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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF IDAHO POWER COMPANY FOR)	Case No. IPC-E-04-20
AUTHORITY TO REVISE DEPOSIT)	
REQUIREMENTS IN SCHEDULES 24 AND)	COMMENTS OF IDAHO
25 FOR ELECTRIC SERVICE TO)	IRRIGATION PUMPERS
IRRIGATION CUSTOMERS)	ASSOCIATION, INC.
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Comes now the Idaho Irrigation Pumpers Association (“Irrigators”), through counsel, and submit the following comments on Idaho Power Company’s Application to revise the deposit requirements under Schedules 24 and 25 for electric service to irrigation customers.

The Company’s Application seeks to add a new “Tier 2” deposit for irrigation customers who have an outstanding balance of over \$1,000 on December 31, customers who have been discharged from bankruptcy and customers who have had receivership proceedings. The deposit is based on a formula that in essence collects more than the customer’s bill for the next irrigation season in advance. The current “Tier 1” requires a deposit of 1.5 times the estimated monthly bill be paid by customers that have had two or more reminder notices for nonpayment in a 12-month period, or who have had service terminated for nonpayment.

The Irrigators strongly support fiscally sound and reasonable deposit policies for all utility customers in order to minimize uncollectible accounts. Sound deposit rules are good for the Company and ultimately good for all ratepayers. The Irrigators also recognize that the unique seasonal nature of irrigation customers may warrant a deposit requirement different from other customers. Accordingly, two years ago, in Case No. IPC-E-02-09, the Irrigators did not oppose Idaho Power's request to strengthen the deposit requirements for Irrigation customers. However, the Irrigators do not support the new "Tier 2" irrigation deposit proposal for the reason that it unfairly singles out irrigation customers for considerably more stringent deposit requirements as compared to the deposit requirements of other customers who are also driving an increase in the Company's write-offs.

Several simple comparisons can be made to show how unfair the proposed deposit rules are in comparison to other customer classes. As the Commission knows, Irrigation customers come in all sizes, from the very small to the very large. The Commission has Utility Customer Relations Rules (UCRR) for residential and small commercial customers. Why should small Irrigation customers be required to follow far more stringent deposit rules than customers of similar size that happen to be either Residential or Small Commercial customers?

Assuming that the Company's proposed Irrigation deposit rules are only to be applied to Large Irrigation customers, they are still unfair to Irrigation customers when compared to deposit rules for Large Commercial or even Special Contract customers. Rule L (found in IPCO's General Rules and Regulations) states that for existing Large Commercial and Special Contract:

A deposit may be required for failure to pay the amount due on or before the date the bill is delinquent or the risk of future loss is evident based on the Customer's current commercial credit rating. (Emphasis added)

By contrast, in the existing and proposed deposit rules for Irrigation customers it states that: "Customers ... will be required to pay a deposit..." (Emphasis added). There is a major distinction between "may be required" and "will be required".

The Irrigators do not dispute that an Irrigation customer that has an outstanding balance greater than \$1000 as of December 31 is a late paying customer, nor that customers with prior bankruptcies or receiverships have experienced past financial problems. However, a year-end balance that is small or one paid before the next irrigation season does not automatically translate to a credit risk. Nor do past bankruptcies or receiverships indicate across the board payment problems.

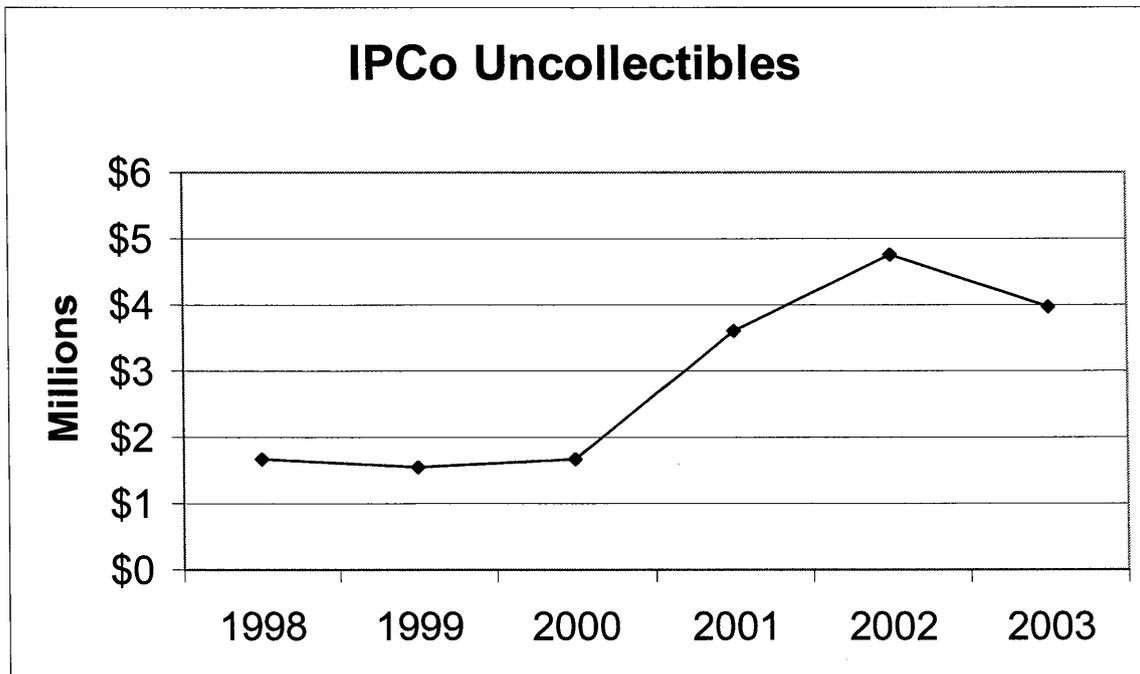
Of greater concern regarding the proposed Tier 2 Irrigation Deposit Rules is the required deposit for these Irrigation customers would be four (4) times the highest estimated monthly bill. By contrast, Rule L states that for Large Commercial and Special Contract customers that "the amount of the deposit shall not exceed two times" the maximum or estimated bill. Thus, under the proposed rules in this case, Irrigators would be subject to a required deposit of four (4) times the highest monthly bill, while Large Commercial and Special Contract customers may not even be required to post a deposit, and if they are so required, that deposit can range from anywhere between zero and only two times the highest monthly bill.

As part of its justification for the proposed deposit rules for Irrigation customers, Idaho Power points to its recent write-offs for Irrigation customers. The following figures are cited:

<u>Irrigation Write-off</u>	
\$426,139	2002
\$413,712	2003 ¹
\$516,582	2004 as of July

Unfortunately, the Company did not provide any historic data than this to show if these values represent the status quo, reflect a major shift (up or down), or if the current deposit rules for Irrigators adopted in the last case made any difference.

A look at FERC Form 1 data for the last several years reveals that there has been a major increase in Account 904 (Uncollectible Expense).



¹ In its analysis Idaho Power appropriately excluded a single write-off of \$668,724 that would have greatly skewed the results and thus the analysis of the problem.

This large shift in Uncollectible Expense is a company-wide problem and not something that is specific to the Irrigation class.

As stated at the outset, the Irrigators agree with strong deposit requirements. However, deposit rules should be fairly and uniformly applied to all customers as possible with appropriate allowances to account for uniqueness of some customer classes. The Company's proposal appears to be an attempt to isolate and apply considerably more stringent deposit requirements to irrigation customers without addressing the overall problem caused by other customer classes.

Accordingly, the Irrigators make these recommendations: 1) Reject at this time the "Tier 2" deposit proposal proposed by the Company; 2) Modify the existing Tier 1 deposit requirement to increase the deposit to 2 months by changing the multiplier from 1.5 to 2; and 3) Initiate further proceedings (in this case or a separate case) to examine and modify the deposit requirements for all customers driving an unacceptable increase in the Company's Uncollectible Expense.

RESPECTFULLY SUBMITTED this 28th day of October, 2004.

RACINE, OLSON, NYE, BUDGE
& BAILEY, CHARTERED

By Randall C. Budge

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 28th day of October, 2004, I mailed a true and complete copy of the foregoing document, postage prepaid, to each of the following:

Commission Secretary
Idaho Public Utilities Commission
P.O. Box 83720
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Maggie Brilz
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