeping up with all the various increases in  
18 services the last few years."

19 Another common comment made by customers  
20 results from an apparent misunderstanding of the Company's  
21 proposal. Some customers expressed outrage because they  
22 thought there would be a 400% increase in the customer  
23 charge as well as an additional increase for the kilowatt-  
24 hour usage of approximately 19%. An example of one of  
25 those comments came from a McCall customer who said, "The

1 proposed 20% increase and 400% monthly service charge  
2 increase are outrageous and not affordable." Staff  
3 addressed these misconceptions in press releases as well  
4 as the workshops held across Idaho Power's service  
5 territory in January of this year.

6 Some customers commented that the current  
7 economic conditions in Idaho should be considered before  
8 allowing Idaho Power to increase its rates. Many  
9 indicated that the Commission should just tell the  
10 Company, "NO!" At the public workshops, the Commission  
11 Staff explained the duties of the Commission and the role  
12 the Commission Staff has in rate cases.

13 **PROPOSED CHARGES AND RATES**

14 Q. What concerns have customers expressed  
15 regarding the Company's proposal to increase the monthly  
16 residential customer charge to \$10.00?

17 A. Many customers that commented about the  
18 customer charge stated that they would prefer to have a  
19 lower customer charge and higher kilowatt-hour charge.  
20 Electric space heating and air-conditioning customers want  
21 to have greater control over the size of the bill by  
22 turning the thermostat down in the winter and up in the  
23 summer.

24 Q. How does the proposed residential customer  
25 charge compare with existing customer charges currently

1 being billed in Idaho?

2 A. Avista's basic residential customer charge is  
3 \$4.00 per month for its electric customers and \$3.28 for  
4 its natural gas customers. Intermountain Gas Company has  
5 a customer charge of \$2.50 per month for bills April  
6 through November and \$6.50 for bills December through  
7 March. Intermountain's average customer charge is \$5.50  
8 per month. Utah Power and Light does not have a customer  
9 charge but has a \$9.57 monthly minimum bill. Currently,  
10 Idaho Power's customer charge is \$2.51 per month. Idaho  
11 Power's proposed \$10.00 charge is well outside the range  
12 of fixed customer charges previously approved by the  
13 Commission.

14 Q. What comments do you have regarding Idaho  
15 Power's proposal to change its account initiation and  
16 reconnection charges?

17 A. Idaho Power is doing more than just proposing  
18 to change what it charges for setting up new customer  
19 accounts and reconnecting service. It has carried the  
20 cost of service approach into the realm of non-recurring  
21 charges, and in doing so, has redefined the services it  
22 provides. Under the Company's proposal, when a customer  
23 signs up for new service and the Company does not have to  
24 physically connect service, a flat \$20.00 fee applies. If  
25 the customer signs up for service at a premise that was

1 previously disconnected by the Company, the customer will  
2 pay a charge that varies by type of customer and time of  
3 day the service is rendered. A customer who is  
4 disconnected for non-payment would also pay this variable  
5 charge.

6           Although Idaho Power's approach is unique,  
7 Staff generally agrees with the underlying concept of  
8 aligning charges with costs. Staff notes that where there  
9 is no significant difference in cost between setting up an  
10 account and reconnecting service, the proposed charges are  
11 identical. For example, whether a Company service  
12 technician goes out during regular working hours to simply  
13 read a meter or to read the meter and physically connect  
14 service, a customer served under Schedule 1, 7, or 9 will  
15 pay \$20.00.

16           Q.     Are there factors other than cost to take into  
17 consideration when determining the amount to charge for  
18 reconnection?

19           A.     Yes. The Commission should be sensitive to  
20 the fact that customers who are disconnected for non-  
21 payment may be experiencing financial difficulties. The  
22 charge should not be set so high as to create a barrier to  
23 getting reconnected. On the other hand, the charge should  
24 be sufficient to encourage customers to pay or make  
25 payment arrangements and so avoid disconnection. Under

1 the Company's proposal, residential (Schedule 1) and  
2 commercial customers served under Schedules 7 and 9 will  
3 see a \$5.00 increase for reconnection requested during the  
4 hours of 8:00 a.m. and 6:00 p.m., Monday through Friday.  
5 Charges for reconnection requested outside of those hours  
6 or on holidays and weekends remain unchanged.

7 Q. The Company is also proposing to increase its  
8 Field Collection Charge from \$15.00 to \$20.00. Do the  
9 same concerns apply to that charge?

10 A. Yes. This charge is assessed when a customer  
11 pays the past due bill to avoid disconnection of service  
12 to the Company representative who has been dispatched to  
13 disconnect service for non-payment.

14 Q. How do the proposed charges compare with  
15 existing charges for other energy utilities?

16 A. Exhibit No. 139 compares the existing charges  
17 for all regulated energy utilities. Idaho Power's  
18 proposed Service Establishment Charge will be higher than  
19 for any utility except Atlanta Power. Utah Power and  
20 Avista do not charge customers for setting up new service  
21 during regular business hours. The proposed charge for  
22 physically connecting service for customers served under  
23 Schedules 1, 7, and 9 from 8:00 a.m. to 6:00 p.m. will be  
24 the same as or lower than those of other energy utilities.  
25 The proposed Field Collection Charge will be higher than

1 all other energy utilities.

2 Q. Does Staff support the proposal to change the  
3 name of these charges?

4 A. Staff supports the change from Account  
5 Initiation Fee to Service Establishment Charge in  
6 reference to the fee for setting up new service. However,  
7 given the change in circumstances under which the charge  
8 for turning on service (Reconnection Fee) will apply,  
9 Staff does not support renaming it Service Reconnection  
10 Charge. As proposed, the charge will also apply to  
11 customers who are just establishing service but require a  
12 physical connection as well as customers who recently were  
13 disconnected, usually due to non-payment. The term  
14 "reconnection" has credit connotations to which a new  
15 customer might object. It might also be confusing, since  
16 a new customer typically thinks they are connecting rather  
17 than reconnecting. For those reasons, Staff recommends  
18 that the charge be called a Service Connection Charge.

19 Q. Other than the suggested name change, does  
20 Staff support Idaho Power's proposal with respect to these  
21 non-recurring charges?

22 A. Yes. Although the proposed charges will in  
23 many cases be higher than the current charges assessed by  
24 other energy utilities, they are cost-based and not  
25 excessive.

1 Q. Do you have concerns regarding Idaho Power's  
2 proposal for implementing seasonal rates?

3 A. Yes. From the customer service perspective,  
4 Staff believes this will generate many phone calls to the  
5 Company throughout the summer months from customers  
6 complaining about high bills and prorated bill statements.  
7 The Company had a difficult time dealing with additional  
8 incoming telephone calls when rates were high and the PCA  
9 tiered rate structure was in effect from May 2001 to May  
10 2002. In 2001 and 2002, actual Company service levels  
11 were rarely above its own service level standard of  
12 answering 80% of incoming calls within 30 seconds. (Many  
13 companies, including Idaho Power, measure call-answering  
14 performance using call center industry standards called  
15 "service levels." The term "service level" represents the  
16 percentage of incoming calls answered within a defined  
17 number of seconds.) A seasonal rate structure will have  
18 an impact on customers similar to that of tiered rates.  
19 If seasonal rates or tiered rates are adopted, the Company  
20 will need to be prepared to handle an increase in the  
21 number of incoming calls.

22 According to the Company, because of past  
23 experience, the Company's Customer Service Center staff is  
24 better prepared to answer customer questions regarding how  
25 bills are calculated, particularly those related to

1 prorating and tiered rates. Additionally, the Customer  
2 Service Center now has more part-time employees who can be  
3 scheduled to provide adequate telephone coverage.  
4 Overall, the Company says it is better positioned to  
5 handle the increased volume of calls.

6 Q. What kinds of problems do you foresee with  
7 regard to prorating of bills?

8 A. If past events are any indication, the Company  
9 can expect increased calls from confused customers wanting  
10 an explanation of the itemization of charges that will  
11 appear on the bills at the beginning and end of the summer  
12 rate timeframe. That is because the Company's proposal is  
13 to make the summer rates effective specifically from June  
14 1 to August 31 each year, irrespective of billing periods.

15 To illustrate the prorating problem, if the  
16 proposed summer rates become effective on June 1st, a  
17 customer in a billing cycle where the meter is read on or  
18 about the 15<sup>th</sup> of each month would receive a bill in June  
19 that was calculated based on meter readings dated May 15<sup>th</sup>  
20 to June 15<sup>th</sup>. However, the bill would have one line item  
21 calculating the kWh charge at the non-summer rate from May  
22 15<sup>th</sup> to June 1st and then another line item calculating the  
23 summer rate from June 1<sup>st</sup> to June 15<sup>th</sup>. Due to billing  
24 system limitations, the Company prorates not only the kWh  
25 charges, but all other charges or credits on the bill when

1 there is more than one kWh rate being used in a billing  
2 period. The Federal Columbia River Benefit supplied by  
3 BPA, the customer charge, the franchise fee, and demand  
4 charges are prorated between the two billing periods. The  
5 split entries of prorated charges leads to unwieldy bills  
6 and confused customers, many of whom think they are being  
7 double billed.

8 Q. Are there any billing alternatives that would  
9 eliminate the need for prorating Schedule 1, 7, and 9  
10 bills?

11 A. Yes. Intermountain Gas Company has seasonal  
12 rates that begin and end based on the customer's billing  
13 period rather than specific calendar dates. If Idaho  
14 Power adopted this methodology for billing, the Company  
15 would state in its tariff that for billing periods ending  
16 July through September, the summer rate would be in  
17 effect; for billing periods ending October through June,  
18 the non-summer rate schedule would be in effect. This  
19 methodology eliminates opportunities for error associated  
20 with billing outside of established billing periods. It  
21 will also avoid confusing customers with unnecessarily  
22 complicated billing formats.

23 Another option to reduce the need to prorate  
24 bills would be to use a format similar to Idaho Power's  
25 own rate design used for its Schedule 24 customers. In

1 the Schedule 24 tariffs, irrigators are billed beginning  
2 with meter readings taken for the first billing period in  
3 May and end with the meter readings taken for the  
4 September billing. Using billing periods that are not  
5 date specific will reduce the need for prorations.  
6 Exhibit No. 140 is an example of a customer's prorated  
7 bill from May of 2002. An Idaho Power customer with a PhD  
8 in Economics provided this bill to the Commission Staff to  
9 show how complicated the billing was and how difficult it  
10 was to decipher how it was calculated. Given the  
11 difficulty this person had in understanding a prorated  
12 bill, it is not surprising to find that others have  
13 trouble interpreting their bills. It should be noted that  
14 having a PCA rate go into effect on a specific date in the  
15 billing period when summer rates go into effect will cause  
16 bills to be prorated, but that would happen only once in  
17 the summer and not twice. Another option would be to  
18 alter the billing system with respect to regular cycle  
19 billings so that any fixed charges or credits are not  
20 prorated due to seasonal rates or PCA adjustments.

21 Q. Does Staff have a preferred solution to the  
22 problem?

23 A. Yes. Staff recommends that seasonal rates go  
24 into effect based on billing periods rather than specific  
25 calendar dates. Another acceptable alternative would be

1 to alter the billing system so that fixed charges such as  
2 franchise fees, customer charges, and BPA credits are not  
3 prorated.

4 **PROPOSED TARIFF REVISIONS**

5 Q. What comments do you have concerning the  
6 Company's proposal to revise Rule D, Section 6, of its  
7 tariff?

8 A. Rule D addresses the general topic of  
9 metering. Section 6 specifically addresses meter reading.  
10 The Company is proposing to add the following sentence:  
11 "The Company reserves the right to modify meter reading  
12 schedules as required by changing conditions." This  
13 proposed change is shown in context on page 14 of Company  
14 witness Brilz's Direct Testimony, Exhibit No. 48. It is  
15 unclear what the Company means by its reference to  
16 "changing conditions." Staff agrees that the Company  
17 should have flexibility in establishing meter-reading  
18 schedules. However, in Staff's opinion, this language is  
19 overly broad, granting the Company total discretion with  
20 no defined parameters. Staff recommends that the  
21 Commission not approve the addition of this sentence to  
22 the Company's tariff as written.

23 Q. The Company is proposing to change its tariff  
24 to include its Rule L, Deposits, as shown on page 51 of  
25 Company witness Brilz's Direct Testimony, Exhibit No. 48.

1 Do you agree with the Company's proposal regarding the  
2 deposit calculation methodology for Large Commercial and  
3 Special Contract Customers?

4 A. In Staff's opinion, this is a good idea. New  
5 businesses inherently have a higher level of risk. It is  
6 reasonable for the Company to request an amount sufficient  
7 to cover anticipated usage over a designated period of  
8 time. However, Staff suggests some alternative wording to  
9 that proposed by the Company in order to clarify intent.  
10 Specifically, the Company indicates it may collect a  
11 deposit from an applicant or customer in a situation where  
12 "the current status of the Customer's business does not  
13 pass an objective credit screen." The reference to  
14 "current status of the Customer's business" is somewhat  
15 vague. Exhibit No. 141 shows Staff's recommended changes  
16 to the Company's proposed text.

17 **LOW-INCOME ISSUES, PAYMENT OPTIONS, AND SPECIAL NEED**  
18 **CUSTOMERS**

19 Q. What impact will the overall rate design have  
20 on low-income residential customers?

21 A. Under the Company's rate proposal, all  
22 customers, including low-income customers, will be  
23 impacted based upon usage. With the proposed rate design,  
24 the more power a customer uses, the less he or she will be  
25 impacted. For example, in a chart prepared by the Company

1 (see Company witness Brilz Direct Testimony, Exhibit No.  
2 44, page 1), a customer who uses an average of 800 kWh per  
3 month will see a 23.34% increase under the proposed  
4 design. By comparison, a customer who uses an average of  
5 1,200 kWh per month will see a 17.72% increase, and a  
6 customer who averages 2,000 kWh per month will see a  
7 13.07% overall increase.

8 Q. Do Idaho Power's low-income customers have any  
9 options if they have difficulty paying their bills?

10 A. Yes. Customers who meet the eligibility  
11 guidelines can receive help through the federally funded  
12 Low Income Home Energy Assistance Program (LIHEAP).  
13 Customers can apply for financial assistance by contacting  
14 their local Community Action Agency. Other fuel funds are  
15 also available. For example, customers seeking Project  
16 Share funds can contact the Salvation Army anywhere in the  
17 Idaho Power service territory.

18 Additionally, some low-income customers may  
19 qualify to have their homes weatherized at no charge  
20 through the Weatherization Assistance Program (WAP). This  
21 program is also administered by local community action  
22 agencies. Customers can call the Company or the  
23 Commission to get information about where to go or who to  
24 call about LIHEAP, Project Share, weatherization or energy  
25 conservation. Idaho Power provides detailed information

1 about LIHEAP to its customers in bill inserts. The  
2 January 2004 edition of "Consumer Connection," the  
3 Company's monthly customer newsletter, also listed the  
4 contact information for community action agencies  
5 throughout the service territory.

6 Q. Does Idaho Power make contributions to low-  
7 income programs?

8 A. Idaho Power shareholders give \$25,000 annually  
9 to the Project Share fund. Idaho Power also gives  
10 \$252,000 annually to WAP; this amount is included in Idaho  
11 Power's rate base as an energy conservation expenditure.  
12 Idaho Power also collects and forwards to the Salvation  
13 Army Project Share contributions made by customers who  
14 voluntarily include extra amounts when paying their power  
15 bills. Company shareholders, in turn, pay the Salvation  
16 Army an administration fee equal to 10% of whatever is  
17 collected each year from its customers who give to Project  
18 Share. For example, in 2002, a total of \$179,817.83 was  
19 collected in donations from customers for Project Share.  
20 Idaho Power shareholders gave the Salvation Army  
21 \$17,981.78 for an administration fee in that year.

22 Q. Does Idaho Power promote the Winter Pay  
23 Program when customers call to declare the need for winter  
24 moratorium protection?

25 A. The Winter Pay Program is required by Rule 306

1 of the Utility Customer Relations Rules (UCRR) to be  
2 offered to any residential customer who calls a regulated  
3 gas or electric company to declare protection from  
4 disconnection during the winter months because he or she  
5 is unable to pay a bill in full and whose home includes  
6 children, elderly, or infirm. The Winter Pay Program  
7 allows a customer to pay each month an amount equal to  
8 one-half of what a Level Pay amount would be for that  
9 residence. The other significant benefit to the  
10 participating customer is that, provided payments are made  
11 as required each month, he or she is afforded two extra  
12 months of protection from disconnection, i.e., November  
13 and March. Ordinarily, the protection from disconnection  
14 is for the three winter months of December, January, and  
15 February.

16 In a survey of the four major Idaho electric  
17 and gas utilities, Idaho Power had 178 customers on the  
18 Winter Pay program for the heating season of 2002-03.  
19 This exceeded the participation rate of the other surveyed  
20 companies. Two of the companies had no one signed up for  
21 Winter Pay and the other company had 7 customers signed  
22 up.

23 Q. Do you believe Idaho Power does an adequate  
24 job of accommodating customers who cannot pay a bill in  
25 full?

1           A.     The Company centralized its customer service  
2 functions several years ago. One of the goals and  
3 benefits of centralization is to ensure that all customers  
4 are treated equitably. Since the last rate case (Case  
5 No. IPC-E-94-5), the Company implemented an Interactive  
6 Voice Response (IVR) system that allows customers to call  
7 and make payment arrangements over the phone without  
8 having to wait "on hold" to talk to a customer service  
9 representative. Customers who feel uncomfortable with  
10 this type of technology still have the option to wait for  
11 the next available representative. The Company is willing  
12 to enter into payment arrangements with customers.

13           Q.     What payment options are available to  
14 customers?

15           A.     One of the options for a payment arrangement  
16 is levelized billing. Simply stated, levelized billing  
17 establishes 12 equal monthly installments by combining the  
18 amount past due divided by 12 with the customer's  
19 projected 12-month average bill. The customer would be  
20 required to pay that amount every month on time. When the  
21 customer is given a levelized billing payment plan and  
22 misses a payment, the Company is not as lenient when  
23 second payment arrangements are requested.

24                     Customers who have a history of broken payment  
25 arrangements are held to a stricter standard because they

1 pose a greater credit risk to the Company. Staff believes  
2 the majority of customers calling the Company to ask for  
3 payment arrangements are treated fairly. In those  
4 instances where the customer does not believe they have  
5 received fair treatment, he or she has the option of  
6 contacting the Commission to file a complaint. Idaho  
7 Power Customer Service Representatives are required by  
8 Commission Rule 305 to advise aggrieved customers of their  
9 right to file a complaint.

10 Q. What is the difference between Budget Pay and  
11 Levelized Pay?

12 A. Budget Pay is promoted on residential and  
13 small commercial bills three times a year. However, a  
14 customer in good standing with no past due amounts can  
15 call in at any time to sign up for Budget Pay. Budget Pay  
16 is equal to the 12-month average of a customer's kilowatt-  
17 hour usage times the current rate. On the one-year  
18 anniversary date the amount is reviewed and, if necessary,  
19 adjusted. Because customers on Budget Pay are considered  
20 by the Company to have a good credit rating, they have  
21 more leeway on when payments can be made. A customer on  
22 Budget Pay would not be sent a Reminder Notice until a  
23 bill was two months past due. Levelized Pay, on the other  
24 hand, is similar to Budget Pay in its calculation but  
25 requires strict adherence to monthly payments being made

1 on time because it is considered a payment arrangement.

2 Q. How does the Company address the needs of  
3 customers who have severe disabilities, diminished mental  
4 capacity or are otherwise in need of additional  
5 assistance?

6 A. In a situation where a front line customer  
7 service representative determined more personal attention  
8 should be given to a special needs customer, the customer  
9 would normally be transferred to one of five Idaho Power  
10 Customer Service Coaches or two Coach Assistants. Coaches  
11 and Coach Assistants are experienced Idaho Power customer  
12 service representatives in lead or supervisory roles.

13 **CUSTOMER SERVICE CENTER AND OUTAGE MANAGEMENT OPERATIONS**  
14 **CENTER**

15 Q. Quick, easy access to information and  
16 assistance and responsiveness to customers' concerns are  
17 essential elements of good customer service. How has  
18 Idaho Power performed in these two areas?

19 A. Idaho Power has taken steps to remedy problems  
20 it has identified. Improvements in accessibility and  
21 responsiveness have been achieved primarily through  
22 technological enhancements in the Customer Service Center  
23 and Outage Management Operations Center.

24 Q. How does Idaho Power compare to other energy  
25 companies regarding its ability to answer incoming

1 customer service calls in a timely manner?

2 A. According to the Edison Electric  
3 Institute/American Gas Association (EEI/AGA) in its 2002  
4 annual data source survey, the average service level (the  
5 percentage of calls answered within a defined number of  
6 seconds) among the 62 reporting utility companies was  
7 73.8% of calls answered in 32.3 seconds. Idaho Power set  
8 its internal service level goal at answering 80% of  
9 incoming customer calls within 30 seconds, slightly better  
10 than the average service level among the companies  
11 included in the EEI/AGA survey.

12 Q. Is Idaho Power's goal reasonable?

13 A. Yes. In Staff's opinion, service levels of  
14 80% of calls answered within the range of 20-30 seconds  
15 are reasonable.

16 Q. In the past three years, has the Company met  
17 its goal?

18 A. No. There were three spans of time in the  
19 past three years where the Company fell short of its  
20 internal service level goal. Those times were January  
21 through June of 2001, September through December of 2001,  
22 and January through July of 2002. During the block of  
23 time from January through June 2001, the Company pointed  
24 to a 16% reduction in staffing due to attrition. In the  
25 September through December 2001 time period, the Company

1 was still recovering from staffing reductions, the tiered  
2 rate questions, as well as a learning curve associated  
3 with implementation of a new customer information computer  
4 system installed in November 2001. The Company stated  
5 that in January of 2002 through July 2002, the volume of  
6 inbound calls increased by 6% and call-handling time was  
7 longer. According to the Company, many customers were  
8 confused as to how the bills were calculated under the  
9 tiered rate design. It took more time for customer  
10 service representatives to help customers understand their  
11 bills.

12 Q. Has the Company improved its performance  
13 recently?

14 A. Yes. It has been meeting or exceeding its  
15 service level goal since July of 2002.

16 Q. To what does the Company attribute its success  
17 regarding its ability to answer 80% of incoming calls  
18 within 30 seconds?

19 A. In April 2002, the Company hired temporary  
20 agents to assist during periods of increased call volumes  
21 and call handling times. Additionally, the tiered  
22 residential rate design was discontinued in May 2002,  
23 eliminating one cause of customer confusion and  
24 discontent. The Company also implemented a customer  
25 service oriented training program that helped customer

1 service representatives better manage incoming calls.  
2 According to the Company, this program emphasizes multi-  
3 tasking and first call resolution and is still a part of  
4 its customer service-training regimen.

5 Q. How does the Company handle calls from  
6 customers who are reporting outages or emergencies?

7 A. The Company has a separate Outage Management  
8 Operations Center. Customers calling the outage telephone  
9 number reach an IVR with prompts to direct the call to the  
10 proper customer service representative. Most customers who  
11 call the outage telephone number are calling to verify that  
12 the Company knows there is a power outage in their area.  
13 The power outage customer information messaging system is  
14 updated within minutes of confirmed outages. The recorded  
15 message continues to be updated at least every twenty  
16 minutes or as more information is obtained. The message  
17 also tells the customer what the Company is doing with  
18 regard to the outage and, when possible, gives an estimated  
19 time of repair. If the customer determines that his or her  
20 area is not identified as having an outage, he or she is  
21 then advised how to report the outage to a customer service  
22 representative. If the customer is experiencing a life-  
23 threatening emergency related to the outage, he or she is  
24 directed to immediately call 9-1-1. The message to call  
25 9-1-1 comes immediately following the customer saying

1 "Outage."

2 Service levels are also measured for the  
3 Outage Management System. From January through October of  
4 2003, performance has been extremely good with an overall  
5 service level of 96.7% of its calls answered within 30  
6 seconds.

7 Q. In what other ways has the Company improved  
8 its responsiveness to outages?

9 A. In the years prior to the establishment of the  
10 Outage Management Operation Center in the summer of 2002,  
11 Idaho Power realized it had communication issues between  
12 the Company and its customers during outages. This was  
13 especially true as it related to relaying accurate  
14 information about outages from customers to the proper  
15 personnel so that repairs could be handled quickly and  
16 efficiently. The Outage Management Operations Center has  
17 centralized dispatching and integrated operations with the  
18 Customer Service Center. Because they are trained in  
19 customer service skills, staff from the Customer Service  
20 Center is now assigned to the Outage Management Operations  
21 Center. Dispatchers and other technical staff are now able  
22 to focus on restoring service while the Customer Service  
23 Representatives interact with the customers.

24 Q. How has the Outage Management Operations  
25 Center benefited the Company and its customers?

1           A.       Most customers that call regarding an outage  
2 merely want to know if the Company is aware of an outage  
3 and to find out if any information is available regarding  
4 the estimated time of repair. The majority of customers  
5 are now finding answers to their questions within moments  
6 of placing the call. For the Company, this system has  
7 allowed it to provide good customer service by keeping  
8 customers informed and updated, particularly during those  
9 times when large numbers of customers are affected by an  
10 outage. The IVR has also reduced the need to hire  
11 additional customer service representatives to answer calls  
12 that are handled efficiently and effectively by the IVR  
13 system.

14           **CUSTOMER RELATIONS**

15           Q.       Please describe how many and what type of  
16 complaints and inquiries the Commission has received  
17 regarding Idaho Power?

18           A.       Exhibit No. 142 shows the number of informal  
19 complaints and inquiries received over the past four  
20 years. The Commission received significantly more  
21 complaints and inquiries in 2001 and 2002 than in 2000 and  
22 2003. During 2001 and 2002, complaints fell into three  
23 main categories: credit and collections, billing, and  
24 rates and policies. This is not surprising because during  
25 that timeframe customers paid more per kilowatt-hour than

1 they had ever paid, tiered rates were introduced, and a  
2 new billing system installed. As Exhibit No. 142 shows,  
3 the number of complaints and inquiries dropped off  
4 considerably in 2003, returning to similar levels recorded  
5 four years ago.

6 Q. What did your analysis of complaints received  
7 by the Commission in 2003 reveal?

8 A. The majority of complaints still fall within  
9 the three categories mentioned above. Of the 612  
10 complaints received, the majority (58%) concerned credit  
11 and collection issues. Most of these credit and  
12 collections issues involved actual or threatened  
13 disconnection of service, a clear indication that some  
14 customers continue to have difficulty paying their Idaho  
15 Power bills.

16 Q. Was the Commission able to help these  
17 customers?

18 A. In 52% of the 329 complaints involving  
19 disconnection, the Company's original course of action was  
20 modified during the Staff's investigation. In most  
21 instances, Staff was able to assist the customer in  
22 negotiating acceptable payment arrangements.

23 Q. How does Idaho Power compare with other major  
24 Idaho energy companies with regard to the number of  
25 complaints and inquiries to the Commission?

1           A.       Except for the year 2000, the number of  
2           complaints and inquiries per 1,000 customers was higher  
3           for Idaho Power than other regulated energy utilities.  
4           The numbers reflected in Exhibit No. 143 are not  
5           indicative of a particular problem with Idaho Power's  
6           customer relations other than the obvious impact that  
7           increasing rates and higher bills have on customers.

8           Q.       Is Idaho Power responsive to the Commission's  
9           Utility Compliance Investigators during complaint  
10          investigations?

11          A.       Yes.   The average length of time in which  
12          Staff was able to resolve Idaho Power's customer  
13          complaints during 2003 was 3.31 days. The average time  
14          among all Idaho regulated electric companies was 3.93  
15          days.

16          Q.       What observations do you have about the  
17          Company's Website?

18          A.       The Company's Website is easy to navigate.  
19          There are many customer service features available that  
20          save the Company and the customer time and money. For  
21          example, a customer can pay a bill using a credit card or  
22          check-by-phone using the Company's Website. A customer  
23          can use the Website to locate the nearest pay station. If  
24          a customer wants to receive monthly billing statements  
25          online, the customer can set up on the Website and

1 eliminate the need for the Company to print and mail a  
2 paper bill. Many customers are signing up to receive  
3 bills over the Internet. Currently about 6,000 customers  
4 have signed up for this service, which is handled by a  
5 third-party vendor.

6 Two significant functions that are not  
7 available online are customer requests to connect or  
8 disconnect service. A customer that wishes to sign up for  
9 service or disconnect service must still call the Customer  
10 Service Center.

11 Q. Has the Company added any other significant  
12 technology-based customer service features recently?

13 A. Yes. A few years ago, Idaho Power added the  
14 previously mentioned IVR system that allows customers to  
15 call the Company at any time of day or night. By  
16 following the prompts, customers can get a recording that  
17 informs the customer of what amount is due on the  
18 customer's account, when the customer made the last  
19 payment, and the amount of the last payment. The customer  
20 is also able to make payment arrangements on past due  
21 bills using the IVR. In 2004, the Company enhanced the  
22 system with speech recognition capabilities. After being  
23 greeted with "Thank you for calling Idaho Power," the  
24 customer is told to say one of the following: "Outage,  
25 Residential Services, Irrigation or Commercial, or New

1 Construction or Electricians." This new, friendlier  
2 approach to IVR use should help put some elderly,  
3 technology-challenged, or physically limited customers at  
4 ease when calling the Company.

5 The other significant benefit of this system  
6 is that there is only one number to call. For example, a  
7 customer no longer needs to search through the telephone  
8 book to find a separate number to report a power outage.

9 Q. Do you believe Idaho Power provides adequate  
10 customer assistance for non-English speaking customers?

11 A. The Company has indicated to Staff that it  
12 always has at least one Spanish-speaking person available  
13 on any given shift. If the customer calling indicates he  
14 or she would like to speak to a Company representative  
15 that speaks something other than English or Spanish, the  
16 Company utilizes a third-party interpretation service that  
17 provides three-way telephone calling capabilities.  
18 Because the interpretation service has the ability to  
19 translate 108 languages, Staff believes this is an  
20 exceptional service provided for anyone who speaks  
21 languages other than English and Spanish. Idaho Power  
22 also uses this service if the Company's on-shift Spanish-  
23 speaking representative is already assisting another  
24 customer.

25 Q. Does Idaho Power provide adequate bill-related

1 and/or other information for Spanish-speaking customers?

2 A. The Company does not print any of its bills or  
3 disconnect notices in Spanish. However, the Company has  
4 seven brochures and pamphlets that are available in  
5 Spanish, including a brochure on conservation as well as a  
6 Summary of the Utility Customer Relations Rules. Staff  
7 recommends that the Company add a sentence in Spanish in a  
8 prominent location on bills and disconnect notices to  
9 inform Spanish speakers that if help is needed  
10 understanding what the customer's statement or notice  
11 says, that he or she may call the Company for further  
12 information.

13 Q. Are the Company's available Spanish resources  
14 frequently used by customers?

15 A. Unfortunately, the information and services  
16 available are underutilized, perhaps because customers are  
17 not aware of what is offered. The Company should better  
18 promote the information and services available to Spanish-  
19 speaking customers. One way this could be accomplished is  
20 by adding a prompt in Spanish for those waiting on hold  
21 that a Spanish-speaking representative is available upon  
22 request. Spanish-speaking customer service  
23 representatives should always inform Spanish-speaking  
24 customers of the written information available in Spanish.

25 The Company indicated that its Spanish

1 language brochures are available to those who request  
2 them. This is a Catch-22 for Spanish-speaking customers,  
3 in that they are expected to ask for something that they  
4 do not know exists. The Company informed Staff that it  
5 was currently working on improving its Spanish-language  
6 communications. In February of this year, a sentence in  
7 Spanish was added to all the English versions of the  
8 Summary of the Utility Customer Relations Rules indicating  
9 that a Spanish version was available upon request.

10 Q. What is the Hispanic population in the  
11 counties served by Idaho Power?

12 A. According to the 2000 Census, 101,690  
13 Hispanics resided in Idaho. In the 28 counties served by  
14 Idaho Power, there were 81,758 Hispanics. The overall  
15 percentage of Hispanics in Idaho in 2000 was 7.9 percent.  
16 In counties served by Idaho Power, the average percentage  
17 was 11.5 percent. Some counties served by Idaho Power had  
18 substantially higher Hispanic populations than others.  
19 For example, Canyon, Cassia, Gooding, Jerome, Minidoka,  
20 and Power counties all had Hispanic populations greater  
21 than 17 percent, with Minidoka having the highest  
22 percentage at 25.5%. Given the significant number of  
23 Hispanic people in Idaho Power's service territory, it is  
24 certainly necessary that the Company determine how to  
25 effectively communicate with its Spanish-speaking

1 customers.

2 Q. Do you think the number of Hispanic people in  
3 Idaho Power's service territory indicates the Company  
4 should be doing more for its Spanish-speaking customers?

5 A. In its review of Spanish communications, the  
6 Company should evaluate the need for bills and delinquent  
7 notices to be printed in Spanish. The Company should  
8 consult with organizations such as the Idaho Migrant  
9 Council to gather information about the customer service-  
10 related needs of Hispanic people in the Company's service  
11 territory.

12 Q. Do you think the Company should provide better  
13 customer service for customers who speak languages other  
14 than English or Spanish, such as Bosnian or Russian?

15 A. The fact that a person who speaks Bosnian or  
16 Russian can request a third-party translator is adequate  
17 at this time. The Consumer Staff has never received a  
18 complaint on behalf of a person who speaks a language  
19 other than English or Spanish saying they thought the  
20 Company ought to provide them with more options in their  
21 native language. The small population of people that  
22 speak languages other than English and Spanish in Idaho at  
23 this time does not justify requiring the Company to  
24 develop brochures and pamphlets in additional languages.

25

1           **OUT-OF-CYCLE METER READINGS**

2           Q.       In your review of Company procedures with  
3 regard to out-of-cycle meter reading and billing, did you  
4 find anything of concern?

5           A.       Yes.   Out-of-cycle meter readings are  
6 necessary when customers move, change billing  
7 responsibility, or request physical disconnection of  
8 service.   An Idaho Power bill resulting from an out-of-  
9 cycle meter reading reflects the customer's requested date  
10 of action - not the date the meter was actually read.  
11 Staff believes this practice should be changed.   Customers  
12 expect bills to be based on beginning and ending meter  
13 readings that correspond to the billing period.   Using  
14 meter-reading dates that do not correspond to the billing  
15 period misleads customers and undermines the integrity of  
16 the billing process.

17          Q.       What is the Company's process when a customer  
18 informs the Company he or she is moving and to stop  
19 billing?

20          A.       The Company indicated that with respect to  
21 residential and small commercial customers, it does not  
22 routinely disconnect service between occupants because  
23 typically there is little time delay in new customers  
24 signing up for service after the former customer requests  
25 disconnection.

1                   In situations where an out-of-cycle meter  
2 reading is taken to close an account and the meter is not  
3 physically disconnected, the Company indicated that  
4 approximately 93% of the readings for residential and  
5 small commercial customers are taken within 3 calendar  
6 days, approximately 5% of the readings are taken within 4-  
7 5 calendar days, and the remaining 2% are not read for  
8 more than 5 calendar days. In 2003, Idaho Power performed  
9 more than 100,000 out-of-cycle meter readings for  
10 residential and small commercial accounts where power was  
11 not disconnected.

12               Q.     Are there circumstances where the Company  
13 physically disconnects service?

14               A.     The Company indicated that when a service  
15 technician arrives at a premises and it is obvious that no  
16 one is occupying the home or business and no new customer  
17 has signed up for service, the meter is always  
18 disconnected. According to Idaho Power, for those  
19 accounts where service was physically disconnected in  
20 2003, 95% of residential and small commercial meters were  
21 read and disconnected within 3 calendar days of the  
22 customer's requested date. Approximately 2% of requests  
23 were processed within 4-5 calendar days after the  
24 customer's requested date and the remaining 3% took more  
25 than 5 calendar days to complete. Idaho Power conducted

1 more than 20,000 actual residential and small commercial  
2 disconnects last year.

3 Q. Should the Company be required to always read  
4 meters and/or disconnect service on the date customers  
5 request?

6 A. No. The Company needs a reasonable amount of  
7 time to respond to a customer's request. A work  
8 completion interval of up to 3 calendar days in the  
9 majority of circumstances is reasonable. An interval of  
10 up to 5 calendar days is reasonable for those situations  
11 where weather, the customer's remote location, or other  
12 issues delay work. One example where the Company might  
13 justifiably not be able to take an out-of-cycle meter read  
14 within 3 days is in a remote service area such as Garden  
15 Valley. The Company routinely goes to Garden Valley twice  
16 a week, but depending upon some factors such as weather  
17 may only go once a week.

18 Q. If a customer requests disconnection of  
19 service for a specific date and the Company does not read  
20 the meter and disconnect service for 5 days beyond the  
21 requested date, who pays for the additional 5 days worth  
22 of service?

23 A. The customer who was disconnecting service  
24 would be responsible for payment up until the time of  
25 disconnection. However, as stated earlier, the customer's

1 final bill would not reflect the actual date service was  
2 disconnected.

3 Q. You stated earlier that Idaho Power does not  
4 routinely disconnect service for residential and small  
5 commercial customers. If service is not physically  
6 disconnected between occupants, can other billing issues  
7 arise?

8 A. Yes. Unless the date Idaho Power reads the  
9 meter exactly coincides with both the date the departing  
10 customer moves out and the date the new customer moves in,  
11 the billing period will not match. The wider the gap of  
12 time between requested dates and actual meter reading  
13 and/or disconnection dates, the more problematic billings  
14 become. The Company needs to minimize the gaps that  
15 exceed 3 calendar days.

16 Q. Are there any other scenarios where the  
17 procedure of not actually turning off meters between  
18 occupants can lead to billing issues?

19 A. Yes. Many landlords have verbal agreements  
20 with the Company to not disconnect their rentals between  
21 tenants. The agreement is that when a tenant moves out  
22 and places a request to close his or her account, the  
23 Company is allowed to simply transfer the billing  
24 responsibility of the account into the landlord's name at  
25 the time the tenant says he or she is moving out. Service

1 is not disconnected between tenants and the landlord is  
2 responsible for paying for usage while the residence is  
3 vacant. This introduces another level of complexity to  
4 the billings and meter reading process because three  
5 customers (the departing tenant, the landlord, and the new  
6 tenant) are involved.

7 Q. Does Staff have other concerns with regard to  
8 Idaho Power's handling of out-of-cycle meter readings and  
9 disconnections?

10 A. Yes. It is not clear to Staff how the Company  
11 determines what to use as a beginning reading for a new  
12 customer moving into a location where the power was not  
13 actually disconnected between occupants. It appears that  
14 in some cases, the meter reading is used from when the  
15 last occupant moved out; in other cases, it appears that a  
16 new reading is obtained. It is Staff's opinion that the  
17 Company should establish a protocol that specifies when a  
18 new reading should be taken.

19 Q. What do you consider a reasonable approach to  
20 solving billing issues related to the Company's handling  
21 of out-of-cycle meter readings?

22 A. Staff's position is that the billing period  
23 ending date entered into the computer system and printed  
24 on the customer's final bill should match the actual date  
25 the meter was read and/or disconnected. Customers are

1 entitled to accurate billing information. By providing  
2 the correct date, the customer would have the option to  
3 negotiate with the Company if he or she had an issue with  
4 the length of time it took to read and/or disconnect the  
5 meter. Likewise, the starting date on bills should  
6 correspond with the actual reading date on which the bill  
7 is based. In situations where the meter was physically  
8 disconnected, the meter reading should always be verified  
9 at the time of reconnection for the new customer to make  
10 certain the reading matches that taken on disconnection  
11 date of the prior occupant.

12 Q. Have you discussed this matter with the  
13 Company?

14 A. Yes. The Company understood Staff's concerns  
15 and is examining its processes now. Staff anticipates  
16 discussing proposed solutions with the Company by April of  
17 this year.

18 Q. Did you review the Company's bills, notices,  
19 forms, and other documents to ascertain compliance with  
20 the Utility Customer Relations Rules (UCRR)?

21 A. Yes. Staff found that the Company was  
22 generally in compliance with the UCRR. For those areas  
23 where changes were necessary, Staff and the Company agreed  
24 on solutions for bringing the Company into compliance.

25 Q. What were the significant non-compliant areas

1 in need of change?

2 A. Although required by UCRR 401, 402, and 403,  
3 the Company was not keeping a written record of complaints  
4 and requests for conferences it received directly from  
5 customers. The Company indicated it would begin tracking  
6 complaints in accordance with the UCRR. The Company had  
7 been keeping a detailed record of the complaints referred  
8 to them by the Commission. However, the purpose of this  
9 rule requirement is to encourage the Company to analyze  
10 its own policies and processes using the valuable feedback  
11 given by customers.

12 The second area of non-compliance was that the  
13 Company had not developed a Summary of Utility Customer  
14 Relations Rules for customers billed under Schedules 7, 9,  
15 and 24 as required in Rule 701. In response to Staff's  
16 findings, the Company prepared and began sending the  
17 Summary with bills to these customers in February.

18 Staff also found that the Summary of Utility  
19 Customer Relations Rules was not being provided to each  
20 new customer upon commencement of service as required by  
21 Rule 701. The Company committed to having the Summary  
22 inserted into the initial bills of each new customer  
23 within two months.

24 Q. Does this conclude your testimony?

25 A. Yes it does.