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BEFORE  THE  IDAHO  PUBLIC  UTILITIES  COMMISSION

IN THE MATTER OF THE APPLICATION)

OF IDAHO POWER COMPANY FOR)CASE  NO.  IPC-E-95-3

AUTHORITY TO INSTITUTE AN)

ALTERNATE DISTRIBUTION SURCHARGE)

FOR SERVICE TO DEER POINT.)COMMENTS OF

)THE COMMISSION

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)STAFF

COMES  NOW  the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Scott Woodbury, Deputy Attorney General, and submits the following  comments for the Commission’s consideration in Case No. IPC-E-95-3.

Idaho Power Company presently provides electric service to 24 customers that primarily operate public and private radio and television transmitter sites at Deer Point near the Bogus Basin Ski Resort.  Due to the type of customers and the nearly 8000 ft. elevation of the transmitter sites, these customers already receive an unusual type of service.  Electric service can be provided by a distribution feeder from Boise or a distribution feeder from Horse Shoe Bend.  The two feeders intersect at a manual switch a short distance below the transmitter sites.  The switch allows Idaho Power to provide service from the alternate line if the other line is out of service.  From the switch a single distribution line extends up the hill to the transmitter area where it branches and radially feeds the individual transmitters.

Partially due to a 9-hour outage in 1994, and partially due to outages in general, a group of Deer Point customers approached Idaho Power requesting improved reliability.

A plan was developed to extend the dual distribution feed all of the way to the transmitter area which would require an extension of one of the underground distribution lines and relocation of the switch.  A second part to the plan would connect the two radial feeders together to form a loop within the transmitter area which could be fed from either or both ends.  Idaho Power Company estimates the cost of this project to be $93,211.

In its application Idaho Power Company proposes that $50,427 of the cost be supported through its general revenue requirement and that the 24 Deer Point customers pay $42,784 directly.  The new switch and the completion of the distribution loop within the transmitter site would be considered a Company betterment and included in rate base.  The Deer Point customers would pay for the parallel leg of the distribution feeder between the old switch location and the new switch location.  The Deer Point customers specifically requested this portion of the upgrade.  The majority of the cost to be covered generally by ratepayers is for the switch.  The old switch is more than 20 years old and due to be replaced.  The new switch would cost about $44,000.  The new switch would be remotely monitored and operated from the Boise bench control center.

Exhibit No. 1 of the Company's application shows the proposed division of the $42,784 among the 24 Deer Point customers.  Each customer's share was calculated using the ratio of the average of the three highest billing demands over a 13-month period for each account to the sum of the averages for all accounts.  The Company proposes two payment options:  pay the balance up front, or pay it off over time with monthly payments equal to 1/24th of the allocated cost plus interest.  The appropriate interest rate would be that found in Idaho Power's tariff Schedule 66, Section 4, which is currently 12%.  The Company proposes to follow its standard collection procedures including disconnection for non-payment.  In the event of a transfer of ownership prior to full payment, the Company proposes that the obligation be transferred to succeeding customers.  New customers requesting service at Deer Point within two years from the date of the upgrade completion will be required to contribute an allocable share based on connected load and all existing customers will be credited when the payment is received by the Company.  On May 11, 1995, Idaho Power Company filed a petition signed by 23 of the 24 Deer Point customers supporting the Company's application.

STAFF POSITION

Staff supports the Company's application.  It is appropriate that the cost of the upgrade be shared between the Deer Point customers and the general ratepayers.  A portion of the facilities being upgraded was requested by the affected customers.  It is appropriate for those customers to pay those costs.  It is appropriate that the general body of ratepayers pay to replace obsolete equipment, the switch, and for Company betterment.  The completion of the distribution loop, at a relatively small cost, provides operation and maintenance efficiencies to the Company and therefore can be classified as Company betterment.

Staff also believes that it is appropriate to charge all Deer Point customers their fair share of the project costs even though one customer does not support the upgrade.  The nature of the project is such that it improves the quality of service to all Deer Point customers, therefore, they should all pay.  This is parallel to the situation in the telephone industry when facilities are upgraded from multiparty service to single party service.  To remain customers, all must pay the higher cost of the improved service regardless of whether they want it.

Staff supports the Company’s proposal to allow disconnection of service for nonpayment.  The Commission’s rules specify grounds for disconnection of service.  Nonpayment for energy service received is grounds for disconnection.  Typically, nonpayment for other services is not.  This is not “energy service”, therefore, if the Commission wants to allow disconnection for nonpayment in this specific case, the Commission must so order.

DATED  at Boise, Idaho, this            day of June 1995.

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Scott Woodbury

Deputy Attorney General

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