

## **DECISION MEMORANDUM**

**TO:           COMMISSIONER KJELLANDER  
              COMMISSIONER SMITH  
              COMMISSIONER HANSEN  
              COMMISSION SECRETARY  
              LEGAL  
              WORKING FILE**

**FROM:       BEVERLY BARKER**

**DATE:       SEPTEMBER 30, 2004**

**RE:         APPLICATION OF IDAHO POWER COMPANY FOR AUTHORITY TO  
              REVISE DEPOSIT REQUIREMENTS FOR IRRIGATION CUSTOMERS  
              (IPC-E-04-20).**

### **COMPANY PROPOSAL**

On September 17, 2004, Idaho Power filed an Application requesting authority to revise deposit requirements under Schedules 24 and 25 for electric service to irrigation customers. The Company requests an effective date of October 18, 2004, and that its Application be handled under Modified Procedure. Idaho Power sent letters to its current irrigation customers to advise them of its filing with the Commission.

The Company indicates that in recent years, it has experienced an increase in unpaid irrigation bills (accounts receivable) at the end of each year and a corresponding increase in bad debt (net write-offs). At the same time, the number of service points has been increasing while the number of persons responsible for those agreements has been decreasing. This consolidation of accounts into the hands of fewer customers also raises the level of risk to which Idaho Power is exposed.

In order to minimize its exposure to bad debt, Idaho Power proposes to revise its deposit policy for irrigation customers by collecting a higher deposit from those customers who pose a higher credit risk. Customers asked to pay a deposit will continue to have the option of providing an irrevocable Letter of Credit from a financial institution. A customer who owes an outstanding balance of over \$1000 on December 31 will be required to pay a "Tier 2" deposit based on a formula that in essence collects the customer's bill for the next irrigation season in

advance. A customer who has been discharged from bankruptcy or who has had receivership proceedings terminated will also be required to pay a Tier 2 deposit. The Tier 2 deposit will be applied to each monthly bill as it becomes due throughout the season.

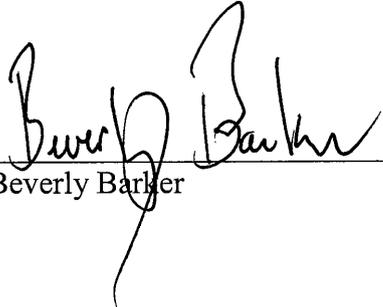
A customer who owes less than \$1000 on December 31 but who has received two or more reminder notices of \$100 or more during a 12-month period or customers whose service is disconnected due to non-payment during the out-of-season period will be required to pay a lower deposit amount. A customer required to pay a Tier 2 deposit one year will be required to pay a Tier 1 deposit the following year. Idaho Power will apply the formula it currently uses for calculating deposit amounts to Tier 1 deposits.

### **STAFF RECOMMENDATION**

Staff recommends that the Company's Application be processed under Modified Procedure and that the proposed effective date be suspended. In order to give customers an adequate opportunity to comment on the Application and give the Company sufficient time to provide individual notice to affected customers of the Commission's ultimate decision, Staff recommends a 21-day comment period. As indicated previously, Idaho Power has already notified its irrigation customers of this proposal.

### **COMMISSION DECISION**

Does the Commission wish to process this Application under Modified Procedure? Should the proposed effective date be suspended and a 21-day period be established to allow for public comment?

  
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Beverly Barker

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