DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

STEPHANIE MILLER

DAVID SCHUNKE

DON HOWELL

BEVERLY BARKER

DAVID SCOTT

TONYA CLARK

GEORGE FINK

WORKING FILE

FROM:SCOTT WOODBURY

DATE:APRIL 17, 1998

RE:CASE NO. WWP-E-98-5

WAIVER-SCHEDULE 51; DEVELOPER DEPOSIT.

BACKGROUND

On April 10, 1998 The Washington Water Power Company (Water Power; Company) filed a Petition with the Idaho Public Utilities Commission (Commission) requesting a waiver of its electric line extension Tariff Schedule 51, Developer Deposit requirement for a proposed residential and commercial development (Montrose Project) in Post Falls, Idaho.  The Montrose Project will be developed in six phases and when complete will encompass 1,650 residential lots and approximately 100 acres of commercial/industrial property.  The developer Greenstone Corporation, estimates the construction and sale of 100 to 125 residential homes and development of three to five acres of commercial property each year.

Both Water Power and Kootenai Electric Cooperative (Kootenai Electric) have distribution facilities within a quarter-mile of the Montrose Project.  Water Power has thirteen kV lines surrounding eighty percent of the proposed development and has several substations in the immediate area.  Kootenai Electric has one existing distribution line running along the north side of the development.  Greenstone has flexibility and discretion in where it will initiate development of the project and in so doing can select who will be the electric provider to the entire development.  Electric Supplier Stabilization Act, IC § 61-332.

Water Power’s present electric line extension Tariff Schedule 51 requires developers to provide a deposit of $790 per lot, which is refundable to the developer for each customer/lot which is connected during the first five years after the extension is completed.  The developer must apply to the Company in order to receive a refund for each lot where service is connected.  As an alternative, Schedule 51 allows the developer to provide the Company with a letter of credit, performance bond or other credit instrument for the $790 per lot.  Such credit instrument costs the developer approximately ten percent (non-refundable) of the amount being secured; and the developer must secure/encumber assets for the full value of the credit instrument.

Greenstone views Water Power’s Schedule 51 deposit/credit requirements as onerous, and despite Water Power’s more favorable kilowatt-per-hour rate has stated that if Water Power cannot waive these requirements, it will choose Kootenai Electric (no deposit requirement) to provide electric service to the development.

Greenstone intends to make a decision on the electric service provider by June 1, 1998 and begin construction shortly thereafter.  To obtain the Montrose Project load, the Company in this case requests a one-time exemption to the Schedule 51 deposit/credit instrument requirement.  As the present Schedule 51 requirement is ultimately for the protection of the Company’s existing customers, Water Power states that it is willing to bear the financial risk associated with any potential under-recovery of the incremental revenue requirement necessary to serve the proposed project.  Should a similar situation arise in the future, the Company states that it would request a proposed revision to its Schedule 51.

Providing an estimated margin/contribution analysis, Water Power contends that securing the Montrose Project will benefit all of its Idaho electric customers.

STAFF RECOMMENDATION

Staff has some concerns regarding the Company’s requested waiver and would like the opportunity to file Comments.

Staff recommends that this matter be processed under the Commission’s Rules of Modified Procedure, i.e. by written submission rather than by hearing.  Reference IDAPA 31.01.01.201-204.

COMMISSION DECISION

Does the Commission find that Modified Procedure is appropriate?  If not, what is the Commission’s preference?

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

Scott Woodbury

SW:gdk:i:wpfiles/dec\_mem/980421/wwpe985.sw