

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL
WORKING FILE

FROM: WAYNE HART

DATE: SEPTEMBER 22, 2006

RE: ROCKY MOUNTAIN POWER PETITION TO CONFIRM THE
PAYMENT STRUCTURE OF SCHEDULE 21 (LOW INCOME
WEATHERIZATION), CASE NO. PAC-E-06-10

On September 1, 2006, PacifiCorp dba Rocky Mountain Power filed a petition seeking a declaratory order confirming that the Company's current funding structure for its Low Income Weatherization Program in Schedule 21 continues to be just and reasonable and in the public interest. Rocky Mountain filed this Petition in compliance with a settlement stipulation it entered with the Community Action Partnership Association of Idaho (CAPAI) dated June 19, 2006 (subsequently referred to as the "Stipulation"). The Company filed its supporting testimony September 15, 2006. The Company requested that this matter be processed by Modified Procedure.

On September 22, 2006, the CAPAI filed a Petition to Intervene and Objection to Modified Procedure. CAPAI requested to be "allowed to conduct discovery and that a tentative hearing date be set." The Petition also suggested a prehearing conference.

BACKGROUND

In the PacifiCorp-MidAmerican acquisition case, Commitment I-13 required PacifiCorp to submit an analysis of the costs and benefits of its practice to match 50% of federal contributions for the Low Income Weatherization Program. This analysis was to be contained in direct testimony as part of PacifiCorp's next general rate case to be filed no later than April 29, 2006. The rate case would then provide interested parties with an opportunity to review and

comment on the Company's weatherization policies. The Commitment was approved in Order No. 29998 issued March 14, 2006.

Consistent with its Commitment I-13, in April 2006 PacifiCorp filed revisions to its Low Income Weatherization Program (Schedule 21) in Tariff Advice No. 06-03. PacifiCorp proposed to reimburse the community action agencies 50% of the costs of weatherization when federal funds are available, and increase its contribution to 100% of the approved costs when federal funds are not available. The tariff advice also proposed to eliminate the \$1,500 "ceiling" for the average cost of weatherization per home. The tariff advice was suspended to obtain some additional information from Staff, CAPAI and the Company. After reviewing the additional information and comparing the electric utilities' weatherization programs, the Commission approved Tariff Advice 06-03 at its July 19, 2006 decision meeting.

While the tariff advice was under consideration, the Company reached settlement agreements with customers involved in its pending general rate case. In lieu of a single rate case, PacifiCorp subsequently filed three applications to increase certain rates for Tariff Schedule Nos. 10, 400 and 401 (Case Nos. PAC-E-06-4, PAC-E-06-8 and PAC-E-06-9). These applications are based upon settlement agreements reached between PacifiCorp and the representatives of the customers served under the respective schedules. Petition at 2. These three cases are currently out for public comment.

The Company also entered into a settlement stipulation with CAPAI on June 19, 2006. This Stipulation provided that PacifiCorp make a \$10,000 contribution to each community action agency (SEICAA and EICAP) to be used in the agencies' Lend-a-Hand heating assistance programs. Exh. 1, Stipulation at 2. PacifiCorp also agreed to support legislation sponsored by CAPAI in the upcoming legislative session to authorize discount rates for low-income residential customers. *Id.* Finally, PacifiCorp agreed to file a pleading to address "the costs and benefits" of increasing PacifiCorp's 50% match for low-income weatherization projects. This last element was to compensate for the lack of a general rate case.

Consequently, the purpose of the present Petition is to comply with the Stipulation and allow CAPAI and other interested parties to comment on the "costs and benefits" of the Company's Low Income Weatherization Program.

STAFF ANALYSIS

Attached to the Petition are the copies of the Stipulation with CAPAI and an analysis of the cost effectiveness of the Low Income Weatherization Program conducted in 2005. Supporting testimony was filed September 15, 2006.

Staff agrees with CAPAI's suggestion for a prehearing conference, and believes that an informal conference of the parties to discuss dates and procedures for discovery, testimony filings and a hearing would be beneficial.

STAFF RECOMMENDATION

Staff recommends the Commission issue a Notice of the Petition and direct Staff to schedule an informal conference with the parties to discuss dates and procedures for discovery, filings and hearings in this case.

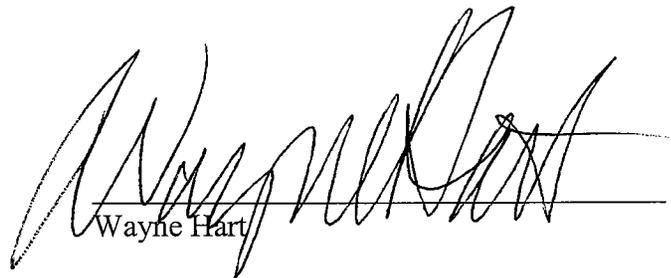
COMMISSION DECISION

Although seven days has not passed, does the Commission wish to grant CAPAI's Petition to Intervene?

Does the Commission wish to issue a Notice of Petition?

Does the Commission wish the Staff to convene an informal conference of the parties to discuss dates and procedures in this case?

Anything else?



Wayne Hart

udmemos/rocky mtn Schedule 21