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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION  OF THE WASHINGTON WATER POWER COMPANY FOR APPROVAL OF A TEMPORARY TARIFF, SCHEDULE 26,  EXPERIMENTAL DIRECT ACCESS  DELIVERY SERVICE. | )  )  )  )  )  )  ) | CASE NO. WWP-E-96-2  COMMENTS OF THE COMMISSION STAFF |

COMES  NOW  the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Scott Woodbury, Deputy Attorney General, and hereby submits these comments as provided for in the Notice of Application issued in this case on May 22, 1996 and the Notice of Amended Application issued on May 30, 1996.

On May 7, 1996, The Washington Water Power Company filed an application with this Commission requesting approval of Schedule 26 - Experimental Direct Access Delivery Service.  The Company amended its original filing on May 24, 1996.  The proposed Schedule 26 would allow customers currently taking service under Schedule 25 - Extra Large General Service to move up to one-third of their load to the new schedule.  Load served under Schedule 26 would be supplied by an alternate supplier.

STAFF ANALYSIS

Staff’s review of the Company’s proposed retail wheeling experiment has identified the following advantages associated with the approval of the schedule:

a)The Company, Schedule 25 Customers, Suppliers, the Commission Staff and the Commission will gain valuable experience with retail wheeling.

b)Safety, Reliability, and Customer Service should not be adversely affected by this experiment.

c)The rates of non-participants will not be affected by the experiment.

d)A substantial but limited amount of competitive choice will be available to Schedule 25 customers.

e)No jurisdictional or class cross-subsidization will result from the experiment.

f)All current Washington Water Power resources remain available to the Company for use in serving its jurisdictional customers.

In its Application the Company proposed to report to the Commission on this experiment at its conclusion.  In a production request the Staff asked if it would be feasible to report monthly or quarterly.  In its response the Company suggested quarterly during the early phases of the experiment and semi-annually there after.  (See the response to Question No. 1 of the Staff’s First Production Request which is attached.)  Due to the significance of this experiment, Staff proposes that the Company provide the Commission with quarterly reports through the entire experiment.

Also in its first production request, Staff inquired concerning the possibility of Water Power proposing experimental retail wheeling programs for other customer classes.  Generally, the Company’s response was that it is more difficult and less practical to provide retail wheeling options to classes of smaller customers.  The Company’s detailed response to that question is also contained in the attached Production Request under Question No. 2.  Staff proposes that the Company be required to continue to look into retail wheeling options for small retail customers, and that the Company report the results of its investigation to the Commission.

The Schedule 26 rate of 1.384 cents per kWh was developed in a consistent manner using the results of a cost-of-service study prepared by the Company and reviewed by the Commission Staff.  The Company has requested that the details of this study be kept confidential.

The penalty rate, as I will call it, of $2.00 per kW plus the average daily non-firm energy rate places some risk on the customer who takes advantage of retail wheeling in this experiment.  Schedule 26 customers pay this rate if their chosen supplier does not deliver the energy for any reason and Water Power is required to pick up their load.  The rate serves two purposes.  First, it provides for a rate higher than the current Schedule 25 rate.  This encourages the customer to buy firm energy from an alternate supplier who will deliver.  Second, it covers Washington Water Power’s costs in the event that they have to supply the customer because the alternate supplier cannot deliver.  It is realistic and important to the results of this experiment that the customer and the Company face risks.  There will be very real and substantial risks to those who participate in retail wheeling in the future.

STAFF RECOMMENDATION

Staff recommends that the Company’s Application be approved on or before July 1, 1996, with an effective date of September 1, 1996 and an expiration date of August 31, 1998 as requested.  Staff also recommends that the Company’s proposal be approved as filed with the following exceptions.  First, the Company should be ordered to submit a quarterly report on Schedule 26 activity throughout the duration of the experiment.  The content of such report should be worked out with the Commission Staff and other interested parties.  Second, the Company should be directed to continue to examine retail wheeling experiment options for the residential and small commercial classes and to request such a program or identify the insurmountable problems that prevent it from so doing by March 1, 1997.

DATED  at Boise, Idaho, this                    day of June, 1996.

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Scott Woodbury

Deputy Attorney General

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Keith Hessing, P.E.

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