(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR IMPLEMEN­TA­TION OF A YEAR ‘ROUND CONNECTION PROCEDURE FOR IRRIGATION CUSTOMERS. | ))))) | CASE NO. IPC-E-96-2ORDER NO.  26601 |

On February 29, 1996, the Idaho Power Company (Idaho Power; Company) filed an Application for authority to implement, throughout the Company’s entire service territory in the state of Idaho, new connection procedures and related charges for irrigation service.  The Company’s Application stems from a pilot program conducted in Idaho Power’s Blackfoot district under which certain irrigators’ pumps were allowed to remain connected throughout the year rather than being connected and disconnected for the irrigation season in order to provide the Company, its customers and the Commission with information needed to evaluate the impacts and benefits of revising the connection procedures and related charges for electric service.

Under the proposal set forth in the Company’s February 29 Application, Idaho Power would leave all irrigation customers’ pumps connected throughout the year unless the customer requests otherwise.  The Company would disconnect service to a pump at the end of the irrigation season if the customer had two or more late payments of $50 or more during the 12-month period.  In this event, Idaho Power would reconnect service the following spring upon receipt of a seasonal advance.

The Company also proposed to reduce the monthly customer charge from $10 to $2.50 for out-of-season months.  The $10 monthly charge would continue to apply during the in-season period.  The current policy of one disconnection and connection at no charge would be replaced by a $30 account processing charge for those customers who request disconnection at the end of the season.  In addition, a new charge known as the “maintenance service charge” of $50 would replace the current policy of charging actual time and mileage for disconnections/connections requested by irrigators for maintenance work.

Customers who are disconnected at the end of the pumping season for having two or more late payments in excess of $50 would also be charged the $30 account processing charge upon connection the following spring.  The Company would no longer require monthly seasonal advances.

Idaho Power would also attach dual language warning stickers to the front of all irrigation pump panels stating that the panels are energized at all times and including a phone number to call for more information.

Finally, the Company proposed an interim Schedule No. 24 for the upcoming irrigation season implementing the seasonal advance payment provisions.  Under the Company’s original proposal, the full program would have been implemented on September 1, 1996.  The tariff for the Blackfoot pilot program, which ends on October 1, 1996, would be revised to terminate on September 1, 1996, assuming Commission approval of the system-wide program.

On March 29, 1996, the Commission issued Order No. 26390 soliciting comments in response to the Company’s Application and suspending the proposed effective date of the revised tariffs.  Comments were submitted by the Commission Staff, the Idaho Irrigation Pumpers Association (Pumpers) and numerous irrigators.  The Pumpers supported the Company’s original proposal.  The Commission Staff and individual irrigators, however, objected to numerous aspects of the proposal.

Commission Staff

Staff agrees with the concerns expressed by individual irrigators regarding the unfairness of being charged for electric service during the off-season when pumping is not possible because of the lack of surface water available.  In addition, many irrigators use the off-season to maintain their systems and, under the Company’s proposal, would be required to pay to have the power connected after being disconnected for annual maintenance.

Staff is also concerned about the possibility of vandalism and the potential damage when power to irrigation pumps is left on.  In addition, Staff believes that the requirement for a full seasonal advance from a customer whose final bill was paid in full and on time but who may have been late with a couple payments during the season is excessive.

Staff further notes that although the Company’s proposal may be revenue neutral to Idaho Power, it will result in increased charges to a large number of individual irrigators.  Those who are currently connected for five or fewer months will experience an overall increase in charges, while  those that are currently connected for seven or more months will experience a decrease in charges.  Using data supplied by the Company, Staff determined that, based on current connection patterns, nearly 5,000 customers would see increases, a similar number would see decreases and over 1,800 customers would not see a change in charges under the Company’s proposal.

In addition, the Company’s original proposal is not expense neutral.  Idaho Power admits that it would be the primary beneficiary of its proposal.  This is because of the considerable cost savings to the Company due to the fact that Idaho Power’s personnel would no longer be required to disconnect and connect all of the irrigation pumps each fall and spring.  Incidently, Staff notes that these expenses were included in the costs the Company would be expected to incur in the last general rate case and Idaho Power is already recovering these expenses through the rates that irrigators are now paying.

Staff agrees that some irrigators will benefit from the Company’s proposal, i.e., those with water available early or late in the season and who could use the availability of power to pump water during those times.  In addition, the irrigators would be provided the flexibility of starting their pumping when needed and would not have to wait for the Company to physically visit the site to energize the panel each spring.

Individual Irrigators

Comments were received from approximately 33 individual or groups of irrigators.  Of those comments, approximately three are in favor of the Company’s original proposal.  The rest object to some or all of it.  The majority of those comments submitted in opposition to the Company’s Application focus on the alleged unfairness of charging irrigators a minimum fee during months when it is not feasible or possible to irrigate.  Many irrigators note that they utilize the off-season to service and maintain their pumps.  Finally, many assert that leaving the pumps charged throughout the year poses a risk to life and property due to vandalism and the potential that third persons will somehow come into contact with the equipment.

Idaho Power Response

On June 21, 1996, Idaho Power filed Reply Comments that included tariff revisions for a compromise proposal developed in consultation with Staff.  The basic components of the Company’s revised proposal are as follows.  A monthly customer service charge of $2.50 will be assessed during the eight off-season months.  A prepayment discount of 20% for the monthly customer service charge for the six months from November through April ($12 instead of $15) will be offered.  Customers who elect to disconnect for the season will be assessed an account processing charge of $20 paid at the time of connection in the spring.  Customers requesting disconnections and connections for maintenance will be assessed a $50 maintenance charge.  The Company will eliminate the monthly advance and will impose a seasonal advance for any customer that is late with two or more payments of $100 during the preceding 12 months.

F I N D I N G S

We are sensitive to Idaho Power’s desire to minimize costs and maximize the efficient use of personnel and other resources as the electric industry becomes increasingly competitive.  As long as service quality and rates remain reasonable, we intend to provide the Company with the necessary latitude and flexibility in the pricing and structuring of its tariffs in pursuit of that objective.  With the conditions and/or modifications set forth below, we find that the Company’s revised proposal is fair, just, reasonable and will not subject irrigation customers to unfair pricing or inadequate service quality.

Given the comments submitted by the Idaho Irrigation Pumpers Association as well as the arguments advanced by the Company, we find that some customers will benefit considerably from the option of remaining connected to the system throughout the year.  Power is periodically needed for short durations for some irrigators during the off-season to move irrigation systems, thereby facilitating early and late season cultivation, crop planting and harvest.  In addition, the ability to perform certain maintenance on irrigation equipment during the off-season will also be enhanced.

In addition, year around connection would help reduce the high demand on Idaho Power personnel in the spring for connection which can result in delays causing irrigator complaints and dissatisfaction.  We further find that the Company’s proposal to reduce the monthly charge from $10 to $2.50 for out-of-season months, together with a flat $50 maintenance service charge is fair, just and reasonable and is consistent with the usage pattern of a typical irrigation customer.

We find, however, that the Company’s proposal to impose a $30 account processing charge for any customer requesting connection or disconnection is unacceptable.  It is not fair to require those irrigators for whom early and late season irrigation is not possible or practical to choose between paying a monthly service charge when service is not taken or to pay the $30 account processing charge in order to disconnect or connect.  We find that a reasonable compromise would be to allow irrigation customers to disconnect and connect once throughout the year without paying any account processing charge or similar fee so long as they give the Company at least 10 days advance notice prior to disconnection and connection.  If the irrigator requests a disconnection or connection in less than 10 days, then the Company could justifiably impose an account processing charge.  We find that this pricing structure fairly reflects the service received by irrigators and will assist the Company in avoiding planning difficulties and personnel shortages.

Finally, we find that Idaho Power’s proposal to eliminate the monthly advance and to impose a seasonal advance for any customer that is late with two or more payments of $100 or more during the preceding 12 months is reasonable and we accept it.

We believe that after the first full year of operation of this tariff, Staff and the Company will be able to evaluate the actual effect of the changes resulting from the proposal and determine whether any modifications are appropriate to address the concerns that were raised in this proceeding or any additional problems that may arise.  We will reexamine the Company’s irrigation tariff following the connection period in the spring of 1997.  The Company is authorized to submit a tariff consistent with the terms and conditions set forth herein.  The proposed tariff under suspension by Order No. 26390 is denied.

O R D E R

IT IS HEREBY ORDERED that the Idaho Power Company is authorized to submit  a revised irrigation Schedule No. 24 subject to the modifications and conditions set forth in the text of this Order.  The Company’s proposed tariff submitted with its application in this case is denied.

THIS IS A FINAL ORDER.  Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. IPC-E-96-2  may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this Case No. IPC-E-96-2 .  Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration.  See Idaho Code § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of September 1996.

                                                                                                                                       RALPH NELSON, PRESIDENT

                                                                                            MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

September 6, 1996