DECISION MEMORANDUM

TO:COMMISSIONER NELSON

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COMMISSIONER HANSEN

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GARY RICHARDSON

WORKING FILE

FROM:BRAD PURDY

DATE:MARCH 14, 1996

RE:CASE NO. IPC-E-96-2

IDAHO POWER’S APPLICATION FOR IMPLEMENTATION OF A YEAR ‘ROUND CONNECTION PROCEDURE FOR IRRIGATION CUSTOMERS

On February 29, 1996, the Idaho Power Company (Idaho Power) filed an Application with the Commission requesting approval of a pilot program for electric service to irrigation customers in the Blackfoot District.  Under the provisions of that pilot program, certain irrigation customer’s pumps remained connected year around 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 offered to irrigation customers.

On May 12, 1994, the Commission issued Order No 25502 approving the Company’s Application and the pilot program was implemented on September 1, 1994.  According to the Company, the program was successful and, as a result, Idaho Power filed an Application on February 29, 1996, 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 effective September 1, 1996.

The Company proposes to leave all irrigation customers’ pumps connected throughout the year unless the customer requests otherwise.  The Company will 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 a 12-month period.  In this event, Idaho Power will reconnect service the following spring upon receipt of a seasonal advance.

The Company also proposes to reduce the monthly customer charge from $10 to $2.50 for the out of season months.  The $10 monthly customer charge will continue to apply during the in season.

The current policy of one disconnection and connection at no charge will 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 will replace the current policy of charging actual time and mileage for disconnections/reconnections requested by irrigators for maintenance work.

Customers who are disconnected at the end of the pumping season for having two late payments in excess of $50 will also be charged the $30 account processing charge upon reconnection the following spring.  Idaho Power will no longer require monthly seasonal advances. The Company will affix dual language warning stickers to the front of all irrigation pump panels stating that the panels energized at all times and including a phone number to call for more information.

Finally, the Company proposes an interim schedule No. 24 for the upcoming irrigation season implementing the seasonal advance payment provisions.  The full program would be 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.

Idaho Power claims that the program is essentially revenue neutral and presents a simple analysis to show that the program would have resulted in a net revenue reduction to the Company of approximately $22,000 based upon 1995 data and the results of the Blackfoot pilot program.  Idaho Power states that it has discussed this proposal with the Idaho Irrigation Pumpers Association and proposes to use press releases to the news media to bring it to the attention of the affected customers.  The Company requests that the Application be processed under Modified Procedure.

Staff Analysis

Staff believes that the Company’s proposal will result in substantial changes for many irrigators and will result in increased costs for benefits of questionable value.  While the majority of the comments provided to Idaho Power by participants in the Blackfoot program were positive, some customers voiced opposition to the changes.  The Commission itself has also received complaints from participants in the pilot program opposing the program.  Staff is concerned that the program may not be as widely supported as the Company believes.

Staff agrees that the Company’s Application could adequately be handled under Modified Procedure.  Staff is concerned, however, that the Company has not notified all irrigation customers through a mailer but, instead, has relied upon press releases.  Staff recommends, therefore, that the Commission issue an Order processing this case under Modified Procedure and directing the Company to notify all irrigation customers through a mailer giving them adequate time to respond to the Company’s Application prior to the comment deadline.  The effective date for the interim tariff is April 1, 1996.  Staff proposes, therefore, that the Commission also suspend the effective date to allow time to solicit and receive comment.

Commission Decision

Does the Commission wish to handle this matter under Modified Procedure?  Should Idaho Power be directed to notify all irrigation customers of the details of its proposal?

Brad Purdy

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