DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

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BEVERLY BARKER

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GARY RICHARDSON

WORKING FILE

FROM:SCOTT WOODBURY

DATE:JUNE 9, 1995

RE:CASE NO. IPC-E-95-3

ALTERNATE DISTRIBUTION FEED AND RELATED SURCHARGE

—DEER POINT

On April 21, 1995 Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission).  The Company relates that it presently provides electrical service to 24 customers that primarily operate public and private radio and television transmitter sites at the top of a mountain ridge near the Bogus Basin Ski Resort commonly referred to as the Deer Point site.  Because of the remote location, the Company reports that electric service to the site on occasion has been interrupted and a majority of the affected customers have requested a more reliable power supply source to the Deer Point site.  Idaho Power states that it can provide more reliable service by installing a second underground distribution line, as well as a new transfer switch and underground primary cable to loop feed the customers beyond the new switch.  Currently, the customers are served by a single distribution line and multiple radial feeds.  The new switch would be physically located closer to customer loads.  Additionally, Idaho Power would interconnect the new transfer switch with the Boise Dispatch Center, which would allow the Company’s dispatchers to monitor the switching activity.

Total cost of the project, the Company estimates, will be $93,211.  As proposed by the Company, the Deer Point customers’ share of construction costs will be $42,784.  Reference Application, Exhibit 1.  Each customer’s share was calculated using a ratio of the average of the three highest billing demands over a 13-month period for each account to the sum of averages for all accounts.  On May 11, 1995, Idaho Power filed a petition of support signed by 23 of the 24 Deer Point customers.

The Company reports that the customer who refused to sign the petition of support may also refuse to make a contribution.  Others may desire to pay their contribution over time.  For customers not paying their full allocable share of the cost or the upgrade up front, Idaho Power proposes a monthly charge equal to 1/24th of their allocated cost plus interest (presently 12% per annum as provided in IPCo’s tariff Schedule 66 § 4) on outstanding balances.  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 date of 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.

Idaho Power requests that the Commission approve the Company’s line extension proposal for service to Deer Point, approve the alternate distribution surcharge for Deer Point customers, and authorize disconnection for non-payment.

Notices of Application and Modified Procedure in Case No. IPC-E-95-3 were issued by the Commission on May 16, 1995.  The deadline for filing written comment (protest) was June 6, 1995.  Commission Staff (Staff) was the only party to submit comments (attached).

Staff recommends that Idaho Power’s Application be approved.  The Company’s proposal to recover $50,427 of the estimated $93,211 cost of the project through its general revenue requirement and ratebasing is justified, Staff contends, because the amount represents the cost of replacing an old and obsolete switch (approximately $44,000) and the connection of two radial feeders together to form a distribution loop within the transmitter area.  The new switch will be remotely monitored and operated from the Boise bench control center.  The completion of the distribution loop will provide operation and maintenance efficiencies to the Company.  Staff agrees with the Company’s contention that the switch and transmitter loop are a Company betterment.

Noting that the quality of service will be improved for all Deer Point customers, Staff contends that it is reasonable and fair to require all affected customers to pay.  A parallel situation, Staff states, was in the telephone industry when facilities were upgraded from multi-party service to single party service.  To remain customers, all were required to pay the higher cost of the improved service regardless of whether they wanted it.

Staff notes that under Commission rules disconnection of service for non-payment is only allowed for “energy service”.  Typically, disconnection is not allowed for non-payment for other services.  The proposed upgrade of facilities is not “energy service”.  The Company requests authority to disconnect Deer Point customers for non-payment of their allocable share of construction costs.  Staff supports the Company’s proposal.  Because the rules do not provide for it, the Commission must specifically authorize the requested enforcement/collection method.

COMMISSION DECISION

●Does the Commission find the Company proposed upgrade of facilities for service to Deer Point customers to be reasonable?

●Does the Commission agree that replacement of the switch and completion of the distribution loop are a Company betterment?

●Does the Commission agree that the proposed split of the project costs between Deer Point customers and general revenue requirement is reasonable?

●Is it reasonable to require that all affected Deer Point customers share in the cost of the upgrade?  (Reference Application Exhibit No. 1 attached.)  Should the Company be encouraged to obtain written contracts with the Deer Point customers?

The Commission is reminded that KKIC Northwest (although it has not filed a protest) does not apparently support the Company’s Application.

●Should Idaho Power be authorized to disconnect a Deer Point customer for non-payment of its allocable share?  Or should the Company be required to resort to other remedies and means of collection (coercion)?

Scott D. Woodbury

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