DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

STEPHANIE MILLER

DAVE SCHUNKE

RANDY LOBB

BEVERLY BARKER

TONYA CLARK

GARY RICHARDSON

WORKING FILE

FROM:BRAD PURDY

WAYNE HART

DATE:JUNE 24, 1996

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

IDAHO POWER’S YEAR-ROUND IRRIGATION PROPOSAL

On February 29, 1996, Idaho Power filed an application for authority to implement throughout its service territory a year-round irrigation program that it had implemented as a pilot program in the Blackfoot area (Order No. 25502).  On March 29, the Commission issued a Notice of Modified Procedure soliciting comments on the Company’s proposal.  The Commission received comments from a significant number of irrigators and Staff.  In its May 13 Decision Meeting, the Commission noted a number of concerns about the proposal and postponed any action on the proposal until Idaho Power had an opportunity to respond to the concerns identified by the Commission, irrigators and Staff.  On June 21, 1996 the Company filed Reply Comments that included tariff revisions for a compromise proposal that was developed in consultation with the Staff.

COMMISSION STAFF

Staff and the Company have held a number of conversations in an effort to address the concerns expressed by the Commission, Staff and the public.  Although Staff believes that the Company’s latest proposal does not fully address these concerns, Staff has agreed to accept this proposal as a reasonable compromise.

The Company’s revised proposal calls for a re-examination of the issues that have been raised after the conclusion of the first full year of operation under this tariff.  Staff and the Company will be able to evaluate the actual impacts of the changes implemented by this proposal and determine whether any modifications are appropriate to address the concerns that were raised, or that may arise, about this proposal.

One of the primary concerns expressed in the comments the Commission received was a requirement to either pay to be reconnected in the spring if an irrigator chose to be disconnected in the fall, or, if the irrigator stayed connected, to pay a customer service charge in the winter months, whether power is used or not, and in many cases, when power cannot be used because the canals are dry.  The Company’s revised proposal partially addresses this issue by reducing the cost for reconnection in the spring for those who choose to be disconnected in the fall from $30 to $20.  In addition, a discount for prepayment of the customer service charge reduces the cost of staying connected from November through April from $15 to $12.

Idaho Power presented a simple analysis indicating that the original proposal was essentially revenue neutral.  However, as Staff pointed out, individual irrigators would have experienced cost impacts, with approximately 5,000 accounts facing increases, and a similar number likely to experience cost decreases.  The Company estimates that the revised proposal will result in a revenue decrease of approximately $66,000.  Staff’s analysis indicates that the number of irrigators expected to realize increases remains the same, although the increases are not as large, while the number expected to realize cost decreases raises to over 7,000.

Of the 5300 customers expected to see increases, slightly more than 4000 irrigators would see an increase of only $7 per year.  These are the customers that are currently pumping for five months, and disconnecting through the off season.  Under the revised proposal, if those customers remain connected for the entire year, and take advantage of the prepayment option, their total customer charges would increase by only $7.

The remaining 1300 customers that would see an increase are those who currently irrigate for 4 or fewer months per year.  Under the revised proposal, these customers could limit the increased costs they would pay to only $20 per year by electing to disconnect at the end of their season and paying the $20 to re-connect in the spring.

The reduction in the cost of a seasonal reconnection from $30 to $20 also partially addresses the concerns of those who objected to the elimination of the free seasonal disconnect/reconnect because they performed maintenance on their system during the winter when it was disconnected.

One of the other concerns expressed by those submitting comments was the requirement for a full seasonal advance from any account with two or more late payments the preceding year.  Staff was concerned that a full seasonal advance may be too harsh for an irrigator that was merely a few days late with his payment a couple times during the year.  This revised proposal will only classify a payment as late if the amount owed is more than $100 (up from $50 as originally proposed).

While this change does not eliminate the possibility that a seasonal advance will be required of someone who is merely late a couple of times, it does raise the minimum so that more than a trivial amount is late before the advance requirements are imposed.  In practice, for all but the largest accounts, this will essentially require that the amount that is owed will be for usage during the irrigation season.  Since the season is typically only 4 to 6 months long, an irrigator must be late with ⅓ to ½ of their in-season payments before the seasonal advance is required.

Staff expressed concerns about requiring a seasonal advance for late payments when the amount the customer owes is less than the amount the customer may be reimbursed in his/her property tax reimbursement.  Idaho Power maintained that this was an infrequent occurrence, especially for amounts of more than $100.  However, the Company agreed to manually review the records, upon the request of a customer, and to not require a seasonal advance if the amount owed was less than the customer eventually was reimbursed for property taxes.  The Company also agreed to inform customers of their right to appeal a decision for a seasonal advance, and that this is one of the issues that may be raised in such an appeal.

The Company’s proposal does not address the regional consistency issues raised by Commissioner Hansen.  The Company maintains there are numerous differences between their tariff and Utah Power’s tariff and that to require consistency on these specific issues is inappropriate.

COMMISSION DECISION

Does the Commission wish to accept the compromise proposal, which includes the following provisions:

∙A monthly customer service charge of $2.50 during the 8 off-season months.

∙A pre-payment discount of 20% for the monthly customer service charge for the 6 months from November through April ($12 instead of $15).

∙An account processing charge of $20 for those who elect to disconnect for the season, paid at the time of reconnection in the spring.

∙A $50 Maintenance Service Charge for disconnections and reconnections for customer requested maintenance.

∙The elimination of the Monthly Advance, and the imposition of a Seasonal Advance for any irrigation customer that is late with any two payments of $100 or more during the preceding 12 months.

Does the Commission wish to change any of the provisions of the Company’s compromise proposal?

Something else?

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Brad Purdy

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Wayne Hart

BP:WH/udmemos\ipce962.dm