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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE IDAHO POWER’S APPLICATION FOR AUTHORITY TO IMPLEMENT A PUBLIC PURPOSES CHARGE TO FUND THE COM­PANY’S PARTICIPATION IN THE NORTHWEST ENERGY EFFICIENCY ALLIANCE. | )  )  )  )  )  )  )  ) | CASE NO. IPC-E-96-26  COMMENTS OF THE  COMMISSION STAFF |

PURSUANT to the Commission's Notice of Modified Procedure issued in this case on January 21, 1997, the Staff of the Idaho Public Utilities Commission, by and through its Attorney of Record, Brad Purdy, Deputy Attorney General, hereby submits the following comments.

INTRODUCTION

Idaho Power Company (Idaho Power; Company) is proposing to collect $4.05 million from its retail customers over a 30-month period as a means to pay its Idaho share (6.2%) of the Northwest Energy Efficiency Alliance’s (Alliance or NEEA) maximum budget of about $65.5 million over a three-year period.  (Idaho Power would pay an additional $200,000 to NEEA for its Oregon and Nevada retail sales.)  This equates to an average of about a 0.34% rate increase, although under the Company’s proposed rate design (discussed below), the actual increases for individual customers range from near 0% up to 30% or more.

The Alliance was created in October, 1996 through a Memorandum of Agreement signed by the governors of Idaho, Montana, Washington and Oregon, the Bonneville Power Administration (BPA), representatives of six private electricity utilities in those four states, the Northwest Power Planning Council (NWPPC), and various public utilities and public interest organizations.  (See Idaho Power’s Application, Attachment 1, pages 4-5.)  NEEA’s goal is to increase the level of efficiency of electricity usage.

Idaho Power has been operating various demand side management (DSM) or conservation programs for many years.  Most operational costs of DSM programs have accrued in a deferred asset account (and thus have not yet been paid by ratepayers), while all administrative costs and some operational costs are counted as expenses and are thus recovered through current electricity rates.  As NEEA begins funding various market transformation programs, Idaho Power has begun questioning the continuation of its own DSM programs.  In fact, Idaho Power has informed the Staff that it intends to discontinue all of its current DSM programs except for low-income weatherization, although it has also indicated it plans to begin new programs.

NORTHWEST ENERGY EFFICIENCY ALLIANCE

--Purpose, Organization, Staffing--

The stated goal of the Alliance is “to improve the efficiency of electricity use and reduce the cost of efficiency improvements through market transformation.”  It is a NEEA objective to fund temporary programs that are likely to have permanent market impacts.  It is envisioned that by making selected products and services more widely available, competition and economies of scale will then reduce costs to consumers without NEEA’s continuing support for such products and services.  The Alliance’s Memorandum of Agreement contains commitments for utility funding for only three years, although the Alliance hopes to continue its efforts beyond this time period.

The Alliance is a collaboration of three groups:  1) private electricity utilities; 2) public electricity utilities including BPA; and 3) governors’ representatives and public interest groups.  Each of the three groups have six representatives on NEEA’s board of directors for a total of 18 voting members.  There is also a non-voting, ex officio board member from each of the public utilities commission staffs of Idaho, Montana, Oregon and Washington.  The board of directors has ultimate responsibility in determining a general project portfolio strategy, project selection criteria, and specific projects to be funded.  Decisions not reached by general consensus of the board must be favored by at least a 60% majority as well as at least two directors from each of the three groups.  Thus, any five directors from any of the three groups has the ability to veto any proposal.  Following is a table of organizations represented on the current board of directors:

|  |
| --- |
| Organizations Represented on the Northwest Energy Efficiency Alliance Board |

|  |  |  |  |
| --- | --- | --- | --- |
| Private Utilities | Public Utilities | Gov. Rep. & Other | Ex Officio, no vote |
| Idaho Power | Kootenai Elec. Coop. | Idaho NWPPC | Idaho PUC staff |
| Wash. Water Power | Flathead Elec. Coop. | Oregon NWPPC | Oregon PUC staff |
| PacifiCorp | Eugene Wat. & Elec. | Montana NWPPC | Montana PSC staff |
| Puget Sound Power | Seattle City Light | Wash. Econ. Dev. | Wash. UTC staff |
| Portland Gen. Elec. | Tacoma City Light | NW Consv. Act Coal. |  |
| Montana Power (chair, exec. comm.) | Bonneville Power Administration | NW Energy Efficiency Council |  |

Italicized organizations are represented on NEEA’s executive committee

An executive committee of the board, made up of two representatives from each group, has the authority to oversee administration and staffing of the Alliance.  The executive committee does not have an Idaho representative and is heavily weighted toward the Seattle-Portland I-5 corridor, although the current chairman is from Montana Power.  NEEA anticipates hiring a small administrative staff, a technical/planning staff, and project work groups.  To date, an executive director and a deputy director have been hired.  There are provisions to allow the utilities to provide personnel to the Alliance on an as needed basis.  The costs of these “loaned” employees would count toward the utilities’ funding commitments.  (See Idaho Power’s Application, Attachment 2 for more details about NEEA mission, goals, staffing, funding, etc.)

--Portfolio Strategy and Project Selection Criteria--

The board of directors has had several discussions about developing a project portfolio strategy and specifying criteria on which to evaluate and select projects to be funded by NEEA.  On March 18 and 19 the board held a special meeting solely for the purpose of deciding these very important issues.  At that closed meeting the board tentatively reached a common understanding of its mission and may be able to formally adopt a portfolio strategy and project evaluation and selection criteria at its next meeting on April 29, 1997.  The Staff will file these documents with the Commission as soon as they are available.

--NEEA Projects Selected to Date and in the Wings--

Even though the board has not yet fully determined its portfolio strategy and project selection criteria, it has made decisions to provide interim funding for six activities that were deemed to have immediate need and that looked like they would be consistent with the Alliance’s goals and objectives.  These projects are as follows:

|  |
| --- |
| Northwest Energy Efficiency Alliance Interim-Funded Projects |

|  |  |  |  |
| --- | --- | --- | --- |
| Amount Funded | Funding Term | Program Title | Program Description |
| $698,000 | 6 month | Light Wise | promote compact fluorescent lighting |
| $1,232,000 | 1 year | Wash Wise | promote horizontal-axis washing  machines |
| $483,000 | 1 year | Premium Motors | promote high-efficiency industrial motors |
| $275,000 | 1 year | Op. & Maint. Cert. | promote high-efficiency commercial building |
| $28,000 |  | Manuf.  Hous.  Ad. | co-fund TV ad for efficient manuf. housing |
| $79,000 | 4 month | Con.WEB | continues existing communications channel |

Staff believes these interim-funded projects indicate the intent of the board to select projects that provide benefits to all customer classes, as does its list of potential project areas.  (Attachment A provides more detail for the interim-funded projects listed above and Attachment B is the list of potential project areas.)  Based on discussions at several NEEA board meetings, Staff believes it is also the intent of the board to provide geographic balance in its funding of projects.  However, the specifics of how to determine and achieve customer class and geographic balances have not yet been decided.  These are areas of concern that should be monitored by the Commission.

--Interplay of NEEA and the Comprehensive Review--

The Comprehensive Review of the Northwest Energy System, convened by the governors of Idaho, Montana, Oregon and Washington, produced a final report dated December 12, 1996.  One of the recommendations in this report is that the Northwest’s electricity utilities commit 3% of their annual retail revenues to cost-effective conservation, low-income weatherization and developing renewable resources.  This report further recommends that one-seventh of the 3% (0.43%) be designated for region-wide, conservation market transformation efforts.  NEEA essentially fulfills this recommendation although its maximum annual budget, at $26.19 million, is below the Comprehensive Review’s proposed $30 million.  (See pages 19-27 of Comprehensive Review of the Northwest Energy System, Final Report, Toward a Competitive Electric Power Industry for the 21st Century, December 12, 1996)

--Staff’s Position on NEEA--

Although the Commission has no authority over the Alliance, it has continuing responsibility and authority to ensure that Idaho utilities actively and effectively represent their customers’ interests if the utilities’ financial involvements in NEEA are funded by ratepayers.

With some reservations Staff supports the concept and organization of the Alliance.  Staff believes that permanently transforming energy efficiency markets through temporary education and incentive programs is a desirable goal and that implementation of such programs on a regional basis has at least the potential to benefit Idaho’s electricity ratepayers more than if such programs are implemented separately by each utility.  However, Staff also believes that, in addition to creating a new administrative layer on electricity efficiency efforts, such a region-wide group as the Alliance has the potential to under-represent Idaho public interests and to misrepresent private interests as being in the public interest.

The Alliance’s current board of 18 voting directors includes three from primarily Idaho organizations, one from each of the three distinct board groups.  In addition, other voting board members are from BPA and two private utilities with some Idaho customers.  Thus, based on the makeup of the current board, and the fact that Idaho’s population is only about one-ninth of the region’s, it appears that Idaho has an opportunity to be well-represented.  Of course, opportunity to be represented will not necessarily result in effective representation and this opportunity could be affected by future changes in board membership.

As part of its conflict of interest policy, NEEA has adopted the principle that “[e]ach board member has a duty to place the interest of the Alliance foremost in any dealings with the Alliance”.  (See Attachment C)  While Staff finds the wording of this principle somewhat troubling, our interpretation of the requirement is that individual board members will judge proposals coming before the board and make decisions not strictly on the basis of “what’s in it”’ for their constituents, but whether the proposal is in the best interest of the region.  Board members should still be free to question whether projects are fairly distributed among geographic areas, whether the Alliance is operating efficiently and funding only cost-effective projects, and most importantly whether constituents are getting their money’s worth.  We would certainly expect representatives of all IOUs serving Idaho customers to view their participation on the Alliance board in this way.

The potential for private interests to be misrepresented as public interests is troubling.  One way such misrepresentation can occur is in the selection of projects based on employee retention or profit for a particular organization or personal benefit rather than the public good.  The Alliance appears to be well aware of this potential and has spent considerable time in developing the conflict of interest avoidance policy.  However, this policy was not developed specifically to mitigate the inherent conflict of interest that exists when for-profit utilities participate in efforts to reduce their electricity sales.  Whether or not the Alliance’s conflict of interest policy is successful in protecting Idaho ratepayers’ interests can only be decided by the Commission in an after-the-fact prudence review.

Other troubling aspects of NEEA are that as a market transformation organization it will necessarily be interfering with the free market and in the short run will be redistributing wealth, both of which are activities normally restricted to government entities whose officials are either elected by the populace or appointed by elected officials.  While it is true that utilities have been participating in both market interference and wealth redistribution in the past, these activities have been done under Commission scrutiny and ratepayer funding was approved only after the activities were determined to be in the public interest.  The Alliance will diminish Commission oversight and guidance.  For example, the Commission will have less ability to ensure that programs do not needlessly advantage high-income customers; that programs do not provide unreasonable profits for providers not restrained by competitive bidding; or that programs are not simply a continuation of funds for existing employee positions without undergoing a rigorous evaluation of costs and benefits.

IDAHO POWER’S PROPOSED PUBLIC PURPOSES CHARGE FOR ITS CONTRIBUTION TO NEEA

Idaho Power’s proposed Public Purposes Charge tariff raises several issues.  It may double-collect some existing DSM administrative costs; because of customer growth it will over-collect its maximum NEEA contributions; it does not contain a true-up mechanism; and the rate design inappropriately shifts costs among customer classes and among customers within each class.

--Potential Double Collection of DSM Funding--

In the 1994 rate case, IPC-E-94-5, Idaho Power used the labor and other administrative expenditures for DSM projects to develop an on-going administrative expense of $820,000.  (See Attachment D)  This amount was allowed by the Commission as an annual going-forward

expense in the Company's revenue requirement, as noted on page 17 of Order No. 25880.  The Company, however, no longer tracks administrative expenses for DSM programs.

Of the nine programs in existence in 1993, the two Good Cents programs and the Bell Rapids program were eliminated in 1994.  According to Attachment E, which we understand is a draft of the Company's budget for planned DSM programs to be included in its Integrated Resource Plan (IRP), all existing programs, except for low income residential weatherization and agricultural choices, will end in 1997.  The agricultural choices program is planned to be reduced by almost two-thirds after 1997, and stopped after 2000.  Of the budget for the next ten years the NEEA program starting in 1997 and ending in 1999 is the only new program currently planned.

According to the Company's budget it plans to spend $3,500,000 (including both administrative and direct program expenditures) each year on DSM programs for the next ten years.  This annual amount is about 60% of what it spent for all DSM programs in 1993.  This raises the question as to whether the Company may have excess funds available from the termination of existing programs that could be used to offset some of its NEEA costs.  The Company claims that the programs to be eliminated will be replaced by other programs that will require more intensive administrative activities usually not assigned to specific programs and fewer direct payments to consumer program participants.  Administrative cost savings from terminated programs will also be offset by the Company’s internal costs of participation in NEEA.  The proposed public purposes charge is designed to recover only the Company’s payments to NEEA to cover its assessment.  Unfortunately, the Company has not identified specific new programs and cannot provide information on its internal costs of NEEA membership.

In other circumstances the Staff might be inclined to recommend that amounts to be recovered through the public purposes charge be offset by administrative costs associated with the Company’s terminated and soon to be terminated DSM programs, however, we do not make such a proposal in this case.  As stated earlier, the recommendation of the Comprehensive Review is that electricity utilities dedicate 3% of their retail revenues to conservation, renewable energy, and low-income energy services.  Although the Commission questioned the reasonableness of this particular approach in it’s comments to the Comprehensive Review, that the final report recommends this as a regional policy objective cannot be ignored.  Idaho Power’s current levels of public purpose spending are well below the recommended 3%.  If the recommendations of the Comprehensive Review are implemented, Idaho Power will not be expected to just continue its current levels of expenditures, but will be required to increase them.  It would therefore seem unreasonable to restrict Idaho Power’s ability to respond to the Comprehensive Review by transferring funding from internal DSM administration to NEEA at a time when it may be expected to expand its local conservation effort.

It is possible there may be a gap between when the Company terminates its existing programs and begins new ones to satisfy the regional objective.  If so, there is some protection against the Company reaping all the benefits of reducing its DSM expenses.  The current income sharing plan adopted in Case No. IPC-E-95-11 requires the Company to share with its customers 50% of any earnings in excess of 11.75% return on equity.

A related issue concerns possible in-kind contributions made by Idaho Power for the Alliance.  As NEEA selects programs, Idaho Power has the option to implement them in its

service territory and its costs in doing so count toward its maximum funding obligation to NEEA.  (See Idaho Power’s Attachment 1, Memorandum of Agreement, p. 1, Funding Commitment)  In addition, NEEA has agreed to accept loaned staff from the funding utilities for specific purposes and the costs of such staff will also count toward the utilities’ funding commitments.  Thus, part of the Company’s existing DSM expenditures, currently recovered through electricity rates, could be shifted to cover its NEEA obligation.  The proposed public purposes charge should be limited to net payments made to NEEA.  Any amounts credited by or received back from NEEA should be used to reduce amounts collected under the public purposes charge.  This can be accomplished through a true-up mechanism described below.

--Growth in Customers over the Collection Period and True-Up Mechanism--

Idaho Power’s revenue calculations were based on its proposed per-customer flat rates and the number of customers as of June 30, 1996, thus ignoring the fact that its customer base has been growing at about 3.5% annually.  Assuming this growth rate continues, the Company would collect about $139,700 the first month its tariff is in effect and $152,200 during the last month.  Thus, it would average about $146,000 per month or $4,379,000 over 30 months, which is about $329,000 or 7.5% more than its maximum contribution to NEEA.  Whether or not the Company’s customer base will continue to grow at 3.5% is debatable, but it is unreasonable to use outdated customer counts and not to assume some additional growth.  Staff would propose adjusting the Company’s customer counts upward by 7.5%, but this adjustment is unnecessary if  recommendations regarding tariff expiration and rate design, both described below, are approved.

Idaho Power’s application does not propose a revenue true-up mechanism to ensure that revenues collected from the public purposes charge match actual net contributions to NEEA.  Given the uncertainty of future revenues due to a changing customer base, the uncertainty of actual net contributions to NEEA, and the potential use of the Company’s existing DSM resources for NEEA purposes, it is necessary that the tariff contain a mechanism to match revenues collected to actual new costs.  Staff proposes that the tariff expire when the collected revenues equal Idaho Power’s total net obligation to NEEA.  Idaho Power should provide the Commission quarterly revenue and expense information, including all payments to and from NEEA, and as collected revenues approach its obligation to NEEA the Company should inform the Commission when it expects the tariff to expire.

--Proposed Rates--

The Company’s proposed rates, revenues and customer class average bill increases are shown in the following table:

|  |
| --- |
| Idaho Power’s Proposed Rates Based on Significantly Modified Energy Allocation |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Customer Class | 6/30/96 Cust. | Avg. Bill | Mo. Flat Rate | Avg. Incr. | 2.5 Year Rev. |
| Residence | 273,337 | $         61 | $   .25 | 0.41  % | $ 2,050,027 |
| Small General | 27,890 | 49 | .25 | 0.51 | 209,175 |
| Unmetered | 599 | 55 | .25 | 0.45 | 4,493 |
| Mun.Street Lght. | 78 |  | .25 |  | 585 |
| Traffic Control | 45 | 362 | .25 | 0.07 | 337 |
| Large General | 13,513 | 517 | 2.00 | 0.39 | 871,560 |
| Irrigation | 12,701 | 872 | 6.00 (4 mo.) | 0.69 | 810,780 |
| Large Power | 97 | 39,191 | 70.00 | 0.18 | 203,700 |
| Micron | 1 | 552,611 | 70.00 | 0.01 | 2,100 |
| FMC | 1 | 2,857,630 | 70.00 | 0.00 | 2,100 |
| J R Simplot | 1 | 513,554 | 70.00 | 0.01 | 2,100 |
| D. O. E. | 1 | 352,826 | 70.00 | 0.02 | 2,100 |
| Tot. Cust.& Rev. | 328,264 | 39,600,000 | 134,985 rev. | 0.34 % | $  4,049,558 |

Avg. Bills  based on 1993 normalized data in Case No. IPC-E-95-5;  total mo. rev. is grown by 2%/yr. for  5 yr.

Idaho Power states that its proposed rates are based on customer class energy allocators approved in Case No. IPC-94-5 with modifications that are necessary in recognition of “the impact on large energy users of assigning costs utilizing energy allocators only.”.  (Application, pp 6-8)  However, these very significant modifications, which shift revenue requirement from the large power and four special contract customers to nearly all other customer classes, are not adequately explained or justified.  It is also worth noting that in the case cited by the Company, the Commission found that “conservation resources provide both demand and energy benefits” and that the “easiest method to classify conservation program expenses is in the same manner in which generation resources are classified, i.e., on the basis of the system load factor.”  (Order No. 25880, p. 29)  The system load factor in that case was 67.57% energy and 32.43% demand.  If Idaho Power had used its sytem load factor instead of just energy to allocate NEEA-associated costs, the rate effects on large customers would have had less perceived need for mitigation.

Idaho Power’s proposed residence rate of $.25 equates to an average 0.41% bill increase, but the 5,000 customers with the lowest bills in December ($5 avg.) would see their bills increase 5.0% on average, while the 5,000 customers with the highest bills ($260 avg.) would see their bills increase 0.1% on average.  Similarly, the proposed $2.00 rate for large general service (Sch. 9) equates to an average 0.39% increase, but would result in a 5.1% average bill increase for the 250 lowest bills ($39 avg.) and a 0.0% increase for a similar number of highest bills ($4,400 avg.).  The irrigation rate of $6.00 equates to an average 0.69% increase to August bills, but results in an average 16% increase for the 200 lowest bills ($38 avg.) and a 0.0% increase for the same number of highest bills ($15,000 avg.).  Finally, the $70.00 charge for large power customers (Sch. 19) equates to an average 0.18% increase, but a 0.7% increase for the eight customers with lowest bills ($9,700 avg.) and a 0.0% increase for the eight with highest bills ($170,000 avg.).  The $70 charge for the four special contract customers (Micron, FMC, Simplot and D.O.E.) also equates to a 0.0% bill increase.

Staff calculations, based on Idaho Power’s work papers, reveal that a strict adherence to the Company’s energy cost of service allocation, using the maximum NEEA budget and disregarding the potential for double-collecting mentioned previously, but adjusting for customer growth, would result in the following rates and customer class average bill increases:

|  |
| --- |
| Flat Monthly Rates Based on Strict Adherence to IPC’s Stated Energy Allocation |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Customer Class | Est.Avg.Cust. | Avg. Bill | Mo. Flat Rate | Avg. Incr. | 2.5 Year Rev. |
| Residence | 293,837 | $         61 | $   .15 | 0.25  % | $ 1,322,267 |
| Small General | 29,982 | 49 | .09 | 0.18 | 80,951 |
| Unmetered | 644 | 55 | .08 | 0.15 | 1,546 |
| Mun.Street Lght. | 84 |  | 1.77 |  | 4,460 |
| Traffic Control | 48 | 362 | 1.42 | 0.39 | 2,045 |
| Large General | 14,526 | 517 | 1.72 | 0.33 | 749,542 |
| Irrigation | 13,654 | 872 | 4.32 (4 mo.) | 0.50 | 589,853 |
| Large Power | 104 | 39,191 | 178.09 | 0.45 | 555,641 |
| Micron | 1 | 552,611 | 3,185.87 | 0.58 | 95,576 |
| FMC | 1 | 2,857,630 | 18,075.73 | 0.63 | 542,272 |
| J R Simplot | 1 | 513,554 | 2,902.37 | 0.57 | 87,071 |
| D. O. E. | 1 | 352,826 | 1,916.93 | 0.54 | 57,508 |
| Total | 352,883 | 39,600,000 | 135,805 rev. | 0.34  % | $  4,088,732 |

Est. Avg. Cust.  is based on assumed 7.5% avg. increase from 6/30/96 customer counts.

Avg. Bills  based on 1993 normalized data in Case No. IPC-E-95-5;  total mo. rev. is grown by 2%/yr. for  5 yr.

Mo. Flat Rate is based on IPC allocation factors (IPC Workpapers, pp 2, 9, 10) and Est. Avg. Cust.

However, Staff does not recommend approval of Idaho Power’s proposal to charge flat rates, even with the possible changes described above, because this rate design results in disproportionate rate increases and will not, in and of itself, reward electricity conservation.  Idaho Power’s application offers virtually no justification for its rate design, which results in bill increases ranging from nearly 0% to 30% or more for individual customers.  Instead, the Commission should consider a uniform 0.34% increase on total bills.  A uniform percent public purposes tariff could be implemented in a manner identical to that in the Company’s Tariff Schedule 95, Adjustment for Municipal Franchise Fees.

A uniform percent rate increase on total bills is appropriate because it allocates revenue requirement on all rate elements, including energy and demand, both of which may be affected by efficiency enhancement projects selected for NEEA funding.  Customers who have higher energy and/or demand requirements, and thus who would pay more under a uniform percent rate design, are the customers likely to benefit most from electricity efficiency programs funded by NEEA and the resulting market transformations.  Furthermore, customer bills that increase with consumption are, themselves, effective efficiency motivators -- customers who will end up paying the most to NEEA will have the most incentive to improve the efficiency of their electricity use, both on their own and by taking advantage of NEEA’s programs.

Idaho Power’s proposed tariff excludes Schedule 15, Dusk to Dawn Customer Lighting, because all of these customers are also customers under another schedule and the Company thought it inappropriate to collect two flat charges from the same customer.  Idaho Power’s proposed tariff also excludes Schedule 45, Standby Service, with no explanation.  There is no apparent reason to exclude these two rate schedules from a uniform percent charge.

--Summary of Public Comments to date--

The Commission has received more than 50 public comments about Idaho Power’s proposed public purposes charge.  Nearly all of these have been negative and none have supported the Company’s proposal, although a few commentators wanted more information before judging the proposal.  About three-fourths of the comments expressed opposition to the basic concept of Idaho Power collecting money from them to give to NEEA.  About one-half of the comments expressed opposition to the rates for irrigators and half of those were opposed to the concept as well.  Included among those in opposition to the concept and the rate design is the Idaho Farm Bureau Federation, which said it represents 47,000 members.  Many of those contacting the Commission complained of the regressive nature of the charges, stating that the per customer flat rates were less fair than a rate based on consumption.

STAFF RECOMMENDATIONS

Staff believes that transforming markets to make the use of electricity more efficient is a worthwhile endeavor and that such market transformation can be better accomplished at the regional level rather than separately within each utility’s service area.  NEEA has been framed to implement temporary programs to effect permanent electricity market transformations in the Northwest, and based on information available to date, Staff believes it desires to operate for public benefit and to spread this benefit to all customer classes throughout all service areas of the Northwest’s electricity utilities.  NEEA’s role in achieving greater efficiencies in the use of electricity has been advanced by the Comprehensive Review after a year-long public debate about the future of energy markets in the Northwest.

Staff supports Idaho Power’s participation in the Alliance’s efforts to improve electricity efficiency and to fund its participation with a public purposes charge.  The concept of a regional effort to permanently transform efficiency markets through temporary programs has considerable appeal, but we also recognize inherent dangers of a regional organization spending Idaho consumer’s money.  Therefore, Staff support is contingent upon the following:

1)that Idaho Power’s participation in NEEA be active and effective;

2)that Idaho Power be responsible for continuing to evaluate the effectiveness of NEEA and withdrawing from the Alliance if it becomes clear that its customers will not be able to get their money’s worth;

3)that Idaho Power’s public purposes charge tariff automatically expire when the revenue it collects matches its total net expenses;

4)that Idaho Power’s public purposes charge be based on a uniform percent of each customer’s total bill, rather than the Company’s proposed per customer flat rates;

5)that Idaho Power develop accounting procedures to provide a clear audit trail to track collections from customers as well as disbursements to and receipts from NEEA.

DATED  at Boise, Idaho, this            day of March 1997.

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