

IDAHO PUBLIC UTILITIES COMMISSION

Case No. IPC-E-04-20, Order No. 29639

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Commission adopts irrigation deposit requirements

Boise – The Idaho Public Utilities Commission today approved new deposit requirements for irrigation customers of Idaho Power Co.

Idaho Power has experienced an increase in unpaid irrigation bills and net write-offs due to bad debt. The company's bad debt exposure for irrigation customers has more than doubled over the past three years with accounts receivable still owed the company increasing from \$1.4 million to \$2.87 million. At the same time, irrigation net write-offs have increased from \$223,426 in 2001 to \$413,712 in 2003. The write-off data for 2003 does not include a \$668,724 write-off attributable to one irrigation customer. Through July of this year, net write-offs, at \$516,582, have exceeded last year's total.

Exacerbating the problem for Idaho Power is the fact that the number of irrigation service locations has increased while the number of persons responsible for those service locations has decreased. Consolidation of accounts into the hands of fewer customers raises the level of risk to which the company is exposed.

Today's commission order approves the company's proposal to require irrigation customers who owe more than \$1,000 on Dec. 31 to pay a deposit based on a formula that, in essence, collects the customer's bill for the next irrigation season in advance. The deposit, called a Tier 2 deposit, will be applied to each monthly bill as it becomes due throughout the season. A customer who has been discharged from a bankruptcy or who has had receivership proceedings terminated will be required to pay a deposit under the same formula.

Also approved was a less expensive Tier 1 deposit required for irrigation customers who owe less than \$1,000 but who have received two or more reminder notices of \$100 or more during a 12-month period. The same formula will apply to customers whose service is disconnected during the out-of-season period due to nonpayment.

The Idaho Irrigation Pumpers Association asked the commission to reject the Tier 2 deposit proposal. The irrigators' association alleges the proposal unfairly singles out irrigation customers for more stringent deposit requirements as compared to requirements for other customers. The association asked that the commission initiate further proceedings to modify deposit requirements for all customers.

The commission noted that net write-offs from irrigation customers far exceed any other customer class. Further, the commission said, the Tier 2 proposal affects only a small number of customers. About 77 of the company's 6,400 irrigation customers would have been asked to pay

a Tier 2 deposit had the program been in place during the 2004 irrigation season. About 423 others would have been required to pay the higher Tier 1 deposit. The 77 customers who would have been charged the Tier 2 deposit owed about \$2.64 million to the company as of Dec. 31, 2003.

“While the commission recognizes that the great majority of irrigators pay their electric bills in a timely manner, the evidence shows several trends specific to irrigation customers that support approval of the company’s application,” the commission said. “Asking those customers who pose the greatest risk to pay higher deposits will likely minimize bad debt write-offs. Minimizing bad debt write-offs is in the interest of Idaho Power ratepayers,” the commission said.

The commission added a requirement that irrigators who may be subject to the new Tier 2 requirement on Dec. 31 receive at least a 30-day notice that will give them the opportunity to bring their accounts current and avoid the deposit requirement.

A full text of the commission’s order, along with other documents related to this case, are available on the commission’s Web site. Click on “File Room” and then on “Electric Cases” and scroll down to Case No. IPC-E-04-20.

Interested parties may petition the commission for reconsideration by no later than Dec. 14. Petitions for reconsideration must set forth specifically why the petitioner contends that the order is unreasonable, unlawful or erroneous. Petitions should include a statement of the nature and quantity of evidence the petitioner will offer if reconsideration is granted.

Petitions can be delivered to the commission at 472 W. Washington St. in Boise, mailed to P.O. Box 83720, Boise, ID, 83720-0074, or faxed to 208-334-3762.