MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

TONYA CLARK

DON HOWELL

SCOTT WOODBURY

STEPHANIE MILLER

DAVID SCHUNKE

GARY RICHARDSON

WORKING FILE

FROM:KEITH HESSING

SUBJECT:WWP-E-96-2; COMPARISON OF COMMISSION RESTRUCTURING ORDER WITH WASHINGTON WATER POWER'S EXPERIMENTAL DADS TARIFF.

At the Commission’s Decision Meeting August 26, 1996, the Commission requested that the Staff provide an analysis of Washington Water Power’s DADS tariff filing (WWP-E-96-2) as it relates to the Commission's final order (Order No. 26555) in the electric restructuring case.  In general, Water Power’s filing is one of the kinds of utility actions that are strongly encouraged in the order.  In fact the Water Power filing is cited in the order as an example of the kind of action that the Commission expects utilities to take as part of the restructuring process.  With that said, the thrust of this analysis will be to identify differences between the order and the Company’s filing.

In reviewing the Commission's order and the Water Power filing, three areas of difference are evident.  First, Water Power’s filing does not specifically provide for Commission oversight of the alternate supplier; although a tariff provision of Schedule 26 says, “The Customer may only purchase capacity and energy from suppliers that are duly qualified to sell power in the state of Idaho.”   In its order the Commission said, “As a further matter, we believe that even in the event that Idaho’s electric customers are ultimately given the option of choosing between competing suppliers, this Commission should continue to be vested with the authority to ensure that those suppliers meet certain threshold criteria regarding their ability to provide safe and reliable electric service.”

Second, in its order the Commission says, “Large customers must not be allowed opportunities that are not available to small customers, under the guise of competition.  Restructuring should be accomplished in a manner that allows the economic efficiencies of a competitive market to benefit all customers and not just a select few.”  Water Power’s experiment targets only Schedule 25 customers.

Third, Recommendation No. 11 in the Commission’s order discusses the Electric Supplier Stabilization Act.  The Commission states, “This Act consists of the operative statutes which provide public utilities with their monopoly status.  Thus, in all practicality, the Act must be reexamined before any form of deregulation can take place.”  Of course, the Act has not yet been changed to specifically provide for competition and restructuring, therefore, questions such as those raised by Idaho Power in its comments filed in the DADS case remain unanswered.

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

Keith Hessing

u:khessin\wwpe962\memo.kh