

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)
COMMISSION'S INQUIRY ABOUT) **CASE NO. GNR-U-08-01**
ENERGY AFFORDABILITY ISSUES AND)
WORKSHOPS.) **ORDER NO. 30724**
_____)

On September 29, 2008, the Idaho Public Utilities Commission initiated Case No. GNR-U-08-01 to provide a forum for the exploration of issues related to the affordability of energy in Idaho. The Commission noted that rising energy costs were affecting utilities and their customers. Order No. 30644. A variety of factors are contributing to significant upward pressure on electric and natural gas rates in Idaho. In addition, Idaho citizens are facing broader economic challenges. As a result, energy affordability has become a central issue for many Idaho households and businesses.

Two public workshops, open to any and all parties, were conducted by Commission Staff at the Commission office on October 14 and October 22, 2008. The purpose of the workshops was to identify issues and discuss solutions pertaining to energy affordability and customers' ability to pay energy bills. Staff submitted comments on November 26, 2008. Numerous responsive comments were received. A broad spectrum of interests and views were represented. Staff submitted its Final Report to the Commission on January 16, 2009.

The Final Report not only highlights the topics discussed at the workshops, but also represents the differing perspectives of the workshop participants. Staff's final recommendations were made after consideration of all perspectives. A copy of the entire Final Report can be obtained from the Commission office during regular business hours or through the Commission's website at www.puc.idaho.gov by clicking on "File Room," then "Multi-Utility Cases," then "GNR-U-08-01," and finally "Final Report."

The Commission would like to express its appreciation for all of the ideas and information submitted. All participants offered insightful suggestions and beneficial information without which the workshops could not have been successful. It is the Commission's desire that the dialogue begun by the affordability workshops continue as all parties work together in removing the barriers to affordable energy in Idaho.

FINDINGS AND CONCLUSIONS

Bill Payment Assistance

The Low-Income Home Energy Assistance Program (LIHEAP) provides low-income customers with financial assistance designed to pay utility bills associated with the customer's primary heating source. Applicants must meet income criteria based on Federal Poverty Guidelines. Last year 101,000 Idaho households qualified for LIHEAP benefits. LIHEAP's 2007/2008 energy assistance funding amount of \$9,410,895 was able to provide benefits for 32,843 of the 101,000 eligible households. Based on an average benefit amount of \$286 per household, an additional \$19,492,902 would have been needed to cover all of Idaho's eligible households.

LIHEAP funds can be increased through a process called "leveraging." Essentially, the federal government withholds a percentage of LIHEAP money allocated to each state as an incentive for that state to first acquire non-federal funds for assistance to low-income households. Grants are awarded to states that use their own or other non-federal government resources or private funding to increase the total amount of assistance available, thereby leveraging federal funding.

In both Oregon and Washington, Avista offers a Low-Income Rate Assistance Program (LIRAP) intended to serve as an additional resource for financial assistance to low-income customers. Avista provides the collected LIRAP revenue to community action agencies which administer the program in a similar manner to LIHEAP fund administration. Ultimately, LIRAP allows more people to obtain the financial assistance needed to pay their energy bills. Because *Idaho Code* § 61-315 prevents a public utility from granting "any preference or advantage to any corporation or person or subject any corporation or person to any prejudice or disadvantage," implementation of a LIRAP-type program in Idaho would likely require legislation.

The Commission supports legislation that would allow utilities to propose for Commission consideration programs, policies, and rates for the benefit of low-income residential customers. The legislation should allow the utilities flexibility in the programs to be proposed, recognizing that each utility has differing circumstances and unique service areas. Details regarding the appropriate rate mechanism to support such programs can be discussed through future cases as they come before the Commission. The proposal of such programs should be

voluntary on the part of the utility. The Commission urges all utilities to support such legislation, even if some do not intend to propose programs.

Data and other information regarding LIHEAP leveraging must be conveyed so that the funding for Idaho citizens can be maximized. The Commission encourages increased awareness of the LIHEAP leveraging process. Further, the Commission is fully supportive of any additional efforts made by the utilities to increase awareness of, and thereby contributions to, non-profit fuel funds.

Finally, although consideration of programs funded by state tax revenue may not be practical at this time, the Commission believes that this source of revenue should be considered in the future if the number of Idahoans who require assistance grows larger.

Bill Reduction

Greater energy efficiency is the key to bill reduction. Weatherization and conservation are crucial elements of energy efficiency efforts. Education and funding regarding weatherization and conservation can be administered in conjunction with LIHEAP and LIRAP-type programs. As evidenced by recent cases, the Commission supports energy efficiency education and funding. Case Nos. AVU-E/G-08-01, PAC-E-08-01.

Programs regarding weatherization should include not only single-family residential homes, but also multi-family, manufactured, and rental housing. The latter properties present unique obstacles that are often overlooked. In conjunction with better weatherization of existing homes, the Commission supports and invites the energy utilities to advocate for the adoption and implementation of greater energy efficient standards for new construction.

Appliance manufacturers are continually improving their products' efficiency. Several utilities offer a plethora of rebates for switching to higher-efficiency appliances. Unfortunately, upgrading an appliance is a luxury that low-income customers cannot generally afford. The Commission encourages the utilities to work with local lenders to provide opportunities for customers to move to higher-efficiency appliances.

The Commission has, and will continue to support, consideration of tiered rates as a means to encourage greater energy efficiency and conservation. Consistent with Staff's recommendation, the Commission believes that tiered rate designs are most appropriately addressed through future filings of individual utilities.

Bill Mitigation

Utilities' credit and collection policies have a direct impact on customers' ability to pay. Determining how and when customers must pay, the conditions under which charges associated with payment or non-payment are assessed, and requirements for obtaining or retaining service are all critical components of credit and collection policies. Finding ways to make it easier for customers to obtain service or avoid disconnection is an important component of customer-oriented credit and collection policies.

While the Commission does not support percentage-of-income payment plans, we do believe that both the customer and utility are best served when payment arrangements are flexible and based on the customer's unique circumstances and ability to pay. Flexibility by the utility should not be mistaken for abandonment of debt. The Commission endorses the utility's right to collect on an outstanding energy bill from the customer who incurred the debt. In this regard, flexible payment arrangements are more likely to be met because they are based on the customer's actual ability to pay instead of the customer's ability to fit into a pre-determined plan.

For a customer who fits within certain criteria, a utility may require a deposit before commencing service. All participating utilities except for Idaho Power have a deposit mechanism that they believe is effective. The Commission encourages each utility to periodically evaluate whether the administrative costs associated with the collection and management of deposits are justified by the success of the deposit program. The Commission welcomes and accepts Avista's offer to conduct a study to determine the effectiveness of deposits.

Case Management

The objective of good case management is personalized customer assistance. Ideally, case managers would identify both utility and non-utility programs and resources to help improve the customer's ability to manage finances, meet obligations, and pay energy bills.

The Commission congratulates Avista on what appears to be a very successful case management program. We are also encouraged and optimistic about Intermountain Gas's efforts to implement a case management program. While the Commission encourages the utilities to be flexible in responding to their customers' needs, we decline to mandate the use of a formalized case management system. Each utility has unique customers, programs, and corporate objectives. An effective case management program cannot be developed through a "one size fits all" approach.

Once again, the Commission appreciates the enthusiasm with which the parties participated in workshop discussions. We encourage Staff and any interested persons or parties to participate in ongoing discussions and arrange further meetings as needed to continue to address energy affordability issues in Idaho.

ORDER

IT IS HEREBY ORDERED that the matter of the Commission's inquiry about Energy Affordability Issues and Workshops be closed.

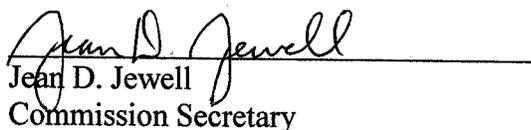
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 30th day of January 2009.


MACK A REDFORD, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


JIM D. KEMPTON, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

O:GNR-U-08-01_ks4