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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Intervenors The Building Contractors
Association of Southwestern Idaho

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE
APPLICATION OF IDAHO POWER
COMPANY FOR AUTHORITY TO
MODIFY ITS RULE H LINE EXTENSION
TARIFF RELATED TO NEW SERVICE
ATTACHMENTS AND DISTRIBUTION
LINE INSTALLATIONS.**

CASE NO. IPC-E-08-22

**COMMENTS OF BUILDING
CONTRACTORS ASSOCIATION
OF SOUTHWESTERN IDAHO**

The Building Contractors Association of Southwestern Idaho ("Building Contractors"), by and through its attorneys of record, Givens Pursley LLP, and pursuant to Commission Order No. 30746, submits its comments in the above-captioned matter. The Building Contractors' comments are supported by the accompanying Direct Testimony of Richard Slaughter and Exhibits 201 through 204. The Building Contractors appreciate the opportunity to provide these comments and testimony to the Commission, and the additional time the Commission granted for their submittal.

The underlying premise of Idaho Power Company's ("Company" or "Idaho Power") Application to amend its Rule H tariff is that "growth should pay its own way." The issues and facts are more complex than this simple shibboleth suggests. And neither the increasing

popularity of the slogan "growth should pay for itself," nor the apparently sound policy it seems to capture, support Idaho Power's effort in this proceeding to shift the cost of providing service from itself or from one class of its customers to another.

Mr. Slaughter's accompanying testimony analyzes the actual source of increased costs to extend new distribution plant and concludes that it is inflation, not growth. Mr. Slaughter's testimony also analyzes the economic impacts of the Company's proposal on the Company and its existing customers, and on the Building Contractors and their customers. The Company's proposal would shield its existing customers from paying for the actual value of the service they receive. This should be expected to stimulate increased electricity demand because of the incorrect market signal this subsidy would send.

The Company's approach is inconsistent with existing Commission policy, established by Idaho Power's last Rule H tariff revision case (IPC-E-95-18), where the Commission held that new customers are entitled to have the Company provide a level of investment equal to that made to serve existing customers in the same class, and that it was appropriate that some portion of the cost of new distribution costs be recovered through rates. A significant concern for the Commission in IPC-E-95-18 was the severe impact any different policy would visit on Idaho's economy. The proposed tariff revision also is inconsistent with the Commission's most recently stated position in Case No. IPC-E-08-10 that Idaho Power's rates should send a stronger price signal to customers encouraging the efficient use of energy.

The Company's testimony suggests that its Application is driven by the impact on its ratepayers of the increased costs driven by rapid customer growth. As Mr. Slaughter points out, however, the Company's current line extension costs are less than 1% of its overall rate base. Further, the number of new customers added to the Company's system has decreased by

approximately half in each of the two preceding years, indicating that, to the extent growth places any objectionable "upward pressure" on rates, the concern should be a decreasing one.

Idaho Power's tariff modifications are aimed, quite simply, at the elimination of allowances and refunds for its own sake. The Company has not provided any facts supporting its proposed tariff revisions other than that the revisions will further this objective. The proposed modifications are a step backward from the current requirement that the Company fund a level of investment equal to that made to serve existing customers, and that it recover a portion of the cost of new distribution through rates. In short, there are no new circumstances supporting a sea change in Commission policy concerning the proper allocation of new service costs or the need to send proper market signals to energy consumers.

What *is* new, however, is the recent and significant economic downturn that Idaho citizens and businesses now are faced with. The Building Contractors' members are feeling the brunt of reduced access to credit to fund their day-to-day operations *and* a stagnant demand for their products. The light at the end of the current economic tunnel is dim and uncertain at best. Idaho Power's tariff proposal would move a brick from its back and onto that of the Building Contractors' members to carry through this tunnel and beyond. In the current economic climate, some may not be able to carry it. And as recent analysis by the National Association of Home Builders indicates, incremental additional costs to a new home purchase price can and will "price-out" many potential new home buyers, not to mention, place upward pressure on the costs of all homes in the market. This in turn has adverse and unintended consequences on all homeowners, including those already receiving electricity from Idaho Power, that will be perhaps equal to or exceed whatever arguable benefit they might receive from paying electric rates set below the cost of service.

For the reasons stated above, and as set forth in Mr. Slaughter's testimony, the Building Contractors urge the Commission to: deny Idaho Power's Application; increase the terminal facilities allowances under its current tariff; provide for periodic true-ups of these allowances; and increase the period from five years to ten years during which vested interest refunds are be made.

DATED this 17th day of April, 2009.

GIVENS PURSLEY, LLP

By: 

Michael C. Creamer
Attorneys for Intervenor The Building
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CERTIFICATE OF SERVICE

I hereby certify that on the 17th day of April, 2009, a true and correct copy of the foregoing was served upon the following individual(s) by the means indicated:

Original Filed:

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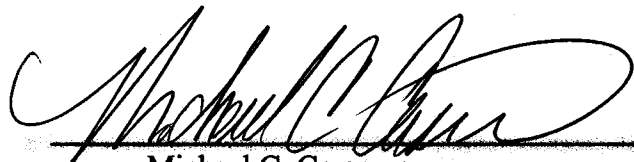
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