

RECEIVED
2008 JAN 17 PM 2:02
IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for the Commission Staff

RESPONDENT.

COMMENTS OF THE COMMISSION STAFF

JANUARY 17, 2008

directing Idaho Power to respond to the allegations contained in the complaint. The Company submitted its timely response on October 5, 2007, explaining the events surrounding the Bowers' complaint. Idaho Power asserted that its actions were in full compliance with the applicable tariffs. On October 22, 2007, the Bowers submitted additional material in reply to the Company's Response.

A. The Formal Complaint

In December 2004, the Bowers obtained service from Idaho Power at their business, Bowers Transportation, in Caldwell. The Bowers' business is located in a commercial subdivision primarily served by underground facilities. A surface-mounted transformer was placed on their property, in a recorded utility easement, which was adjacent to their side-lot property line. See Staff Exhibit Nos. 201, 202; IPC Attachment 1; Complaint at Supp 3. They were required to pay \$1,461 in excess of the customer allowance for new terminal facilities to obtain their service connection with Idaho Power.

About two years later in December 2006, Idaho Power provided service to Terra-West, Inc. on the lot adjacent to the Bowers, using the same transformer serving the Bowers. Because facilities were available (i.e. the transformer in the Bowers' easement), Terra-West was not required to pay any charge for "sharing" Bowers' transformer. The Bowers claim that Terra-West got special treatment because Terra-West is a subcontractor to Idaho Power. The Bowers complained that it was inequitable that they had to pay for terminal facilities to obtain service and Terra-West did not. They claim that they are the only lot owners in their commercial subdivision who are required to share a transformer.

The Bowers also complained about the easement on their property and alleged that Terra-West cut a padlock and "illegally entered our property" to hook up Terra-West's electric service from the transformer (page 2, fax of September 26, 2007). Additionally, the Bowers complained that because of the shared usage of the transformer, the transformer may not have sufficient capacity to serve their load if they construct additional buildings. In such a case, they allege they will have to pay for additional upgrades to the transformer – where Terra-West has paid nothing. The Bowers' complaint that Terra-West "has no right to use and access our property" (page 2, fax of September 26, 2007).

B. Prior Informal Complaint

The Bowers first filed an informal complaint with the Staff in December 2006. Staff's initial investigation concluded that the Company had complied with the applicable Rule H tariffs (New Service Attachments and Distribution Line Installations or Alterations). Idaho Power had calculated the charges for both parties in accordance with Rule H and both parties paid. Idaho Power claimed Terra-West was not and had never been a contractor or subcontractor to the company, and had not been provided special treatment. Terra-West was charged \$128.70 for the installation of its service. After informing the Bowers of Staff's findings, the initial informal complaint was closed on December 18, 2006.

The complaint was revisited when Staff received a referral from the Consumer Protection Unit (CPU) of the Attorney General's Office. While the complaint filed with the CPU generally addressed the same situation, it raised additional issues and questions. After further investigation, the Commission Staff again concluded that the Company had complied with all applicable tariffs and sent the Bowers a letter dated May 16, 2007, confirming the conclusions from the initial investigation and answering the additional questions raised in the complaint referred by the CPU. Staff's May 16 letter (Staff Exhibit 203) clearly indicates that the Bowers would be able to increase their load at the existing building without incurring additional facility charges, even if Idaho Power needs to install a larger transformer. However, if they wanted to relocate the existing transformer, or desired service at a location more than 200 feet from the existing transformer, the Bowers would incur additional charges for the costs of the required facilities. *Id.*

The Bowers' formal complaint followed.

STAFF DISCUSSION

Based upon Staff's investigation, Staff again determined that the charges assessed the Bowers and Terra-West are in compliance with Rule H. Tariff Rule H does not provide vested interest refunds for terminal facilities (such as transformers, meters and line drops) - the very issue raised in this complaint. In addition, vested interest refunds are not available for any line extensions within commercial subdivisions. The first customer requesting service (e.g., the Bowers) is charged for all costs in excess of the commercial allowance for terminal facilities (\$1,190), and any subsequent customers (e.g., Terra-West) may connect to the existing facilities by only paying the installation charge for the underground service to the meter. Staff recognizes that under these situations, not all customers will be treated the same. However, this tariff balances the goal of

treating customers equitably with the goal of reducing administrative burdens of tracking investments and vested interest payments. In essence, the Company recovers the facility costs from the first customer without risking the recovery of the investment. By the same token, the first customer pays most if not all of the costs. The Commission recognized the need for this balance in Order No. 27680, and the tariff filed in compliance with that Order was approved by the Commission. (Minute Entry dated 2/27/1997).

Staff also finds that the "sharing" of transformers is a common practice for the Company. Transformers are the Company's property, not the customer's property. The Company has approximately twice as many customers as transformers. The decision whether a transformer will be used to serve more than one customer is an engineering decision made by the Company, based upon the loads and locations of the customers. The Bowers are correct when they claim they are the only customers in their subdivision that have a shared transformer. However, there are vacant lots in the subdivision, so this may not remain the case in the future. The Company will make those future decisions based upon: the loads identified by the new customers; the location of the existing transformers; and the location of the new customer's buildings. The Bowers are not correct when they claim no other commercial customers share transformers. Reply at page 12, ¶ 6.

The Company claims the transformer currently serving both the Bowers and Terra-West is adequate for current loads, and neither party has identified any concerns in that regard. As identified in the May 16, 2007 letter from Staff to the Bowers (Staff Exhibit No. 203), the Company's decision to use the transformer to serve both customers does not limit the Bowers' ability to expand their electrical demands. If the Bowers' additional demand requires a larger transformer, the Company will replace the existing transformer with a larger one at no cost to either customer. However, if the Bowers decide to move the transformer, or locate future uses on their lot too far from the existing transformer, they will incur additional charges as specified in Rule H of the tariff.

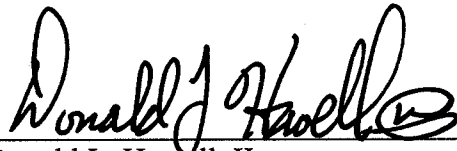
In December 2007, representatives of Staff and the Company met to explore various options for addressing the vested interest concerns raised by the Bowers. The Company indicated it had considered a number of ideas, including those suggested previously by Staff to allow vested interest refunds, and found that expanding vested interest refunds for terminal facilities to the "first" customer requesting service increased administrative burdens excessively. Other options, such as fixed fees for surface mounted transformers, created inconsistencies within Rule H. The parties were unable to identify any suitable means of addressing the issues raised by the Bowers' situation.

The Company indicated the Bowers' complaint was the first customer complaint regarding the lack of vested interest refunds for commercial subdivisions in more than ten years since Rule H was revised in Case No. IPC-E-95-18. A review of Staff files over the last four years did not reveal any such complaints. The Company indicated it was in the process of reviewing the entire Rule H and would try to address these equity issues through changes made throughout Rule H.

STAFF RECOMMENDATION

Based upon the Staff's review, the charges assessed the Bowers and Terra-West are in compliance with Rule H. Given the lack of other customer complaints about this issue and the accounting/administrative burdens of tracking vested interest for terminal facilities within developed subdivisions, Staff recommends that Rule H not be changed at this time, pending the Company's further review in 2008.

Respectfully submitted this 17th day of January 2008.


Donald L. Howell, II
Deputy Attorney General

Technical Staff: Wayne Hart
Daniel Klein

i:\misc\comments\ipce07.14dhwhdk

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

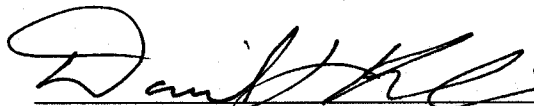
STATE OF IDAHO)
) ss
COUNTY OF ADA)
)

AFFIDAVIT OF
DANIEL L. KLEIN

Daniel L. Klein, being first duly sworn on oath, deposes and states as follows:

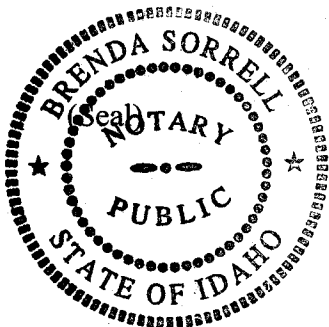
1. That I am a Utilities Compliance Investigator for the Idaho Public Utilities Commission.
2. At about 11 AM on April 4, 2006, I traveled to 15941 Gunfire Rd to view and take pictures of the property and transformer involved in Bowers' informal complaint. I took the two photos described below.
3. Photo Number 1 (Exhibit No. 201) was taken looking south from Gunfire Road showing the front fence of the Bowers' property and the location of the transformer. The Bowers' service panel can be seen in the far left of the photo. The gate into the Bowers' property is just beyond the left edge of the photo.
4. Photo Number 2 (Exhibit No. 202) shows the utility transformer and the fence that separates the Bowers property from Terra West's property. In the foreground is a Qwest pedestal.


Your affiant says nothing further.



Daniel L. Klein
Utilities Compliance Investigator

SUBSCRIBED AND SWORN to before me this 15th day of January 2008.





Notary Public for Idaho, Residing at Boise, Idaho.
My Commission expires 5/6/2010

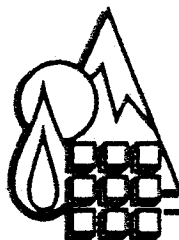
AFFIDAVIT



Exhibit No. 201
Case No. IPC-E-07-14
D. Klein, Staff
January 17, 2008



Exhibit No. 202
Case No. IPC-E-07-14
D. Klein, Staff
January 17, 2008



IDAHO PUBLIC UTILITIES Commission

C.L. "Butch" Otter, Governor

P.O. Box 83720, Boise, Idaho 83720-0074

Paul Kjellander, President
Marsha H. Smith, Commissioner
Mack A. Redford, Commissioner

May 16, 2007

Pamela A. and Scott Bowers
9559 West Hills Gate Drive
Star, ID 83669

RE: Complaint against Idaho Power, AG Log ID: 135308

Dear Mr. and Mrs. Bowers:

Your complaint against Idaho Power Company filed with the Attorney General's office has been forwarded to our office for further response. Perhaps the additional information will be helpful. When you requested service for your lot, Idaho Power required you to pay the line installation costs minus the cost of the transformer, as per the Company's tariff. It appears that the transformer is located within the platted Utility easement on your lot. Once facilities are installed, they are owned and maintained by the Company. If a single transformer can provide the power needs to multiple customers, then the Company will utilize that transformer for multiple customers. Idaho Power will not require Terra-West to be served from a separate transformer unless Terra-West's power needs change in such a way that separate or additional facilities would be necessary.

You also indicated that you might need a larger transformer to serve your future power needs. If your power needs at your existing building should increase to the point where the current transformer will not be able to handle your electrical load, Idaho Power will replace the existing transformer with a larger one at no cost to you. Additional cost might be incurred if power were needed to a new building that is more than 200 feet away from the existing transformer. In that case, new facilities most likely would be needed to maintain reliable service at adequate voltage.

I hope this information helps to address your concerns.

Sincerely,

Daniel Klein
Utilities Compliance Investigator

CC: Attorney General / Consumer Protection Unit
Dan Schledewitz / Idaho Power

Exhibit No. 203
Case No. IPC-E-07-14
D. Klein, Staff
January 17, 2008

CERTIFICATE OF SERVICE

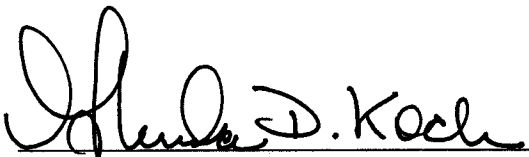
I HEREBY CERTIFY THAT I HAVE THIS 17TH DAY OF JANUARY 2008, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION**, IN CASE NO. IPC-E-07-14, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

BARTON L KLINE
SENIOR ATTORNEY
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070
E-MAIL: bkline@idahopower.com

TOM SALDIN, VICE PRESIDENT
GENERAL COUNSEL & SECRETARY
IDAHO POWER COMPANY
PO BOX 70
BOISE ID 83707-0070

PAM & SCOTT BOWERS
9559 W HILLS GATE DR
STAR ID 83669-5300

TERRA-WEST, INC.
15977 GUNFIRE RD
CALDWELL ID 83607



SECRETARY

CERTIFICATE OF SERVICE