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December 2, 2011

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IDAHO PUBLIC
UTILITIES COMMISSION

Re: Case No. IPC-E-11-08
Public Comments – Boise State University

Dear Ms. Jewell:

Boise State University respectfully submits the following public comments in regard to the above-captioned matter.

Introduction

Boise State University is a public institution of higher education and body politic and corporate of the State of Idaho. The University is a comprehensive, urban university serving a diverse population through undergraduate and graduate programs, research, and state and regional public service. As a public University, Boise State relies heavily on state appropriated funds and student tuition and fees, which together comprise roughly 44% of its FY2012 budget (the remainder consisting largely of federal and state grants, private gifts, and sales and services of auxiliary enterprises). Previously, the State of Idaho helped defray the University's utilities costs for academic spaces through legislative appropriations based upon occupancy. Over time, however, additional occupancy funds have not been made available. It has now been three years since the State has provided additional occupancy funds to the University, and it is uncertain whether they will ever be made available to the University again. The result has been necessary changes in funding sources for occupancy costs such as utilities; meaning, higher tuition and fees for the University's students.

Boise State University is predominantly a Schedule 19 large-volume user, and is perennially a top 20 customer of Idaho Power. For the fiscal year 2011 (ending June 30, 2011), the University's power consumption was roughly 41.6 million kWh, totaling more than \$2.1 million dollars in costs.

The University hosts three (3) primary meters fed from two (2) Idaho Power feeders originating at Idaho Power's Grove Substation in downtown Boise. There are 56 individual transformers supplying power to various facilities on campus. The University owns all connecting cabling from the primary meters to the point of use while Idaho Power owns all individual transformers.

More than one half of the campus's transformers (thirty-one) are more than fifteen years old. Twenty-five are more than twenty years old; seventeen exceed thirty years, and seven are older than forty. The oldest transformer on campus dates back sixty-four years, to 1947. The University still pays a facilities charge on this, and all other transformers on its campus, regardless of their age. Annual facility charges

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assessed by Idaho Power against the equipment are approximately \$123,000 dollars. To date, the University estimates it has paid cumulative facility charges approaching \$1.5 million.

Position

The focus of these comments is the current and proposed facilities charge assessed by Idaho Power on its equipment. Boise State University shares many of the concerns expressed by the Industrial Customers of Idaho, as outlined in the Direct Testimony of Dr. Don Reading, dated October 7, 2011, and agrees in principle with the recommendations set forth therein; specifically, (1) that Idaho Power's proposed revised facilities charge be re-calibrated and reduced, (2) that the Commission require Idaho Power to calculate the monthly facilities charge using the depreciated value of the initial investment in lieu of its existing and proposed method which ignores depreciation regardless of the age of the equipment; (3) that the Commission require Idaho Power to provide customers with the option to own or purchase facilities charge equipment based on a fair calculation of the depreciated book value of the facilities; (4) changes to the facilities charge tariff, and (5) that the Commission require Idaho Power to henceforth issue annual notices to customers to provide for, and fully inform them of the facility charges by equipment, the effective annual rate, and ownership options.

It is the University's position that the facilities charge at issue is excessive and lacks justification when applied to older equipment. Both the current charge (20.4%) and proposed revised charge (16.97%) are excessive, and more reflective of a consumer credit card rate of interest than a reasonable commercial finance charge. For example, were Boise State University to initiate a bond issuance for the construction of new facilities at the present time, it could do so at an interest rate of approximately 4.25%. Moreover, the charge is assessed in perpetuity, regardless of the depreciated value of the asset assessed, or its age. As a result, cumulative facilities charges assessed by Idaho Power against the equipment on Boise State University's campus have more than doubled the cumulative total of Idaho Power's initial investment in the equipment (\$604,150.81 in initial investments; \$1,443,774.31 in facilities charges assessed). On older transformers, this discrepancy is even greater. In the case of the 1947 transformer, facility charges assessed over the last 64 years have exceeded Idaho Power's investment by more than thirteen times (\$725.35 initial investment; \$9,470.17 in cumulative facility charges, with no foreseeable end in sight).

Boise State University therefore concurs with the Industrial Customers of Idaho's recommendation for a reasonable, reduced facilities charge, adjusted to reflect the age and depreciated value of the equipment at issue, and that customers be provided the option to own or purchase facilities charge equipment based on a fair calculation of the depreciated book value of the assets.

Respectfully,


Stacy Pearson
Vice President, Finance Administration
Boise State University

cc: Idaho Power