

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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**IN THE MATTER OF THE COMMISSION'S)
INQUIRY ABOUT ENERGY AFFORDABILITY)
ISSUES AND WORKSHOPS.)**

IDAHO PUBLIC)
UTILITIES COMMISSION)
CASE NO. GNR-U-08-01)

STAFF'S FINAL REPORT

On September 29, 2008, the Idaho Public Utilities Commission (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.

The Commission recognizes that there are a variety of factors contributing to significant upward pressure on electric and natural gas rates in Idaho. Energy affordability has become a central issue for many Idaho households and businesses.

Two public workshops were conducted by Commission Staff at the Idaho Public Utilities Commission 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. A matrix is attached as Appendix 19 which briefly summarizes the various views of those submitting comments in this case. Those views are discussed in greater detail within this report.

ENERGY AFFORDABILITY AND INABILITY TO PAY

Customers today are facing serious economic challenges. The combination of increasing rates for natural gas and electricity, higher food and fuel costs, rising unemployment levels, and turmoil in the financial and housing markets are impacting customers' ability to pay their utility bills. Idaho's unemployment rate has risen to the highest rate in over twenty years. Recent Idaho Department of Labor data shows a sharp rise in the State's unemployment rate. Two years ago the unemployment rate was 2.7%. In January 2009, Idaho's unemployment rate reached 6.6%. The total number of workers without jobs has hit a record high (50,000), which is more than double the number of those unemployed last year. Job loss rose in forty of Idaho's

forty-four counties. Such a significant increase in the unemployment rate is likely to lead to an increase in the percentage of the state's population that falls at or below 100% of the Federal Poverty Level Guidelines. The State of Idaho currently has roughly 44,000 households at or below 100% of poverty.¹

An Idaho household that is at 75-99% of the Federal Poverty Level typically spends 13.6% of the household's annual income to pay for home energy. A household below 50% of the Federal Poverty Level typically spends 47.8% of its annual income to pay for home energy bills. These figures represent the household's "energy burden."² Energy burden is the percentage of a household's income that is spent on all energy used for space heating and cooling, lighting, and water heating. According to federal guidelines, an energy burden of 6% of annual household income is considered affordable.

Rule 306 of the Commission's Utility Customer Relations Rules (UCRR) protects certain residential customers who are unable to pay their winter energy bills. During the months of December, January, and February, households with children, elderly or infirm who declare eligibility for the "moratorium" cannot have their electric or natural gas service disconnected for failure to pay a utility bill in full. However, this provision does not protect a low-income customer who has no children, elderly or infirm in the household or those customers who are eligible for protection but do not contact the utility. Customers who have declared eligibility for the moratorium are still expected to pay their bills each month, but cannot be disconnected for failure to pay. Payment of any past due balance or negotiation of a new payment arrangement is required on or before March 1. During the 2007/2008 winter heating season, over 18,000 customers declared eligibility for the moratorium.³

Customers who have declared eligibility for the moratorium can also enter into a Winter Payment Plan. Under a Winter Payment Plan, customers agree to make monthly payments equal to half of a regular level payment amount. The plan allows for an additional two months of protection (November and March). Customers with Winter Payment Plans must pay any past due balance or negotiate a new payment arrangement on or before April 1. Though protected

¹ See Appendices 2 (Idaho Demographic Discussion), 3 (Idaho Demographics), and 4 (Federal Poverty Level Guidelines).

² See Appendix 1 (Energy Burden and Affordability GAP).

³ This includes 10,284 Idaho Power customers, 4,553 Intermountain Gas customers, 2,635 Avista customers, and 560 Rocky Mountain Power customers.

from disconnection in the coldest winter months, many customers are unable to pay off their accrued balances when the moratorium ends.

CURRENT ASSISTANCE PROGRAMS

There are several programs in Idaho that provide financial assistance to customers who need help paying their utility bills and assistance with energy efficiency measures. Programs operate under a wide variety of guidelines and restrictions and are funded by both public and private resources.

Low-Income Home Energy Assistance Program (LIHEAP)⁴

The Low-Income Home Energy Assistance Program (LIHEAP), also known as “Energy Assistance,” provides low-income customers with financial assistance designed to pay utility bills associated with the customer’s primary heating source.⁵ Applicants must meet income-criteria based on Federal Poverty Guidelines. To be eligible, participants must apply for LIHEAP benefits at a community action agency each program year.⁶

Last year 101,000 Idaho households qualified for LIHEAP benefits. LIHEAP’s 2007/2008 Energy Assistance funding amount of \$9,410,895 provided benefits for 32,843 of 101,000 eligible households. The average benefit received was \$286 per household for the 2007/2008 winter heating season. Based on that average benefit amount, an additional \$19,492,902 would have been needed to cover all of Idaho’s eligible households.

LIHEAP provides additional assistance for customers whose disconnection is imminent. These “Crisis Funds” are allocated independent of regular LIHEAP funds. Crisis Funds must be used to pay energy bills for the household’s primary heating source, and are available regardless of whether the household has previously received a benefit. In Idaho, Crisis Funds are very limited and have only been available for the past two heating seasons.

⁴ Appendix 6 contains a LIHEAP funding matrix.

⁵ A Federal Block Grant funds the LIHEAP program.

⁶ Appendix 5 lists the community action agencies in Idaho.

Fuel Funds

Fuel funds are programs that help people pay home heating costs. The major programs in Idaho – Project Share, Project Warmth, and Lend A Hand – are administered by nonprofit agencies.

*Project Share*⁷

Project Share provides up to \$400 annually per household regardless of the household's heating source, *i.e.*, the program is fuel-blind. Monies are dispersed toward payment of bills for any energy source (electric, natural gas, wood, coal, propane, kerosene or oil). Project Share is funded with contributions made by utility customers, employees and shareholders. All money collected, with the exception of administrative costs, is returned to the community. Funds for the program are administered by the Salvation Army in southern Idaho. In northern Idaho, Project Share funds are administered by the Community Action Partnership and Spokane Neighborhood Action Programs. Avista, Idaho Power and Intermountain Gas promote Project Share and offer customers the opportunity to make contributions when paying their utility bills.

*Project Warmth*⁸

Project Warmth also provides financial assistance to individuals regardless of the household heating source. This program was created for individuals residing in southeastern Idaho where Project Share funding was not available. The primary source of funding for Project Warmth is derived through a yearly golf tournament. Intermountain Gas, Rocky Mountain Power, the Southeastern Idaho Community Action Agency, Monsanto, Agrium, Washington Group, City of Soda Springs, and Caribou County Indigent Services help to organize the tournament. All money collected, with the exception of administrative costs, is returned to the community. To be eligible, recipients must be at or below 125% of the Federal Poverty Guidelines. An eligible household can receive an annual benefit of up to \$200. The program is modeled after Project Share. Funds for the program are administered through the Southeastern Idaho Community Action Agency.

⁷ Appendix 7, 8 and 9 contains Project Share funding and disbursement amounts.

⁸ Appendix 9 contains Project Warmth funding and disbursement amounts.

Lend A Hand⁹

Lend A Hand provides financial assistance to Rocky Mountain Power customers with electric space heat. Funding is provided through contributions by Rocky Mountain Power customers, employees, and shareholders. All money collected, with the exception of administrative costs, is returned to the community. To be eligible, recipients must be at or below 150% of the Federal Poverty Guidelines. Recipients can receive an annual household benefit of up to \$400. Funds for the program are administered through the Southeastern Idaho Community Action Agency and the Eastern Idaho Community Action Partnership.

Keep Kids Warm¹⁰

Keep Kids Warm provides financial assistance to individuals regardless of the household heating source. The fuel-blind program was started in 1996 by KIZN radio (Boise) to assist households with their heating needs. Intermountain Gas partners with KIZN radio in the fundraising efforts through pledge cards and a yearly radio broadcast telethon. All money collected is returned to the community. There are no administrative fees or other costs associated with administering this program. Over \$650,000 has been raised since the program's inception. Benefit amounts are determined on a case-by-case basis. Funds for the program are administered through El-Ada Community Action Agency, Western Idaho Community Action and the Malheur Council on Aging and Community Services in Oregon.

Low-Income Weatherization

Weatherization increases energy efficiency by reducing heat loss and addressing air infiltration issues. Measures taken to improve energy efficiency include the following: attic, floor and wall insulation; repairing or upgrading windows; proper ventilation; duct insulation and sealing; caulking; and weather stripping. Additional measures may include switching the customer to compact fluorescent light bulbs and furnace (or AC unit) repair or replacement. Energy conservation education is provided to customers whose homes are weatherized.

⁹ Appendix 10 contains Lend A Hand funding and disbursement amounts.

¹⁰ Appendix 9 contains Lend A Hand funding and disbursement amounts. Additional guidelines for Project Share, Project Warmth, Lend A Hand and Keep Kids Warm can be found in Appendices 10 and 11.

Low-income weatherization assistance is provided by community action agencies throughout Idaho as well as the Canyon County Organization on Aging. Applicants who own or rent single family, multi-family, or manufactured homes that qualify for LIHEAP funding automatically qualify for Weatherization Assistance. The administering agencies determine income eligibility. Households with income at or below 160% of the Federal Poverty Guidelines automatically qualify to receive weatherization services. An energy audit is performed by the administering agency before a home is weatherized.

According to a report provided by CAPAI, the average investment per weatherized home in 2007 was \$3,674. The number of homes needing weatherization greatly exceeds the funding that is available. Currently only 10% of homes receiving LIHEAP benefits also obtain weatherization assistance because of the lack of available funds.

Funding for weatherization comes from several sources, including the U.S. Department of Energy (DOE) and energy utilities. The table below reflects the total dollars spent from all funding sources on an annual basis for weatherization.¹¹

Year	Dollars Spent	Homes	Average Home Investment
2006	\$4,913,645	1,460	\$3,365
2007	\$5,081,900	1,383	\$3,674

The current Commission-approved annual utility funding levels for low-income weatherization are as follows: Idaho Power \$1,200,000, Avista \$465,000, and Rocky Mountain Power \$150,000.

Utility Energy Efficiency Programs

In addition to low-income weatherization, most utilities offer a variety of different residential energy efficiency programs, e.g., do-it-yourself home energy audits, energy efficient lighting, appliance and equipment incentives, and improved energy efficiency standards for new construction.¹²

¹¹ Appendix 12 outlines utility weatherization program funding guidelines and amounts.

¹² A summary of these programs can be found in Appendix 13.

Inability to Meet the Need

Although there are resources available to help customers pay their energy bills and become more energy efficient, those resources are insufficient to meet the current and future need. As previously indicated, during the 2007/2008 heating season, 101,000 Idaho households met the income guidelines (at that time, 150% of the Federal Poverty Level) for LIHEAP. Only one-third of those households (32,843) actually applied for and received benefits totaling \$9,410,895. An additional benefit of \$19,492,902 would have been needed to provide the remaining two-thirds of Idaho households who met income guidelines but did not receive energy assistance benefits.

LIHEAP benefit amounts are based on a funding matrix, not customers' actual heating bills or total energy costs. The average benefit amount was \$286 during the 2007/2008 heating season. As of May 1, 2008, 136,602 gas and electric residential customer accounts (16% of all residential accounts) were past due, with a total of \$13,381,884 owing.

Fuel funds are a valuable resource for bill payment assistance, but despite the generosity of utility shareholders and customers, and other contributors, the dollars available fall far short of meeting the remaining need. Taken together, Idaho fuel funds disbursed \$481,274 to a total of 2,909 recipients. Assuming that households receiving LIHEAP benefits and those who receive grants from fuel funds are mutually exclusive groups (which is not necessarily the case), a shortfall of over \$19 million still exists, leaving over 65,000 low income households without bill payment assistance. These totals do not take into account the increasing cost of energy, the rapid increase in unemployment, or the total outstanding balances owed by qualified customers already receiving assistance.

PROPOSALS TO ADDRESS ENERGY AFFORDABILITY

Bill Payment Assistance

During the workshops, participants discussed financial assistance that could be made available to customers for the payment of energy bills. Five ways to provide new or additional funds for bill payment assistance were discussed: 1) create utility programs designed to help low-income customers pay energy bills funded by all utility customers through rates; 2) increase voluntary contributions to nonprofit fuel funds; 3) increase federal funding for the Low-Income Home Energy Assistance Program (LIHEAP); 4) increase LIHEAP funding received by Idaho

through leveraging; and 5) create a program funded by Idaho state tax revenue to provide financial assistance to low-income households.

Implement Utility Programs Designed to Provide Financial Assistance

In both Oregon and Washington, Avista offers a Low-Income Rate Assistance Program (LIRAP) intended to ease the home energy burden for Avista's residential customers with limited incomes. The program serves as an additional resource for financial assistance. In Oregon, LIRAP may be used in conjunction with or in lieu of assistance provided by other programs such as LIHEP (Low-Income Home Energy Program)¹³ and Project Share. In Washington, LIRAP can be used in conjunction with or in lieu of assistance that is provided by other programs such as Project Share, but cannot be used in conjunction with LIHEAP (Low-Income Home Energy Assistance Program).

Funding for LIRAP differs between Washington and Oregon. In May 2001, the Washington Utilities and Transportation Commission approved a Public Purpose Rider Adjustment to fund Avista's Demand Side Management services and LIRAP. The rider amount varies by customer class and applies to both electric and gas usage on a per kWh and therm basis. The LIRAP portion of the surcharge was designed to produce a funding level of approximately 0.79% of base rates under Schedule 91 and 191.¹⁴

The Public Utilities Commission of Oregon approved LIRAP as a stand-alone program authorizing Avista to implement a surcharge of \$0.00438 per therm for gas consumption. The surcharge applies to residential customers and is designed to produce a funding level of approximately .05% of base rates under Schedule 493.¹⁵

In both states, Avista provides the collected LIRAP revenue to community action agencies which administer the program in a similar manner to LIHEAP fund administration. Factors such as annual household income, estimated annual home energy costs, and type of housing (*i.e.*, single family or multi-family) are used to determine the amount of assistance granted to customers. Typically, recipients of LIRAP in both Washington and Oregon are well below poverty level. To qualify for LIRAP in either state, a family of four who is at or below

¹³ In Oregon, LIHEP is the term used to refer to the federal LIHEAP program.

¹⁴ See Appendix 14 for Washington's rate schedules.

¹⁵ See Appendix 15 for Oregon's rate schedules.

100% of the Federal Poverty Guidelines would have a household income of \$1,760 or less per month. In 2007, approximately 75% of Washington and 65% of Oregon LIRAP recipients had annual household incomes under \$15,000. One-third of LIRAP participants in both Washington and Oregon have annual household incomes under \$8,000.

Avista's LIRAP surcharge also funds its Senior Outreach Program and Energy Conservation Program. Washington's Senior Outreach Program helps to identify senior citizens who need assistance with their energy bills. Some seniors may have incomes that exceed the ceiling for LIHEAP or LIRAP grants. However, other major expenses, such as medical costs, can leave seniors unable to pay their home energy bills. The Senior Outreach Program has successfully assisted those who fall into this situation with a Senior Energy Outreach grant. The grant funding amount is comparable to a LIHEAP or LIRAP grant.

Conservation education is also funded by the surcharge. Participants receive either written material or classroom instruction through workshops and seminars. Avista's education program is being expanded to encourage school-aged children to conserve energy as well.

Neither the Avista Senior Outreach Program nor the Conservation Energy Program is offered in Idaho due to lack of funding.

Increase Customer Awareness of / Encourage Voluntary Contributions to Nonprofit Fuel Funds

All workshop participants agreed that increasing customer and community awareness of nonprofit fuel funds would be beneficial. Given the current economic crisis, donations made to financial assistance programs could potentially decrease at a time when the need for assistance is even more critical. Utilities currently publicize programs such as Project Share, Project Warmth, Keep Kids Warm and Lend A Hand through websites, newsletters, and monthly customer billings.

To raise public awareness and encourage voluntary contributions in the past, Avista, Rocky Mountain Power, and Idaho Power enlisted partners in the community. Businesses offered products for sale, with a percentage of the proceeds donated to local fuel funds such as Project Share or Lend A Hand. Unfortunately, Rocky Mountain Power and Idaho Power have discontinued their partnering programs. Intermountain Gas currently partners with KIZN radio for a yearly telethon fundraiser and golf tournament for the Keep Kids Warm program.

Increase Funding for LIHEAP

The 2009 LIHEAP Energy Assistance funding available to the State of Idaho has been budgeted at \$17,439,570. This represents a one-time \$8,028,675 increase from last year's budgeted amount of \$9,410,815. In response to increased funding, average benefit amounts for eligible participants is projected to increase to \$386 from last year's average benefit amount of \$286. Additionally, by changing the level at which a household is eligible to receive assistance from a maximum of 150% to a maximum of 160% of the Federal Poverty Guidelines, the number of eligible households is projected to increase from 101,000 last year to 111,100 this year.

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. Last year, \$52,000 in LIHEAP leveraging grants were provided to the State of Idaho and were used by CAPAI and local community action agencies to provide bill payment assistance and weatherization. All workshop participants agreed that obtaining additional federal funding for LIHEAP through leveraging would benefit both customers and utilities. In workshop discussions, it was apparent that few participants were aware of the leveraging concept.

Create a State-Funded Financial Assistance Program

All workshop participants agreed that a program funded by state tax revenue to supplement federal LIHEAP funds would be beneficial. Additional funding would have the potential to increase the number of customers who would receive benefits and/or increase benefit amounts.

Staff Comments:

The LIRAP program would be beneficial for Idaho's low-income utility customers. LIRAP would provide additional funds to supplement existing federal LIHEAP funds, allowing

more people to obtain the financial assistance needed to pay their energy bills. Because LIRAP is administered through community action agencies, the infrastructure for the program is already in place in Idaho.¹⁶ However, implementing a LIRAP program in Idaho would likely require legislation. *Idaho Code* § 61-315 provides that, “No public utility shall...make or grant any preference or advantage to any corporation or person or subject any corporation or person to any prejudice or disadvantage.”

During the workshops, utilities expressed concern that, should LIRAP be implemented in Idaho, a surcharge appearing on customer billing statements could impact donations given to other financial assistance programs such as Project Share. It is Staff’s opinion that any decrease in voluntary contributions would be offset by funding derived from a LIRAP program.

Staff recommends that the Commission support legislation to allow it to adopt a LIRAP program. Specifically, the legislation should modify existing statutes to allow the Commission to implement programs for the benefit of low-income residential customers and allow for rates or charges designed to recover the costs of such programs.

All workshop participants were in agreement with the need to increase awareness about nonprofit fuel fund programs in order to increase the amount of funding received. Efforts to increase awareness do not require legislative or Commission involvement. Utility companies are encouraged to continue with their creative efforts to make those in the community more aware of nonprofit fuel funds. Staff also encourages each utility to set goals for fund raising and continue the implementation of programs that partner with local businesses.

All workshop participants agreed that an increase in federal funding for LIHEAP would be beneficial. Additional LIHEAP funds would allow more utility customers to obtain financial assistance. While increased funding for the current heating season will certainly benefit customers, the annual struggle for additional LIHEAP funding remains. Support by Idaho’s Congressional delegation is an important factor in securing Congressional budget approval. Staff recommends that a dialogue be initiated with Idaho’s Congressional delegation to increase awareness of LIHEAP’s value and the critical need for additional program funding.

Leveraging is a significant tool through which Idaho can increase its federal LIHEAP funds. Unfortunately, not everyone is aware of the program or how it works. Staff recommends

¹⁶ As an example, the Community Action Partnership Agency in northern Idaho already administers LIRAP for Avista customers in Washington State.

that utilities, Commission Staff, and other interested parties partner with CAPAI to identify ways in which to further leverage existing federal LIHEAP funding.

A new program funded by Idaho state tax revenue to supplement federal LIHEAP funding would require legislative involvement and support. Given a projected decrease in State revenue this fiscal year, it appears unlikely that such a program would be created and funded in the near term. Staff believes that this proposal, though a good idea, should not be pursued until an environment exists that would make such a proposal viable.

Rocky Mountain Power Response Comments:

Rocky Mountain Power does not believe that establishing a LIRAP program is the most effective way to reach all low income citizens in the State of Idaho. Rocky Mountain Power believes it would be more equitable and appropriate for the legislature to implement a state energy assistance tax. Alternatively, if the Commission determines it will encourage and support legislation to offer rate relief, Rocky Mountain Power requests that the legislation allow the utilities flexibility in the programs they offer, recognizing the unique circumstances of each utility and service area. Further, Rocky Mountain Power maintains that any legislation would allow for recovery of program costs through a separate rider or other mechanism on customer bills and that any programs be voluntary offerings by the utilities.

Rocky Mountain Power currently offers a bill discount program in Utah. Rocky Mountain Power believes bill discount programs are less costly and less burdensome to administer and can be designed to provide on-going relief to low-income customers.

Rocky Mountain Power agrees with Staff's recommendation regarding increased awareness of and funding for nonprofit fuel funds. Rocky Mountain Power actively strives to increase customer awareness and funding for the Lend-A-Hand program by distributing donation envelopes in November, February and June bills. Along with the envelope distribution, Rocky Mountain Power distributes news releases, includes program details in its customer newsletter, and places program/contribution information on the website landing page used by customers who pay their bills electronically.

Rocky Mountain Power will support efforts to educate and work with Idaho representatives to raise awareness of LIHEAP benefits. The Company believes the

increase in LIHEAP funding for the 2008/2009 heating season is a positive step in obtaining recognition by the Congressional delegation of the importance of the LIHEAP program.

Northwest Industrial Gas Users (NWIGU) Response Comments:

NWIGU agrees that the Commission should educate Idaho's Congressional delegation of the need for increased federal funding for LIHEAP. It also agrees that further leveraging of LIHEAP funds in Idaho should be pursued. NWIGU does not, however, support Staff's recommendation that a LIRAP program be instituted in Idaho. NWIGU members believe that a social program to provide financial assistance to low-income households should be considered by the legislature only in the context of funding by Idaho state tax revenue and should not be recovered through rates.

NWIGU members support voluntary contributions to non-profit fuel funds as well as cost-effective conservation programs. NWIGU agrees with Staff's recommendation that the consideration of low-income weatherization efforts as part of a utility's cost-effective conservation program should be considered in future rate cases.

While NWIGU realizes that the focus of this proceeding is on low-income residential consumers, NWIGU urges the Commission to take a supportive role in proceedings before the Federal Energy Regulatory Commission and other forums by providing visible support to natural gas resource development and infrastructure proposals that benefit Idaho (e.g., by intervening in support of pipeline proposals that benefit Idaho natural gas customers or by intervening in the next round of expected natural gas pipeline rate cases that will impact Idaho consumers). NWIGU suggests that a more active role by the Commission in these proceedings would benefit all energy consumers, whether residential or industrial.

Intermountain Gas Company Response Comments:

Intermountain Gas supports Staff's recommendation that a dialogue be initiated with Idaho's Congressional delegation regarding increased awareness of LIHEAP's value and the critical need for additional program funding. The Company also supports Staff's recommendation that the utilities, Commission

Staff, and other interested parties partner with CAPAI to identify ways in which to further leverage existing federal LIHEAP funds. The Company states that it has and will be an active participant in supporting the need for increased LIHEAP funding. Alternatively, Intermountain believes that any LIRAP legislation should recognize and acknowledge its potential harmful effects, *e.g.*, higher rates to the majority of customers, economic deficiencies, and overuse by subsidized customers.

Intermountain Gas Company believes it is meeting its corporate responsibility regarding the visibility and funding of nonprofit fuel funds. Intermountain currently distributes six (6) separate bill inserts each year regarding fuel funds. In the past, the Intermountain Industries Foundation has provided funding each year to both Project Share and Project Warmth. Intermountain has promoted a bill program whereby customers can pledge dollars on their monthly statements. The Company provides media coverage for these funds several times a year, including the most recent Season of Hope campaign with Channel 7 and Idaho Power.

Idaho Power Response Comments:

Idaho Power fully agrees with Staff's recommendation that a dialogue be initiated with Idaho's Congressional delegation and that interested parties partner with CAPAI to identify ways in which to further leverage existing federal LIHEAP funding.

Idaho Power does not endorse Staff's recommendation of legislation allowing the Commission to adopt utility programs for financial assistance to low-income customers. As a matter of public policy, should the State of Idaho decide additional funds for energy assistance are in the public interest, Idaho Power believes an explicit state tax is preferable to an additional utility charge. A state-wide tax would provide the means for customers of all utilities in Idaho, not just those regulated by the Commission, to benefit from financial assistance.

Idaho Power fully agrees with Staff's recommendation to increase customer awareness of and contributions to nonprofit fuel funds. Since the conclusion of the workshop, the Company has participated with KTVB Channel 7's Season of Hope campaign, actively promoted Project Share donations to its employees, included information on Project Share in customers' November bills, and increased its

shareholders' donation for this heating season in recognition of the current economic conditions.

Avista Response Comments:

Avista supports increased awareness of LIHEAP's value and congratulates the Idaho delegation for its work to secure the increased funding level for this heating season. The Company will continue to work with CAPAI and others to seek legislative solutions that would allow for greater customer participation in these programs.

In addition to LIHEAP, Avista currently has the Low Income Rate Assistance Program (LIRAP) in both Washington and Oregon. Washington's LIRAP program collects approximately \$3.75 million (natural gas and electric combined) per year through tariff surcharges. Over 6,290 electric and natural gas customers in the Company's Washington service territory received grants averaging \$396 during the 2007-2008 heating season. In Oregon, a total of 3,758 energy grants totaling \$1.1 million have been provided since the LIRAP program inception in 2002. The purpose of Avista's LIRAP program is to reduce the energy cost burden among those customers least able to pay energy bills.

Avista believes it would be "seamless" and in its customers' best interest to add LIRAP to its Idaho service territory. The Company agrees with Staff's recommendation to support legislation that would allow the Commission to adopt programs such as LIRAP. The Company believes that the legislation should allow the Commission to implement programs for the benefit of low-income residential customers as proposed by the individual utilities and approve rates or charges designed to recover the costs of such programs.

Avista promotes Project Share in the communities it serves and supports Staff's recommendation for utilities to increase awareness of and funding for nonprofit fuel funds. The Company is currently making enhancements to the promotion of Project Share in conjunction with Spokane Neighborhood Action Programs (SNAP), the recipient and administrating agency for Project Share. Avista has also formed partnerships with local businesses to help in this effort with the sale of Project Share branded products.

AARP Response Comments:

AARP agrees with Staff's recommendation that additional workshops should be held with the participants in this docket to address the leveraging of LIHEAP funds. Furthermore, AARP strongly supports the adoption of a bill payment assistance program for Idaho. AARP recommends the Commission send a clear message to the Legislature that such legislation is necessary and should be adopted. AARP points out that many states have payment assistance programs for low income customers, including rate reductions. AARP maintains that these programs have been found to reduce the number of collection actions and terminations, and to help customers pay down arrearages.

AARP agrees that it would be difficult for the State to fund a new financial assistance program through tax revenue given the current budget projections. However, AARP believes that this is an option that should be explored in the future.

AARP states that while fuel funds meet only a small portion of the need, they are necessary to help address energy affordability. AARP recommends that the Commission increase awareness of these fuel funds through an annual news release prior to the winter heating season.

ICAN Response Comments:

ICAN supports increasing Federal and State funding for the Low Income Home Energy Assistance Program (LIHEAP). Many ICAN leaders and their neighbors rely on the LIHEAP program each year. ICAN has supported legislation on both the State and Federal level to increase funding for LIHEAP, as well as weatherization programs. ICAN will continue to support this legislation and urges the Commission and Idaho's utilities to support funding for the program in the State Legislature and in Congress. ICAN also believes that the Commission and utilities should explore other sources of funding that can be leveraged.

ICAN supports the creation of programs like Avista's Low-Income Rate Assistance Program (LIRAP) by all Idaho utilities. ICAN will support the necessary legislation to allow the Commission to adopt a LIRAP program and urges the Commission and Idaho's utilities to support this legislation as well.

CAPAI Response Comments:

CAPAI strongly agrees with Staff's general recommendation that LIRAP would be beneficial for Idaho's low-income utility customers. CAPAI believes that bill payment assistance is the most effective and powerful means to address the disparity between need and resources proposed thus far in this case. Though Staff favors a LIRAP type of assistance, there is any number of other mechanisms for providing bill payment assistance. Avista and Rocky Mountain Power currently offer varying bill payment assistance programs in other states in which they provide service. However, implementation of such a program would require changes to the Idaho Code as it currently exists. Thus, CAPAI is proposing, for the 2009 legislative session, legislation that would remove existing general statutory prohibitions against bill payment assistance programs.

While CAPAI fully supports any effort to obtain additional federal LIHEAP funds for the State of Idaho, such an endeavor is speculative at best given the fact that all states compete for federal LIHEAP funds and given the current state of the economy and the possibility that current funding levels might even be decreased. CAPAI recommends that while the substance of this proposal is worthy, it should not be relied upon to the exclusion of other proposals more likely to come to fruition.

CAPAI states that the proposal to create a state-funded financial assistance program with state tax revenues shouldn't be ruled out as a possibility. However, given the current economy and the Governor's recent request that all state agencies trim their respective budgets in response to the current economic crisis, such a proposal is not likely to prove successful in the near future.

Snake River Alliance Response Comments:

The Alliance expressed concern that existing funds in the Low Income Home Energy Assistance Program (LIHEAP) are insufficient to meet the growing demand for funds, and recommends that the current workshop process continue with a goal to identify sources of additional LIHEAP resources. The Alliance believes that ensuring all Idahoans have access to reliable and affordable electricity and natural gas is a fundamental responsibility of the State and that the Commission should make that case before the Idaho Legislature regardless of the state's obvious financial challenges. The Alliance

agrees with staff that a LIRAP program would require state legislation, and encourages the Commission to raise the issue with the Legislature.

STAFF FINAL RECOMMENDATION

Staff recommends that the Commission support legislation to allow it to adopt programs, policies, and rates for the benefit of low income residential customers. Legislation should allow the Commission and utilities broad flexibility in determining the parameters of such programs, policies or rates. Finally, legislation should authorize the Commission to approve rates or charges designed to recover the costs of such endeavors. While Staff prefers a LIRAP-type of program because of its simplicity and ease of implementation, it is certainly willing to consider other approaches to addressing the problem of energy affordability.

Staff believes it is premature for the Commission to determine what type of rate mechanism to use or which rate classes should pay for low income programs. Until the Commission is granted the necessary authority by the State Legislature, it would more beneficial for the Commission and interested parties to focus on steps that can be taken now to address energy affordability.

Bill Reduction

Bill reductions can be realized by decreasing consumption, reducing prices, and changing rate designs. During the workshops, the following topics were discussed: 1) offering reduced rates to low-income customers; 2) encouraging energy efficiency; and 3) designing rates to encourage energy efficiency.

Reduced Rates for Low-Income Customers

One option for reduced rates is a fixed discount, usually expressed as a percentage off the regular residential rate. The State of California implemented the CARE program (California Alternative Rates for Energy).¹⁷ It provides a 20% discount on monthly electric bills (rates and basic charge) for qualified low-income or fixed-income households and housing facilities. CARE is funded through a rate surcharge (\$0.399 kWh) paid by all other utility customers.

¹⁷ See Appendix 16 for California's rate schedule.

Eligibility is based on household income.¹⁸ Utilities administer the program and participants enroll through a one page self-certification application. Utilities conduct a random audit sampling of participants to ensure that they meet the program requirements. Recertification is required every two years. There is no cap on the number of participants.

Another option is a tiered discount, with the discount varying by income. The State of Washington implemented a program that provides a three-tiered discount on monthly electric bills for qualified low-income and fixed-income customers.¹⁹ Funding for the discount is provided through a fixed monthly surcharge of \$0.44 for all other residential customers and a fixed monthly surcharge of \$147.00 for industrial customers. Eligibility is based on income level. The credit received is based on customers' income using the Federal Poverty Guidelines and is only applicable for usage greater than 600 kWh.²⁰ Community action agencies determine applicant eligibility. A maximum of 4,475 customers are allowed to participate annually during the four months that the program is in place (November-April). Benefits are provided on a "first come, first served" basis for eligible applicants.

Another option for assisting low-income customers is the elimination or reduction of the customer's monthly service charge. However, this would result in a revenue deficiency for the utility that must then be recovered from other customers. It is likely that the cost per kWh or therm would have to be increased to make up for revenue lost from reduced monthly service charges. This shift from deriving revenue through monthly service charges to energy rates would most likely have a disproportionately negative impact on low-income customers because they typically live in less energy-efficient homes and use relatively large amounts of energy.

Low-Income Weatherization, Conservation Education, and Other Energy Efficiency Programs

During the workshops, many different methods to encourage energy efficiency were discussed. These methods included: weatherization, energy conservation education, programs targeted to low-income customers and seniors, and overcoming barriers to investment in energy efficiency measures for manufactured homes and rental housing.

¹⁸ For example, to qualify for the CARE Program, the maximum household income for a family of four is \$43,200.

¹⁹ See Appendix 17 for Washington's rate schedule.

²⁰ For usage over 600 kWh, customers with income 75% or below the Federal Poverty Level (FPL) pay \$0.3812 per kWh. For income 76-100% FPL, the amount paid is \$0.2565 kWh; and for income 101-125% FPL, the amount paid is \$0.1603 kWh.

All workshop participants were in agreement that weatherization is an excellent way to reduce energy costs.²¹ According to CAPAI, the average investment per home weatherized in 2007 was \$3,674. As previously stated, currently only 10% of homes receiving LIHEAP benefits are weatherized due to the lack of available funds.²²

One example of an innovative program is Idaho Power's Home Weatherization Pilot Program targeting customers whose income exceeds the qualification guidelines used for low income weatherization. The Home Weatherization Pilot Program (HWP) will provide weatherization services to twenty electrically heated homes served by Idaho Power in its southern region. Program participants will be selected from a list of Idaho Power customers who apply for LIHEAP benefits through the South Central Community Action Partnership.

Weatherization efforts are often coupled with energy conservation education. Workshop participants agreed that a need exists for further education. Unfortunately, as with weatherization, the funding for energy conservation education targeted to low-income customers is extremely limited.

In the State of Washington, energy conservation education is provided to Avista's customers through the LIHEAP and LIRAP grant programs. Participants either receive written material or classroom instruction through workshops and seminars.²³ As part of Avista's energy efficiency program in Idaho this Commission recently approved \$25,000 to be used by local community action agencies for low-income outreach and energy conservation education. In both Washington and Idaho, Avista conducts Senior Energy Conservation Workshops at a variety of different locations. Avista began this program when it came to the Company's attention that seniors on fixed incomes tend to reduce their use of heat in order to cut monthly expenditures so that they are able to pay for medication and food. The goal of the workshops is to provide

²¹ With the exception of Idaho Power, the utilities fund low-income weatherization programs through energy efficiency tariff riders. Idaho Power's low-income weatherization funding is included in its base rates.

²² See Appendix 12 for a matrix that highlights the schedules and features of the utility funded low-income weatherization programs.

²³ This past heating season, Avista customers who received either a LIHEAP or LIRAP grant received a letter from Avista with conservation tips and coupons for a free florescent light bulb and furnace filter. Avista is also providing, at the customer's request, a DVD on energy conservation. The conservation education program is being expanded to encourage school-aged children to conserve energy. The Children's Energy Conservation Education Program was designed by Avista to educate low-income elementary age children and families about changing lifestyle habits and using energy more efficiently.

education on energy savings for seniors while allowing for comfort and safety with home energy use.

Rebates are another example of energy efficiency programs offered by the utilities as an incentive to customers. Idaho Power, Rocky Mountain Power, Avista, and Intermountain Gas each have one or more energy efficiency rebate programs with varying degrees of incentives for their customers.²⁴ All of the major electric utilities in Idaho also provide rebates to builders and homeowners who install certain high efficiency appliances in new homes.²⁵ Promoting energy efficiency standards for new construction is one way to assure that energy efficient housing will be built.

In addition, Idaho Power and Avista participate in Energy Star® Homes Northwest. The program promotes the purchase of homes that are 20% more energy efficient through high efficiency lighting, windows, appliances, water heaters, insulation, and heating and cooling equipment in Washington, Oregon, Idaho and Montana. The program also provides incentives to builders, suppliers, and subcontractors who construct energy efficient homes.

Customers who live in multi-family, manufactured and rental housing face unique obstacles with respect to investing in energy efficiency measures. Energy House Call is a program offered to Idaho Power customers who live in manufactured homes that are heated by an electric furnace or heat pump. Through local certified contractors, at no cost to the customer, a leak assessment is performed on the electrical heating system ducts. All leaks are sealed and compact fluorescent light bulbs and air filters are installed.

Design Rates to Encourage Energy Efficiency

Workshop participants were very interested in the concept of rate design and how it can be used to promote energy efficiency and benefit low-income and limited income customers. In response to demonstrated interest, Staff provided a brief tutorial on rate design at the workshop on October 22, 2008.

Effective rate design promotes efficient consumption of energy through proper pricing. There are many ways that rates can be designed to reflect the variable cost to serve utility

²⁴ Specific programs are outlined in greater detail in Staff's comments filed on November 28, 2008.

²⁵ Energy efficiency programs that offer builder incentives are funded by tariff riders. The cost is borne by utility customers as a whole.

customers. Tiered rates and time-of-use (TOU) rates are examples of rates that provide price signals that encourage customers to modify behavior because it will ultimately affect the dollar amount of their utility bill. An important advantage to tiered rates over time-of-use metering is that special metering equipment is not required. Tiered rates seek to lower overall usage, thereby delaying the need for highly capital-intensive projects to increase base-load facilities.

Tiered rates are billed in blocks. When customers are provided the proper education regarding tiered-rate structures, they become accustomed to how their consumption affects their overall bill. Tiered rates are not necessarily low-income rates; they are efficiency-based rates. Tiered rates provide lower basic prices for customers that use less energy. A higher rate for energy in the third block (often referred to as the “tail block”) provides a greater incentive to utilize less energy.

Tiered rates are not new to Idaho. Idaho Power currently has a two-tiered rate structure for residential customers during the summer period. Avista also has a two-tiered rate structure for residential customers in Idaho. Although Rocky Mountain Power has a flat rate structure in Idaho, it has offered optional time-of-use metered rates to residential customers for many years.

Staff Comments:

Staff does not presently recommend the adoption of reduced rates for low-income customers. There are other, preferable options available for the Commission to consider. Enactment of these or similar programs would require legislation and Commission approval. Furthermore, programs based on customers’ incomes are difficult for utilities to administer. Information regarding customers’ income is not routinely collected. The State of Washington’s three-tiered discount program is limited to 4,475 customers and is in effect for only four months annually. Because of the cap placed on the number of participants, many eligible customers might be prevented from receiving the program’s benefits. Moreover, reduced rates do not promote energy efficiency. However, the programs may inadvertently encourage efficiency among non-participants who are funding the subsidy.

Energy efficiency measures save customers money. Unfortunately, some low-income and limited income customers do not have the financial resources to weatherize their homes or invest in new appliances. Even though weatherization programs are available in all areas, the programs rarely have enough funding to meet the need. Weatherization programs are the most

direct way to reduce energy costs for low-income customers. In addition, energy conservation education is most effective when offered in conjunction with bill payment assistance and weatherization services. With increased funding for weatherization and energy conservation education for low-income customers, those most in need will be provided with valuable, individualized assistance.

To the extent that existing utility programs are not adequately funded, funding should be increased. The adequacy of program funding is most appropriately addressed during utility rate or other formal cases. Therefore, Staff recommends that weatherization and conservation education program funding be addressed in future cases before the Commission. Staff further recommends that Idaho Power, Intermountain Gas, and Rocky Mountain Power develop a conservation education program targeted to low-income customers that is modeled after Avista's energy conservation education program.

Staff also recommends that all utilities examine how additional incentives could be offered to customers for conversion to higher efficiency appliances. Staff recommends that all utilities consider providing no-interest/low interest loans to customers for the purpose of adding high efficiency appliances. This would be particularly beneficial for those customers who fall just outside the income guidelines to qualify for low-income weatherization.

Finally, Staff recommends that utilities advocate adoption and implementation of energy efficient construction standards. Staff recommends that utilities encourage the Northwest Energy Efficiency Alliance to include multi-family and manufactured homes in the Energy Star Home Program. Because few programs are available to assist customers living in multi-family, manufactured, and single-family rental housing, Staff further recommends that the utilities consider programs that could assist customers in overcoming the unique obstacles these types of properties present.

Staff recommends that utilities consider tiered rates for residential customers as a way to give customers control over their bills by providing an incentive to lower their energy consumption. Due to the complexity of rate design issues and the potential for unintended consequences, Staff recommends that tiered rate design be addressed within the context of future rate cases.

Rocky Mountain Power Response Comments:

Rocky Mountain Power believes that weatherization programs are the most direct way to reduce energy costs for low-income customers. Rocky Mountain Power provides \$150,000 annually to fund the Low-Income Weatherization Program through Schedule 21. If this funding amount is not sufficient to cover annual expenses related to weatherization services, the Company would be open to discussing a funding increase along with effectiveness criteria for energy education.

Rocky Mountain Power offers incentives to purchase efficient appliances through the Home Energy Savings program in Idaho (and other states) and regularly reviews incentive levels. To increase participation, Rocky Mountain Power provided information on low interest loans to contractors active in the Home Energy Savings program. To further increase participation in all energy efficiency programs, Rocky Mountain Power requested proposals for financing in the Company's Demand Side Management Request for Proposals released on November 26, 2008.

In addition to being an Energy Star partner, Rocky Mountain Power participates in the Northwest Energy Efficiency Alliance residential sector meetings. Rocky Mountain Power agrees with Staff's recommendation to encourage utilities to actively advocate for adoption and implementation of energy efficient construction standards, including provisions for single family rental, multi-family, and manufactured homes. Rocky Mountain Power's existing Northwest Energy Efficiency Alliance funding supports energy code work including education and training for building professionals and officials on existing codes as well as participation in the state code adoption processes across the region, including Idaho. Finally, at a more local level, Rocky Mountain Power energy efficiency programs support the code improvement process by providing incentives for above code measures and practices.

Rocky Mountain Power is concerned that tiered rates could have unexpected consequences and may or may not benefit low-income customers. A tiered rate design without the ability to inform customers on a real time basis of their usage may not send any more of a price signal than flat rates. Rocky Mountain Power offers a residential time-of-use rate in Idaho which gives customers the ability to save on monthly bills if they adjust usage to off-peak times.

Intermountain Gas Response Comments:

Intermountain is presently exploring ideas and programs for low income weatherization for customers who may not have the means to fund weatherization on their own. Intermountain intends to have a list of potential programs and/or activities by March 2009. Many weatherization measures are low in initial cost and can pay for themselves in savings on energy bills in just a few short months. Intermountain Gas offered no/low-interest financing in the past, but terminated those financing programs for lack of use. However, the Company would consider renewing such a loan program for high-efficiency gas appliances.

As part of consumer outreach in the wake of the Fall 2008 price increases, Intermountain's field personnel in Boise, Nampa, Twin Falls, Hailey, Pocatello, and Idaho Falls have made over 75 presentations to various groups regarding natural gas pricing and efficiency/conservation measures and practices. In addition, Intermountain Gas Company has been an Energy Star Partner since 2007. In 2008, Intermountain received the ENERGY STAR for Homes Leadership in Housing Award presented by the U.S. Environmental Protection Agency for sponsoring more than 250 ENERGY STAR qualified homes. The Company supports and encourages minimum ENERGY STAR standards in all residential living units including multi-family housing.

Intermountain Gas Company believes that tiered rates, as they pertain to higher prices for each increment of usage, are applicable in helping to avoid, or otherwise delay, the construction of incremental electric generation but have limited benefits in the natural gas industry. Tiered rates might also further exacerbate the ability of some low-income customers to pay their natural gas utility bill.

Idaho Power Response Comments:

Idaho Power fully supports weatherization and energy efficiency education as the highest priority for providing assistance to low-income customers. Dollars spent weatherizing and performing other energy efficiency measures to the target customer group provide much more long-term value to the customer and to the energy system than direct financial assistance.

Idaho Power has been an active proponent for the adoption of energy efficient construction standards and supports Staff's recommendation that efforts in this area, as well as efforts targeting multi-family and manufactured housing, continue. Idaho Power does not support Staff's recommendation that utilities consider loans to customers for the purpose of adding high-efficiency appliances. The Company believes that loans should be managed by financial institutions and that other approaches to encourage the adoption of energy efficient appliances should be investigated.

Idaho Power agrees with Staff's recommendation not to recommend adoption of reduced rates at this time because there are other preferable options available to the Commission to consider. All customers should see an economic price signal on their usage. Many low-income rate designs eliminate this signal. Therefore, Idaho Power advocates for a separation between the billing for utility service and the energy assistance used to pay those bills.

Idaho Power fully agrees with Staff's recommendation to consider tiered rate designs for residential customers as a way to give customers control over their bills by providing an incentive to lower their energy consumption. Idaho Power has filed to implement year-round tiered rates in its residential customer class in its pending general rate case (IPC-E-08-10) and is also completing its second year in a Fixed Cost Adjustment mechanism (decoupling) that is applicable to both the residential and small general customer classes.

Avista Response Comments:

Avista has a two-tiered residential rate structure. The present rate structure essentially provides a price-signal for all weather-sensitive usage greater than 600 kWh's per month. The Company had a three-tiered inverted rate structure in effect from 1980-1999. The Commission approved the Company's proposal to move from three to two tiers in 1999 partly because of the high proportion of low/limited income households who used electric heat.

Last year Avista increased its support of low-income weatherization and conservation education support by almost 40% to a total of \$485,000. Avista is an advocate for energy conservation education. The Company has sponsored and led

conservation education workshops, prepared written material for distribution, provided specific measures (compact fluorescent light bulbs, caulking, gaskets, etc.) free-of-charge, responded to requests for speaking engagements and worked closely with our agencies to educate customers on the wise use of energy and options they have for no-cost and low-cost energy saving improvements.

In regards to low- or no-interest loans, Avista is examining expansion of current customer options. In 2008, Avista worked with the Sustainable Lending Investment Partnership (SLIP), a consortium of local banks that desire to offer customer loans for energy efficiency improvements. SLIP's initial focus is on commercial customers; however, offerings to residential customers is under consideration. Avista would prefer to work with the existing financial institution infrastructures that have this function as their primary service. If the Company were to "buy-down" the interest rate of consumer loans, this would likely decrease the amount of incentive payments by a corresponding level. Avista recommends that the provision for low-cost consumer loans be pursued with area lending institutions.

Avista continues to review our incentive programs and the level of incentive amounts on an ongoing basis. For example, in 2008 the Company increased our support of ENERGY STAR® appliance rebates and increased our Washington cap on incentives from 30% on natural gas to 50% (as we had previously established in Idaho).

Avista strongly supports initiative(s) by the Northwest Energy Efficiency Alliance to include multi-family and manufactured homes in the ENERGY STAR® Home Program. Avista has contracted with UCONS, a third party energy efficiency service provider, to increase our energy efficiency savings in the hard-to-reach multi-family market. In 2008, Avista initiated a market transformation program to increase the penetration of natural gas in multi-family new construction. The Company estimates that less than 10% of new construction in its service territory has installed natural gas heating; the national average is greater than 60%. Avista supports improved appliance and building standards and codes as the most cost-effective means for energy efficiency delivery.

AARP Response Comments:

AARP supports tiered rate structures, also called an "inclining block" rates, provided the first tier of usage is priced affordably and contains sufficient usage to meet basic needs.

AARP supports reduced rates for low income customers. Such rate programs have been adopted in other states and have been successfully implemented by utilities. In fact, utilities serving Idaho offer reduced rates, including PacifiCorp (Rocky Mountain Power) in California and Washington. AARP states that while increased awareness and funding of energy efficiency is a necessary component of affordability, it is not sufficient alone. Rate assistance is also essential for the lowest income customers to close the "energy affordability gap." Finally, AARP believes it is inappropriate for Staff to limit an option for affordability because the utilities do not support it. Commission Staff should judge policies and proposals in terms of whether they achieve the goal of this workshop.

An argument raised during the workshops was that other customers or non-residential customer classes should not experience rate increases in order to fund a discount. However, AARP states that all customers benefit when arrearages and collection costs are reduced because lower income households can better afford their bills. Spreading the cost of a low income rate across all customers is the same as Idaho Power seeking Commission approval to socialize the cost of a program that will give bill credits to irrigators who agree to cut usage during peak periods. Idaho Power argues that all customers benefit when irrigators are paid to reduce usage.

AARP agrees that energy efficiency should make energy more affordable by helping consumers to lower both usage and bills and that these programs should be made more available. However, the Commission should ensure that funding for energy efficiency programs is cost effective. Customers should see lower bills if they engage in energy efficiency and lower usage. AARP recommends the Commission specifically direct utilities to take action, and, further, that the utilities periodically report on their progress to participants in this proceeding.

ICAN Response Comments:

ICAN strongly support increased funding for weatherization and energy efficiency education programs. Many low-income families live in housing that is inefficient, and have no ability to weatherize it on their own. Increasing the contribution of utility companies as part of their conservation measures enables more families to live in energy efficient homes, which benefits both them and the utility companies. ICAN also favors expanding programs like the Idaho Power pilot project that will provide weatherization assistance to families above the 150 Federal Poverty Level. Many families with incomes above that level are unable to weatherize their homes or keep up with utility bills.

ICAN supports increased funding for education programs, but its experience has shown that education alone is not enough; without funding for weatherization, many of the more effective measures are not possible. ICAN urges the Commission to require utility companies to increase their funding for both weatherization and education programs.

ICAN strongly supports Staff's recommendation to change the Idaho Power rate structure to include a third tier, and increase the size of the first and second tiers. Pairing this rate structure with increased funding for weatherization, including funding for customers who do not qualify for LIHEAP weatherization funding, will provide relief for many low- and moderate-income customers.

CAPAI Response Comments:

With respect to reduced rates for low-income customers, CAPAI reiterates its comments made regarding bill payment assistance through utility-funded programs. That is, whether bill payment assistance is achieved through a LIRAP, discounted rates, or any other means, a change to existing legislation is likely required. Though CAPAI's recommendation is to give public utilities the authority to propose and implement whatever form of bill assistance that a utility deems best suited to its customers, CAPAI in no way proposes mandating discounted rates, as opposed to other forms of assistance.

CAPAI recommends a tiered residential rate design that incorporates a "lifeline" level of usage priced at a lower rate, which not only allows low-income customers to consume the basic level of utility service needed to live a healthy existence, but also promotes energy efficiency, something that ultimately proves beneficial to all utility

customers by lowering overall rates.

For tiered rates to be effective in assisting customers to achieve energy affordability, however, the tiered rate design must be structured appropriately. The design must serve the dual purpose of assisting low energy consumers and sending proper pricing signals regarding the cost of supplying gas and electricity. For those utilities who do not have tiered residential rates, CAPAI strongly urges the Commission to mandate said tiers.

CAPAI observes that in regards to conservation education, most if not all of the public utilities participating in this case have some form and level of conservation education program already in place. What CAPAI believes is missing are conservation programs that specifically target low-income customers.

In its most recent rate case, AVISTA agreed to fund a program that would enable the CAP agencies to provide conservation education to customers who apply for LIHEAP. Providing these customers with information on how they can reduce their utility consumption with relative ease at little or no cost, particularly when they are meeting face to face with CAP employees during the LIHEAP application process, will very likely result in reduced utility consumption and cost. CAPAI strongly urges all other public utilities to acknowledge the benefits, both to low-income customers and to the overall system, of this type of program and to provide sufficient funding to the CAP agencies to implement it.

Snake River Alliance Response Comments:

The Alliance believes the Commission and Idaho's regulated utilities should consider implementation of rate designs that allow lower-income energy consumers to benefit from a tiered rate structure that sends strong price signals to all consumers. Specifically, a year-round tiered rate structure would provide lowest-cost rates to consumers using less energy than those using more. The Alliance urges the Commission to take a broader examination of how rate design can be used to encourage energy efficiency and conservation and also to reduce consumers' utility costs.

The Alliance also believes Idaho law must be changed to allow for within-class rate discrimination, *i.e.*, allowing utilities to request that they be allowed to offer lower residential rates to lower-income consumers. The Alliance urges the Commission and Staff to continue to work with low income advocates such as CAPAI and the utilities to negotiate

language that is satisfactory and present it to the Idaho Legislature during the 2009 session.

With regard to energy efficiency and conservation, the Alliance appreciates the significant progress made by Idaho utilities in expanding their demand-side management programs and initiating new programs in all rate classes. However, weatherization and other DSM programs targeted at the residential class must be enhanced and further funding (through increased energy efficiency tariff riders) must be provided. Idaho's community action agencies have performed admirably in weatherizing as many qualified homes as possible with existing funds, but it is clear that those funds are inadequate. The State of Idaho and its regulated utilities must commit to weatherizing all qualified homes.

STAFF FINAL RECOMMENDATION

Staff continues to recommend that weatherization and conservation education program funding be addressed in future cases before the Commission. Staff also recommends that all utilities examine how additional incentives could be offered to customers for conversion to higher efficiency appliances. While Staff encourages utilities to consider providing no-interest/low interest loans to customers for the purpose of adding high efficiency appliances, it recognizes that there may be other alternatives, particularly for those customers who fall just outside the income guidelines to qualify for low-income weatherization. In addition to exploring financing options, Staff recommends that all utilities examine how more cost-effective incentives can be offered to customers for conversion to higher efficiency appliances.

Staff continues to recommend that utilities advocate adoption and implementation of energy efficient construction standards. Staff recommends that utilities encourage the Northwest Energy Efficiency Alliance to include multi-family and manufactured homes in the Energy Star Home Program. Because few programs are available to assist customers living in multi-family, manufactured, and single-family rental housing, Staff further recommends that utilities consider programs that could assist customers in overcoming the unique obstacles these types of properties present.

Staff continues to recommend that utilities consider tiered rates for residential customers as a way to provide an incentive to lower their energy consumption. Staff recommends that tiered rate design be addressed within the context of future rate cases. Staff does not presently

recommend the adoption of reduced rates for low-income customers until the statutory impediment to consideration of such rates is removed.

Bill Mitigation, Reduction of Customer Costs, and Removal of Barriers to Obtaining or Retaining Service

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 the requirements for obtaining or retaining service are all critical components of credit and collection policies. Taken as a whole, the policies govern the daily interaction of utilities and their customers.

It is easier for customers to manage their bills if utilities offer flexible payment options and determine customer-specific affordable payment amounts instead of rigidly adhering to pre-determined formulas. During the workshops, two payment options were discussed: 1) offer plans that allow payment of arrears (past due amount owed) over an extended length of time (more than 12 months), and 2) offer a percentage of income payment plan.

Charges associated with certain transactions impose additional costs on customers independent of their energy usage. Customer costs can be reduced by lowering or eliminating charges associated with making a payment, reconnecting service following disconnection for non-payment, and interest assessed on late payments.

Finding ways to make it easier for customers to obtain service or avoid disconnection is an important component of customer-focused credit and collection policies. During the workshops, several ways to reduce barriers to obtaining or retaining service were discussed: 1) modify deposit policies; 2) allow former customers to pay prior bills in installments; and 3) offer arrearage forgiveness plans.

Offer Plans that Allow Payment of Arrears Over an Extended Length of Time

All energy utilities offer payment arrangements to customers who are experiencing difficulty paying their utility bills in full. The Commission's rules require utilities to take into account the amount of the customer's arrearage, past payment history, the circumstances and reasons why the debt is outstanding, and the customer's ability to pay. *See* UCRR 313.

However, if a customer fails to adhere to the payment arrangement, the utilities are not obligated

to enter into a second such agreement. Each utility offers both short-term (30-45 days)²⁶ and long-term (up to 12 months)²⁷ payment arrangements, though the terms of the arrangements can vary from one utility to another. It would be unusual for a customer to be allowed to make payments over a period of time greater than 12 months. On average, about 50% of payment arrangements end in default. Many customers agree to payment arrangements that they know they cannot meet in an attempt to prevent immediate disconnection.

Staff Comments:

As previously stated, customers are facing an array of issues that are impacting their ability to pay utility bills. It is likely that an increasing number of customers will need to make payment arrangements. Staff recommends that utilities become more flexible in negotiating payment arrangements, offering extended payment timelines and working with each customer to ensure that payments are affordable based on the customer's individual circumstances. Staff recognizes the potential for utilities to incur higher bad debt if customers continue to default on payment arrangements. However, by offering customers payment arrangements that are more flexible and tailored to the each customer's needs, utilities stand to benefit by a reduction in the number of broken payment arrangements and subsequent disconnections. Ultimately, empowering customers to be successful in paying off arrears benefits both customers and utilities.

Implementation of new payment arrangement alternatives can be accomplished through cooperation with the utilities and making modifications, if necessary, to the Commission's rules.

More investigation and study of alternative payments plans would be beneficial to all parties. To that end, Staff recommends that Commission Staff and the utilities conduct further workshops to confer and attempt to identify solutions.

²⁶ For example, Intermountain Gas requires that a customer pay a portion of their past due amount immediately, with the remaining balance and the most recent bill being paid in installments during a 45 day time frame. Idaho Power requires eligible customers to pay half of their past due balance or the 61-90 day balance, whichever is greater, immediately with the remaining balance due within 30 days.

²⁷ For example, Rocky Mountain power has a Time Payment Program which allows customers to pay their past due balance over an agreed upon period up to 12 months in addition to their current monthly billing based on actual usage. Avista has a Levelized Payment Plan that allows customers to pay their past due balance over a 12 month period in addition to their current monthly billing.

Avista, Idaho Power and Rocky Mountain Power Response Comments:

Avista, Idaho Power, and Rocky Mountain Power agree with Staff's recommendation to have further discussions with Staff and other interested parties regarding payment arrangement alternatives. Neither Idaho Power nor Rocky Mountain Power are convinced that extending payment arrangements beyond twelve months will result in more customers keeping their payment arrangements.

Intermountain Gas Response Comments:

Intermountain Gas Company believes payment plans should be set in order to repay arrears in a timely manner and foster on-time payment of future bills.

AARP and ICAN Response Comments:

AARP and ICAN support providing greater flexibility in payment arrangements alternatives and encourage further discussion on that topic among all interested parties. AARP recommends the Commission also request the utilities to report on payment arrangements currently offered, the number of customers on each type of plan, and the success of the payment plans. ICAN urges the Commission to make these policies mandatory by incorporating them in changes to the Utility Customer Relations Rules (UCRR).

Offer Percentage of Income Payment Plan

Under a percentage of income payment plan, customers pay a specified percentage of their income toward their utility bills, regardless of the amount actually owed to the utility. For example, in Ohio, customers can sign up for the Percentage of Income Payment Plan (PIPP). Under PIPP, customers with gas space heating pay 10% of their monthly household income to their gas utility and 5% to their electric utility. If a household's income is at or below 50% of the Federal Poverty Level, then only 3% of the household income is required for electricity. If a household is served by the same company for both gas and electric service or if the household heats with electricity, 15% of the monthly household income is paid to the utility providing service. The program is administered by community action agencies. Applicants must have a total household income at or below 150% of the Federal Poverty Level and must apply for all

energy assistance programs for which the household is eligible. The program enables customers to budget for their utility bills, since they pay a set amount each month.

Staff Comments:

Although Staff agrees that a percentage of income payment plan would reduce in most if not all instances the amount that low-income customers would have to pay for energy, there are several major impediments. By separating actual usage from the amount a customer is required to pay, a percentage of income plan does nothing to encourage energy conservation. In addition, implementation of a percentage of income payment plan would require modification of most utilities' billing systems. New legislation would likely be required in order to allow utilities to offer such a plan, since it would establish disparate rates within the residential class based on income. Finally, utilities do not support this type of payment plan. Due to significant obstacles, including utilities' opposition, Staff recommends that this option not be pursued at this time.

Idaho Power and Rocky Mountain Power Comments:

Idaho Power and Rocky Mountain Power concur with Staff's recommendation that a percentage of income payment plan not be pursued at this time. Idaho Power agrees with Staff that the major impediments associated with this option are the lack of encouragement for energy conservation, the costs associated with modifying billing systems, and the need for legislation in order for utilities to offer such a plan. In addition, Idaho Power indicated that another significant impediment associated with this option is the lack of an established process for qualifying customers for this type of payment plan.

AARP and ICAN Response Comments:

AARP and ICAN support Percentage of Income Payment Plans (PIPP). Both point out that several states have implemented these plans, which enhance affordability by capping payments for low income customers at a certain percentage of their income. ICAN supports continued research and discussion of ways to implement similar policies in Idaho.

Reduce/Eliminate Payment Charges and Educate Customers On No Cost/Low Cost Options

Customers are often charged “convenience fees” when paying utility bills via telephone or the Internet using credit or debit cards or electronic checks. Although customers often think that utilities collect and keep the fees, it is actually third-party vendors who process the payments on behalf of the utilities that charge and retain the fees. Idaho energy utility customers can pay fees of up to \$5.25 per transaction. Depending on the amount owing, more than one transaction fee may be incurred in order to pay a bill. Intermountain Gas and Rocky Mountain Power provides a free web-based option for paying bills to customers with checking accounts.

Unfortunately, customers sometimes delay making utility payments until the last minute. For customers with limited means, last minute payment options are a necessity, not merely a convenience. Moreover, convenience fees further reduce the total amount of money available to pay bills. Because so many customers now use these options to pay, Staff recommended in a recent rate case that the utility begin to explore options of how it can eliminate convenience fees.

A customer has some options for payment of his or her utility bill without charge. Customers who live in close proximity to a local utility office can pay in person; however, not all utility offices accept payments. Although some utilities have drop boxes outside field offices, payment by check or money order, not cash, is required, which poses a problem for customers who do not have checking accounts or prefer to pay in cash. For a customer who needs to pay his or her bill immediately to keep service connected, payments placed in drop boxes are not processed timely enough to prevent disconnection.

Many utilities contract with local businesses to set up pay stations in various locations around their service areas. These are often found in grocery stores or small convenience stores. Some, but not all, payment stations charge fees (usually \$1.00) for processing payments. Currently, customers of Intermountain Gas and Rocky Mountain Power are required to pay \$1.00 to process their payments at authorized payment stations; Idaho Power and Avista customers are not required to pay convenience fees.

Staff Comments:

Utilities have an obligation to better inform customers of payment options and the fees associated with some types of payments. Staff recommends that there be more study and in-

depth discussion among all interested parties regarding how convenience fees can be eliminated or reduced.

Avista, Idaho Power and Rocky Mountain Power Response Comments:

Avista, Idaho Power and Rocky Mountain Power are willing to participate in further discussions regarding convenience fees with Staff and other interested parties. However, Rocky Mountain Power believes lowering or eliminating convenience fees assessed to low-income customers would likely be considered discriminatory and would require legislation to be enacted. Avista indicated that it is currently negotiating with a new vendor to reduce its convenience fees for 2009.

Intermountain Gas Response Comments:

Intermountain Gas notes that there are several low cost and no cost payment options available for customers who are concerned with the cost of convenience fees.

ICAN Response Comments:

ICAN leaders have reported that payment charges are a serious barrier to affordability. Rural customers in particular report that it is very difficult to make timely payments without utilizing payment methods that incur these charges, especially since utility companies have reduced the number of locations at which customers can pay their bills. ICAN urges the Commission to eliminate these payment charges.

Reduce or Eliminate Reconnection Charges and Interest Assessed on Late Payments

All energy utilities charge for reconnection of service. Charges vary according to when reconnection takes place. All energy utilities also have provisions in their tariffs to assess 1% interest on past due balances each month (12% per annum). Some energy utilities assess interest to balances owing under payment arrangements that extend over a period of time. This practice provides no incentive for customers to make payment arrangements.

Staff Comments:

For low-income customers and customers with a limited ability to pay, interest charges on past due balances simply increase the amount owed. Implementing a policy to waive reconnection or interest charges only for low-income customers could be considered discriminatory. See *Idaho Code* § 61-315. In addition, these types of policies would require Commission approval for tariff changes. Staff recommends that there be more study and in-depth discussion among all interested parties regarding the circumstances, if any, under which reconnection and interest charges could be eliminated.

Idaho Power and Rocky Mountain Power Response Comments:

Idaho Power and Rocky Mountain Power believe that legislation is necessary in order for reconnect charges and interest assessed on late payment to be reduced or eliminated only for low-income customers. However, the reduction or elimination of these fees removes an incentive that is currently in place for customers to pay their bills on time and to avoid service termination. Idaho Power states that removal of these fees may also remove the incentive for customers to contact the utility to make payment arrangements. Idaho Power does not support reduction or elimination of reconnection fees and interest charges.

Intermountain Gas Response Comments:

Intermountain Gas Company believes reconnection fees and late interest charges are a fundamental aspect of the billing process in helping to promote responsible payment habits. Reconnection fees help recover costs incurred by the utility in order to restore service. If these fees were eliminated, these reconnection related costs would then need to be passed on to, or subsidized, by the remaining bill paying customers. Eliminating late interest charges would encourage late paying customers to forego or delay the timely payment of their energy bill in lieu of paying other outstanding debts that have higher fees and consequences. Additionally, billed interest charges help to offset the carrying charges borne by the company. Forgiving these offsets would create the need for further subsidy by the remaining "on-time" bill paying customers.

Avista Response Comments:

Avista does not support the elimination of reconnection and interest charges, but is willing to work with interested parties as they review these charges. The Company reduced its reconnection charge by 50% for customers participating in Avista's Remote Disconnection/Reconnection Pilot Program, and notes that the evaluation process for this program will provide additional insight on the opportunity to reduce reconnection costs.

AARP Response Comments:

AARP agrees with Staff's recommendations regarding reconnection charges and interest assessed on late payments. It recommends the topic be included in ongoing dialogue among the participants in this proceeding.

ICAN Response Comments:

ICAN supports eliminating reconnection charges and interest assessed on late payments. These create even larger barriers for families who are already having difficulty, and are counter-productive to the shared goal of ensuring that families are able to pay bills on time. ICAN also urges the Commission to incorporate these changes in the Utility Customer Relations Rules (UCRR).

Snake River Alliance Response Comments:

The Alliance agrees with low-income advocates that disconnects and reconnects, which are particularly problematic for low-income customers, must be avoided as much as possible and policies must be implemented to do so. It has been established that the costs associated with disconnects and reconnects are not only a financial burden to affected customers, but are also borne by all ratepayers. The Alliance believes a combination of bill-pay assistance, rate reduction, more flexibility in paying off arrearages, and the elimination of reconnection fees will greatly reduce the burdens facing many of Idaho's low-income utility consumers.

Modify Deposit Policies

Deposits often pose an insurmountable obstacle to customers who are low-income or financially-constrained. A former customer who owes an unpaid bill from previous service may be required to pay a deposit before new service is provided. An existing customer whose service is disconnected for non-payment may be required to pay a deposit before service will be reconnected. In addition to paying a deposit, the customer may be required to pay the amount owed as well as a reconnection fee.

When faced with a situation where a large amount of money is required before service is reconnected or provided, desperate customers sometimes look for ways to avoid the requirement, such as using a roommate's, child's or other relative's name and social security number to obtain service. Unfortunately, this poses problems down the road for the person whose name was used and does nothing to address the most pressing problem of paying the prior or past due bill.

If a utility chooses to collect a deposit, the Commission's Utility Customer Relations Rules (UCRR) allow customers to pay the deposit in installments. Rule 105, UCRR, provides for payment of one-half of the deposit at the time of sign up or reconnection and the other half the following month. In accordance with its own tariff, Intermountain Gas allows the deposit to be divided into three equal payments. Idaho Power is the only gas or electric utility that has chosen *not* to collect deposits. Idaho Power ceased collection of residential deposits more than twenty years ago due to the high administrative costs associated with collecting and managing deposits. Staff is not aware of any recent studies that demonstrate a correlation between collection of residential deposits and improved customer payment habits and/or fewer utility written-off accounts.

Alternatives to existing deposit policies explored during the workshops include: 1) allowing payment over an extended period of time; 2) reducing the dollar amount of deposits; 3) waiving deposits under certain circumstances; or 4) deferring collection of a deposit subject to future payment performance. These alternatives can be implemented by utilities voluntarily. However, changes to the Commission's rules might be necessary.

Staff Comments:

Staff recommends a more in-depth discussion among all interested parties of the alternatives to existing deposit policies identified above. Staff also recommends that one or more utilities conduct a study of the effectiveness of collecting residential deposits.

Avista, Idaho Power and Rocky Mountain Power Response Comments:

Avista, Idaho Power, and Rocky Mountain Power will participate in further discussion related to alternatives to existing deposit policies. Avista offered to conduct a study of the effectiveness of collecting residential deposits and provide its results to the Commission in 2009.

Intermountain Gas Response Comments:

Intermountain Gas believes that obtaining financial security from at risk customers is an essential practice in mitigating bad debt losses and in controlling potential rate increases to all customers. Realizing that an additional cash deposit can be difficult for struggling customers, Intermountain Gas indicates that it offers alternative security solutions, such as a guarantor, where no cash transaction is needed to satisfy the deposit request. The administrative costs associated with deposits are, by far, outweighed by the potential bad debt losses that are prevented through the Company's deposit practices. Deposit policies act in the interest of all ratepayers because these customers are the ones that ultimately bear the burden of higher rates when bad debt losses are not controlled. Intermountain's deposit practices were a focal point of a recent credit and collections audit conducted by the Idaho Public Utilities Commission. The findings of that audit concluded that Intermountain was not sufficiently mitigating potential bad debt with its current deposit structure and recommended strengthening financial security measures.²⁸

²⁸ Intermountain Gas does not accurately characterize the Staff's audit findings. Staff found that the Company's methodology used to predict who should pay a deposit had a significantly high error rate. For example, of the customers who were identified as credit risks and required to pay a deposit, 46% proved not to be a credit risk and were refunded their deposits with interest. Only 50% of the customers turned off for non-payment had been previously identified as a credit risk and required to pay a deposit. For those customers with higher usage, the deposit amounts that were collected were in many instances not sufficient to cover the amount owing.

AARP Response Comments:

AARP agrees with Staff's recommendations regarding deposits. It recommends the topic be included in ongoing dialogue among the participants in this proceeding. Utilities should be encouraged to voluntarily modify deposit requirements and to report to the Commission on their offerings.

ICAN Response Comments:

ICAN supports eliminating deposit policies by the utility companies that still require customers to provide deposits. Idaho Power has successfully eliminated deposits, concluding that they are not cost-effective. Deposits are, however, very effective at preventing low-income customers from accessing utility services. ICAN urges the Commission to change the Utility Customer Relations Rules (UCRR) to end the practice of requiring customers to provide deposits.

Allow Installment Payments on Prior Bills

A utility customer sometimes discovers, when attempting to sign up for new service, that he or she has a prior unpaid bill. With the exception of Avista, Idaho's gas and electric utilities require a customer's old bill to be paid in full prior to granting new service. The policy of requiring full payment of an old bill prior to connecting new service is often an obstacle for low-income customers.

The consequences of being denied service can lead to drastic and sometimes fraudulent activity. Denied applicants have used other people's names and social security numbers to obtain service. Utilities also report instances of applicants turning on their own service – a potentially dangerous practice. It could also lead to legal action by the utility for theft of service.

Allowing applicants, in some situations, to make payment arrangements on old bills instead of requiring full payment prior to new service would discourage fraudulent or dangerous activity undertaken in an effort to obtain electricity or gas service. This alternative would also allow the utility an opportunity to recover monies that it otherwise might not have collected. Staff acknowledges that the utilities would need to more closely monitor the accounts of customers who are permitted payment arrangements for arrearages in order to avoid additional unpaid bills.

Staff Comments:

Staff recommends that utilities adopt new policies whereby lower risk applicants be permitted to pay off old bills in installments while receiving new service.

Rocky Mountain Power Response Comments:

Rocky Mountain Power's current repayment policy for all customers is to obtain one-half of the outstanding amount up front and one-half within 30 days. The Company does not consider any customer with an old bill to be lower risk and treats all of these customers uniformly. The Company is concerned that changing this policy could result in an increase in write-offs.

Idaho Power Response Comments:

Idaho Power considers any customer who has not paid the balance owing on prior bills to be a risky customer. However, the Company does take the amount of the unpaid prior bill into account when assessing risk and considers those customers with unpaid bills greater than \$100 to be a higher risk than those customers with unpaid bills under \$100. Currently, Idaho Power allows customers who have old bills under \$100 and who are moving into premises that currently have active service to pay off the old bills in installments. Idaho Power would be willing to consider changing its practices and allow all customers with old bills under \$100 the option to pay the balance in installments in order to receive new service.

Idaho Power believes that income cannot be used to identify customers who would be permitted to pay old bills in installments. Therefore, any change to the Company's practice would apply to all customers. Due to the increased risk of additional write-off-balances that would likely occur should this approach be taken, Idaho Power recommends that Staff and the other parties explore changes to Rule 310 that would allow service to be terminated for non-payment of the payment arrangement for the old bill regardless of the amount remaining unpaid.

Intermountain Gas Response Comments:

Intermountain Gas Company does not support Staff's recommendation to allow customers to pay off old bills in installments while receiving new service. Risk is inherent with the existence of a prior outstanding bill by the customer. To further delay payment would jeopardize both the old debt as well as any new debt created from the establishment of a new service.

AARP Response Comments:

AARP agrees with Staff that installment payments would be an effective means of allowing customers to catch up on past due bills and maintain service. However, AARP suggests that the Commission and interested parties should be involved in development of such plans. For example, the term "lower risk" could be applied differently across utilities if there is no guidance from the Commission. AARP recommends the topic be included in ongoing dialogue among the participants in this proceeding. In the short term, utilities should be encouraged to voluntarily offer these plans and to report to the Commission on their offerings.

ICAN Response Comments:

ICAN supports Staff's recommendation to allow installment payments on prior bills, but urges the Commission to make this policy part of the Utility Customer Relations Rules (UCRR), rather than relying on the utilities to voluntarily adopt the policy. ICAN is also concerned that the policy would be restricted to "lower risk applicants." Utility companies are much more likely to consider low-income customers to be "high risk," so the customers most in need of the assistance would be the least likely to benefit from it.

Offer Arrearage Forgiveness Plans

Arrearage forgiveness plans provide customers the opportunity to have arrearages forgiven over a period of time if customers pay future bills on time. Such plans offer financially-troubled customers an incentive to build a positive credit history with the utility, since their debt will be forgiven only if payments are made as agreed. At the same time, it gives customers a way to get out from under a debt they might not otherwise be able to pay. Arrearage forgiveness

plans work particularly well for customers suffering from an acute financial crisis that poses a present significant problem but does not appear to be chronic. Depending upon how an arrearage program is structured, it might require Commission approval prior to implementation.

Staff Comments:

Staff recommends that all energy utilities develop arrearage forgiveness plans. While Staff acknowledges that this type of policy would not be appropriate in all instances, more in-depth discussion among all interested parties is necessary to identify the circumstances under which arrearage forgiveness should be offered.

Idaho Power and Rocky Mountain Power Response Comments:

Idaho Power and Rocky Mountain Power do not support Staff's recommendation for arrearage forgiveness plans. Both companies believe this would also require legislation to be enacted. According to Rocky Mountain Power, arrearage forgiveness programs initiated by other utilities have been deemed to be unsuccessful and terminated.

Intermountain Gas Response Comments:

Intermountain Gas Company is supportive of any effort that can help a customer pay, or become current, with their energy utility bill in a responsible fashion. To "forgive" a customer's obligation to pay for the energy that they have consumed and benefited from creates upward price pressure on the remaining customers of the utility.

Avista Response Comments:

In an effort to offer bill payment solutions for our low income customers, Avista has researched arrearage forgiveness plans. Avista states that although arrearage forgiveness programs can be positive for some customers, the amount recovered from all other ratepayers under an arrearage forgiveness plan is unknown and would require additional research and planning.

AARP Response Comments:

AARP agrees with Staff that arrearage forgiveness plans would be an effective means of allowing customers to get out from under past due bills and maintain service. However, AARP suggests that the Commission and interested parties should be involved in development of such plans. AARP recommends the topic be included in ongoing dialogue among the participants in this proceeding. In the short term, utilities should be encouraged to voluntarily offer arrearage forgiveness and to report to the Commission on their offerings.

ICAN Response Comments:

ICAN strongly supports implementing arrearage forgiveness plans for all Idaho utilities. ICAN maintains that these programs have shown that everyone benefits, from the utilities and the customers who are directly affected, to other customers who benefit from lowered utility administrative costs. ICAN urges the Commission to include this policy in changes to the Utility Customer Relations Rules (UCRR).

STAFF FINAL RECOMMENDATION

Staff recommends that there be further discussion involving Staff, the energy utilities, and other interested parties regarding all of the alternatives previously identified. The best approach is to explore in greater depth the benefits, costs, and disadvantages of each alternative, recognizing that each one must fit into a unified and reasonable credit and collection policy that balances the interests of both utilities and their customers. Staff does not recommend immediate adoption of any particular alternative at the present time. To ensure that all interested parties use their time effectively, Staff recommends that discussion of percentage of income plans be postponed until the statutory obstacle to income-based plans is overcome. Staff recommends that the Commission accept Avista's offer to conduct a study to determine the effectiveness of deposits.

Offer Case Management

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

Customers in crisis are often delinquent on more than just their utility bills. Frequently, rent, mortgage payments or medical bills are also past due. As debts mount, customers become overwhelmed and stop communicating with utilities. Through effective case management, a utility can offer more specialized one-on-one customer assistance by trained customer service employees. For example, a case manager can do a personalized assessment of a customer's energy usage and provide advice on how to save energy by changing behaviors, taking advantage of the utility's energy efficiency programs, or weatherizing his or her home. Case managers not only provide basic budget counseling, but also refer customers to appropriate agencies and coordinate available resources as necessary.

Avista has offered specialized case management for many years through its CARES (Customer Assistance Referral and Evaluation Services) Program. Currently, Avista has four full-time CARES Representatives who, together, handle a case load of approximately 4,400 customers located throughout Avista's service territory in Idaho, Washington and Oregon. Avista maintains that the program is cost-effective because it directs resources toward keeping customers on service by taking into consideration their ability to pay, rather than forcing the Company to pursue expensive collection efforts that result in disconnection rather than payment.

Intermountain Gas is in the process of implementing a Heating Education and Low-Income Program (HELP). HELP specialists' duties will include assisting customers who have difficulty paying their utility bills due to extenuating circumstances such as medical problems or lost jobs. The specialists will also provide assistance in identifying ways to conserve energy. The specialized duties will be added to existing supervisory positions in Intermountain's local offices in Idaho Falls, Pocatello, Twin Falls, Boise, and Nampa. The Company anticipates that its program will be in place during the 2008/2009 heating season.

Staff Comments:

Avista and Intermountain Gas should be commended for recognizing the need for case management programs. One-on-one assistance provides a needed safety net for many at risk

customers. Customers are able to stay on service and establish a mutually-beneficial credit relationship with utilities. Utilities benefit by avoiding wasting resources on unsuccessful collection efforts, losing customers through involuntary disconnection of service, and creating bad debt by prematurely disconnecting service to customers who are willing to pay. Staff recommends that those utilities without case management programs consider implementing such programs.

Because Intermountain's program will be handled by supervisory personnel with already established management duties, Staff has some concerns about the amount of specialized assistance that they will be able to provide to customers. After the Company has gained experience with its program it can make any necessary modifications.

Staff notes that no prior Commission approval is necessary for a utility to implement a case management program.

Rocky Mountain Power Response Comments:

Rocky Mountain Power does not endorse Staff's recommendation for all utilities to have a formal case management program. While Rocky Mountain Power does not have a specific designation of a "case management" program, the Company believes it has a process in place to work with individual customers on a case-by-case basis.

Intermountain Gas Response Comments:

Intermountain Gas Company is in full support of case management and empowers all employees to make decisions that can provide solutions and service for customers having difficulty paying their bill in full. Intermountain continues to expand its case management processes and has implemented a program that provides specialized help for customers with extenuating circumstances.

Idaho Power Response Comments:

Although Idaho Power does not have an advertised case management program such as Avista's CARES program, Idaho Power does have an effective case management process in place for the neediest of its customers. Current case management support comes from a coordinated effort among its employees. Employees

work with individual customers who are experiencing unordinary situations, consulting with community action agencies and other organizations, making on-site visits to the customers' premises, and identifying workable payment solutions. Idaho Power is willing to consider other ways in which it can augment its current case management process.

Avista Response Comments:

The Company is very proud of its Customer Assistance Referral Evaluation Service (CARES) program. Avista CARES representatives assist customers with special needs -- the elderly, the disabled and customers who find themselves in difficulty due to health, employment, family or other problems.

AARP and ICAN Response Comments:

AARP and ICAN agree that utilities should implement case management programs. AARP recommends that the Commission request utilities to report on whether they currently have case management programs or when they do implement such programs.

STAFF FINAL RECOMMENDATION

Staff recommends that those utilities without case management programs implement such programs. Further review is necessary to determine if existing practices and "informal" programs provided effective case management.

Dated at Boise, Idaho this 16th day of January 2009.

Technical Staff: Beverly Barker
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Appendix 1

Energy Burden and Affordability GAP:

In examining an individual's ability to pay his/her utility bill, "energy burden" is taken into account. "Energy burden" is the percentage of a household's income that is spent on all home energy expenses, which includes all energy used for space heating and cooling, lighting, and water heating.

The extent to which home energy costs are a burden is dependent upon numerous variables. The "burden" imposed by the cost of home energy usage is greater upon those with lower incomes than those with larger incomes, since total home energy bills equate to a larger percentage of household income. For instance in Idaho, a household that is at 75-99% of the Federal Poverty Level, 13.6% of the household's income is used to pay for home energy. For households below 50% of the Federal Poverty Level, 47.8% of annual income is used to pay for home energy bills. This equates to nearly half of their annual income being spent on energy that greatly impacts the household's ability to meet other living essential expenses such as food and clothing. The table below reflects the various energy burden percentages for low-income Idaho households.

<u>Poverty Level (Idaho)</u>	<u>Income – Family of 4</u>	<u>Energy Burden</u>
Households Below 50%	\$0 - \$10,600	47.8%
Households 50-74%	\$10,600- \$15,688	19.1%
Households 75-99%	\$19,900- \$20,998	13.6%
Households 100-124%	\$21,200- \$26,288	10.6%
Households 125-149%	\$26,500- \$31,588	8.7%
Households 150-185%	\$31,800- \$39,220	7.1%

The "Home Energy Affordability Gap" is the difference between the *actual* home energy bills and what is calculated as being "affordable" for home energy costs. *Actual* home energy bills are estimates that differ for each county. Once the total energy bills are estimated for each county, weighted percentages that are based upon state-specific demographic information are calculated for each county. The weighted percentage is a ratio between the number of persons who are below 185% of the Federal Poverty Guidelines in each county to the total state population who are below 185% of the Federal Poverty Guidelines. The calculation used to determine what is "affordable" for total home energy bills is set at 6% of annual household incomes. It is figured that households can afford to spend 6% of their income on home energy. The difference between this 6% amount (considered "doable") and the *actual* bill is a GAP.

The Home Energy Affordability Gap Index is a tool used to determine whether the Home Energy Affordability Gap has either increased or decreased in any given year. The year 2002 was designated as the "Base Year"; therefore, the Index for 2002 was set at 100%. An Index greater than 100 indicates that the Affordability Gap increased, or was greater, than was the Gap in 2002. Likewise, an Index less than 100 indicates that the Affordability Gap was less than the 2002 Gap. In 2007 the Gap in Idaho was 127.8, which is an increase of 27.8% from the 2002 Base Year.

Source: On the Brink: 2007, The Home Energy Affordability Gap by Fisher, Sheehan & Colton, Public Finance and General Economics, April 2008.

Appendix 2

Demographics:

When looking at each county within the service territory, it is obvious that some counties are better off than others. Blaine County has the state's highest median and average income, a very low unemployment rate (2.5%), and the lowest poverty rate (5.9%) in the state. In contrast, Madison and Owyhee Counties have very low median and average incomes and the highest percentages (15.4% and 15.6%) of individuals living in poverty. Additionally, Owyhee County has the lowest unemployment rate (2.2%) in the state and the second highest percentage (23%) of individuals that speak a language other than English in the home.

Five counties (Benewah, Boundary, Clearwater, Idaho, and Shoshone) have significantly higher unemployment rates (over 6%), high percentages of people living in poverty (over 12.4%) and some of the lowest incomes in the state. Interestingly, these counties are in Northern Idaho, where many mining and timber jobs have been lost over the last decade. The high unemployment rate, high poverty rate and low incomes suggest that these counties suffer from diminished job opportunities and advancement. With unemployment on the rise, the number of individuals needing assistance will become greater.

Four counties (Butte, Idaho, Shoshone, and Washington) have high percentages of persons over 65 years of age (over 16.3%) and very high percentages of people living in poverty (over 14.4%). Overall, there are twenty counties that exceed both the state average of persons over 65 years of age (11.5%) and the state average of people living in poverty (11.5%). Most notable is Adams, Clearwater, Idaho, Lewis, Shoshone and Washington Counties where the senior population exceeds 18%. A correlation between the percentage of seniors living within a county and the percentage of a county's population who are poverty stricken may exist. The likelihood of seniors to be on fixed incomes tends to make this portion of the populace the most vulnerable to increases in living expenses.

In Gooding, Jerome, Latah, Madison, Owyhee, and Twin Falls Counties, the unemployment rate is lower than the state average of 3.4% but the poverty rate is significantly higher than the state average of 11.5%. With the exception of Madison and Latah Counties, these counties have high percentages of individuals who speak a language other than English in the home. The low unemployment rate coupled with high poverty rates suggests that these counties have a large percentage of “working poor”, individuals who are employed but unable to cover life’s basic needs due to low wages, inadequate benefits, and little opportunity of economic advancement. Relatively low-paying jobs in these largely rural agricultural communities help explain this situation.

A very important point to highlight is that the Federal Poverty Level Guidelines do not necessarily reflect an accurate gauge of poverty in the United States and Idaho. The 100% of poverty level is widely regarded as underestimating what it costs to maintain a basic standard of living. Federal and state government agencies charged with the responsibility to protect human health and welfare generally set household income eligibility limits for social service programs at levels exceeding 100% of poverty. Since total household income is used to determine eligibility for most social services, the income of all wage earners in a household is combined. The state of Idaho has roughly 44,000 households at or below 100% of poverty. The total number of Idaho households that qualify for LIHEAP benefits under last year’s eligibility threshold (150%) of poverty is 101,000.

Customers who are living in poverty and/or are unemployed have limited or diminished financial resources with which to pay utility bills. Given the recent economic turmoil, Staff believes that the Census data, although somewhat stale, provides a fairly good picture of Idaho today. In fact, there is probably reason to believe, as discussed below, that customers may be worse off in the future. Staff is concerned that a significant number of customers will have problems paying their electric bill, especially when faced with increasing rates.

DEMOGRAPHICS - IDAHO'S 44 COUNTIES

County & County Seat	Utility (1)	Population (a)	Population Change 00-06 (a)	Median Income (c)	Average Income (d)	Percentage below Poverty (c)	Unemployed (b)	Persons under 18 yrs (e)	Persons over 65+ yrs (e)	Non-English Spoken at Home (f)
Ada	IPC/INTG	359,035	19.3%	\$50,754	\$39,302	9.1%	2.7%	25.9%	9.6%	7.8%
Boise										
Adams	IPC	3,485	0.3%	\$32,187	\$26,612	11.9%	6.5%	19.5%	18.1%	3.8%
Council										
Bannock	IPC/RMP/INTG	78,443	3.8%	\$38,943	\$25,436	13.0%	3.5%	28.6%	10.4%	6.3%
Pocatello										
Benewah	Avista	9,347	1.9%	\$34,724	\$24,394	12.7%	7.1%	24.3%	15.9%	3.4%
St. Maries										
Bear Lake	RMP/INTG	6,167	-3.8%	\$36,292	\$21,648	10.7%	3.1%	27.4%	15.8%	3.7%
Paris										
Bingham	IPC/RMP/INTG	44,051	5.5%	\$38,966	\$21,569	13.2%	3.5%	31.9%	10.4%	13.6%
Blackfoot										
Blaine	IPC/INTG	21,501	13.2%	\$54,131	\$52,245	5.9%	2.5%	22.8%	9.6%	12.5%
Hailey										
Boise	IPC	7,641	14.6%	\$41,566	\$24,856	9.9%	3.4%	22.1%	11.3%	5.0%
Idaho City										
Bonner	Avista	41,275	12.1%	\$35,852	\$24,844	12.9%	4.5%	21.7%	13.6%	3.4%
Sandpoint										
Bonneville	RMP/INTG	94,630	14.7%	\$46,709	\$29,642	11.4%	2.8%	29.8%	10.3%	7.9%
Idaho Falls										
Boundary	Avista	10,831	9.7%	\$34,019	\$18,885	12.7%	7.1%	25.2%	13.7%	6.0%
Bonnars Ferry										
Butte	RMP	2,781	-4.1%	\$34,066	\$23,613	13.4%	4.3%	27.6%	16.3%	6.3%
ARCO										
Camas	IPC	1,088	9.8%	\$37,654	\$26,577	7.4%	2.7%	20.5%	13.6%	2.9%
Fairfield										
Canyon	IPC/INTG	173,302	31.8%	\$39,433	\$20,397	13.2%	3.6%	30.1%	10.1%	17.6%
Caldwell										
Caribou	RMP\INTG	6,996	-4.2%	\$42,410	\$25,257	10.1%	4.0%	27.3%	14.4%	5.0%
Soda Springs										
Cassia	IPC/INTG	21,365	-0.2%	\$35,023	\$25,166	14.7%	3.8%	32.4%	12.9%	16.9%
Burley										
Clark	RMP	920	-10.0%	\$39,073	\$24,697	15.1%	3.8%	31.1%	12.9%	37.4%
Dubois										

DEMOGRAPHICS - IDAHO'S 44 COUNTIES

County & County Seat	Utility (1)	Population (a)	Population Change 00-06 (a)	Median Income (c)	Average Income (d)	Percentage below Poverty (c)	Unemployed (b)	Persons under 18 yrs (e)	Persons over 65+ yrs (e)	Non-English Spoken at Home (f)
Clearwater	Avista	8,324	-6.8%	\$34,789	\$25,585	12.4%	8.2%	18.6%	19.6%	4.0%
Orofino										
Custer	non regulated	4,180	-3.7%	\$42,895	\$23,301	10.8%	4.1%	20.7%	16.9%	4.3%
Challis										
Elmore	IPC/INTG	28,114	-3.5%	\$37,148	\$25,786	11.8%	4.1%	29.1%	8.3%	13.2%
Mountain Home										
Franklin	RMP	12,494	10.3%	\$40,910	\$22,472	9.1%	2.8%	33.9%	11.4%	7.1%
Preston										
Fremont	RMP/INTG	12,369	4.7%	\$36,101	\$21,192	12.6%	3.7%	31.2%	12.3%	10.7%
St. Anthony										
Gem	IPC/INTG	16,658	9.1%	\$36,992	\$22,289	11.9%	3.9%	24.5%	16.5%	7.2%
Emmett										
Gooding	IPC/INTG	14,404	1.7%	\$34,819	\$30,857	12.4%	2.7%	28.7%	14.4%	18.0%
Gooding										
Idaho	Avista/RMP	15,762	1.6%	\$31,511	\$22,292	14.6%	6.1%	21.1%	18.3%	3.4%
Grangeville										
Jefferson	INTG	22,350	16.7%	\$31,511	\$21,315	10.5%	3.1%	32.4%	9.1%	10.8%
Rigby										
Jerome	IPC/INTG	20,130	9.7%	\$36,165	\$27,249	13.2%	3.2%	30.3%	11.4%	16.9%
Jerome										
Kootenai	Avista	131,507	21.0%	\$41,639	\$26,970	9.7%	3.8%	24.7%	13.4%	3.7%
Coeur d'Alene										
Latah	Avista	35,029	0.3%	\$36,346	\$26,458	13.5%	3.0%	19.3%	9.9%	6.8%
Moscow										
Lemhi	IPC/RMP	7,930	1.6%	\$31,153	\$23,375	12.6%	5.5%	21.5%	17.8%	3.4%
Salmon										
Lewis	Avista	3,756	0.2%	\$35,987	\$27,922	11.9%	3.0%	22.6%	21.0%	3.1%
NezPerce										
Linch	IPC/INTG	4,522	11.8%	\$36,658	\$21,318	10.4%	3.9%	29.1%	11.5%	14.9%
Shoshone										
Madison	RMP/INTG	31,393	14.3%	\$32,569	\$16,489	15.6%	2.7%	28.4%	6.1%	8.5%
Rexburn										
Minidoka	IPC/INTG	19,041	-5.6%	\$33,739	\$20,086	13.1%	4.5%	29.7%	14.2%	21.8%
Rupert										
Nez Perce	Avista	38,324	2.4%	\$38,526	\$28,504	11.9%	3.8%	22.4%	17.6%	3.9%
Lewiston										

DEMOGRAPHICS - IDAHO'S 44 COUNTIES

County & County Seat	Utility (1)	Population (a)	Population Change 00-06 (a)	Median Income (c)	Average Income (d)	Percentage below Poverty (c)	Unemployed (b)	Persons under 18 yrs (e)	Persons over 65+ yrs (e)	Non-English Spoken at Home (f)
Oneida Malad	IPC/RMP	4,176	1.2%	\$36,834	\$19,056	10.4%	2.3%	26.4%	15.2%	3.9%
Owyhee Murphy	IPC/INTG	11,104	4.3%	\$31,315	\$22,089	15.4%	2.2%	29.1%	12.5%	23.0%
Payette Payette	IPC/INTG	22,595	9.8%	\$36,622	\$24,025	13.2%	5.4%	28.0%	13.3%	10.2%
Power American Falls	IPC/INTG	7,914	5.0%	\$34,248	\$21,154	14.4%	4.5%	30.5%	11.2%	21.1%
Shoshone Wallace	Avista	13,180	-4.3%	\$30,280	\$26,050	16.3%	7.3%	21.1%	18.4%	3.7%
Teton Driggs	RMP	7,838	30.7%	\$45,993	\$23,918	9.0%	2.2%	30.4%	6.2%	12.6%
Twin Falls Twin Falls	IPC/INTG	71,575	11.3%	\$36,891	\$26,196	12.5%	3.2%	26.4%	14.3%	11.5%
Valley Cascade	IPC	8,036	15.5%	\$42,852	\$34,126	9.1%	4.0%	20.3%	14.2%	3.3%
Washington Weiser	IPC/INTG	10,202	2.3%	\$32,195	\$22,548	14.0%	4.4%	24.9%	19.1%	13.1%
Idaho		1,466,465	13.3%	\$40,509	\$28,478	11.5%	3.4%	26.9%	11.5%	9.3%
U.S.		299,398,484	6.4%	\$44,334	\$34,471	12.7%	4.6%	24.6%	12.4%	17.9%

Source Key:

- (a) - 2006 U.S. Census Bureau (Estimate) <http://quickfacts.census.gov/qfd/states/16000.html>
- (b) - 2006 Federal Statistics <http://www.fedstats.gov/qf/states/16/16001.html>
- (c) - 2004 U.S. Census Bureau <http://quickfacts.census.gov/qfd/states/16000.html>
- (d) - 2005 Federal Statistics <http://www.fedstats.gov/qf/states/16/16001.html>
- (e) - 2006 U.S. Census Bureau <http://quickfacts.census.gov/qfd/states/16000.html>
- (f) - 2000 U.S. Census Bureau <http://quickfacts.census.gov/qfd/states/16000.html>

Definitions:

- Median Income** = the middle point of all wages above and below
- Average Income** = total of all wages divided by number of wage earners
- Poverty Level** = minimal level of income for adequate standard of living
- Unemployed** = # of individuals registered w/ Dept. Labor seeking employment

(1) - IPC = Idaho Power, INTG = Intermountain Gas, RMP = Rocky Mountain Power

2008 FEDERAL POVERTY LEVEL GUIDELINES

Annual Income Guidelines (\$)

Family Size	100%		125%		135%		150%		175%		185%	
	Poverty	Hr. Wage										
1	10,400	5.00	13,000	6.25	14,040	6.75	15,600	7.50	18,200	8.75	19,240	9.25
2	14,000	6.73	17,500	8.41	18,900	9.09	21,000	10.10	24,500	11.78	25,900	12.45
3	17,600	8.46	22,000	10.58	23,760	11.42	26,400	12.69	30,800	14.81	32,560	15.65
4	21,200	10.19	26,500	12.74	28,620	13.76	31,800	15.29	37,100	17.84	39,220	18.86
5	24,800	11.92	31,000	14.90	33,480	16.10	37,200	17.88	43,400	20.87	45,880	22.06
6	28,400	13.65	35,500	17.07	38,340	18.43	42,600	20.48	49,700	23.89	52,540	25.26
7	32,000	15.38	40,000	19.23	43,200	20.77	48,000	23.08	56,000	26.92	59,200	28.46
8	35,600	17.12	44,500	21.39	48,060	23.11	53,400	25.67	62,300	29.95	65,860	31.66

For Family units of more than 8 members, add \$3,600 per person

Minimum Wage - Idaho & Federal = \$6.55 per hour

Monthly Income Guidelines (\$)

Family Size	100%		125%		135%		150%		175%		185%	
	Poverty	Hr. Wage										
1	867	5.00	1,083	6.25	1,170	6.75	1,300	7.50	1,517	8.75	1,603	9.25
2	1,167	6.73	1,458	8.41	1,575	9.09	1,750	10.10	2,042	11.78	2,158	12.45
3	1,467	8.46	1,833	10.58	1,980	11.42	2,200	12.69	2,567	14.81	2,713	15.65
4	1,767	10.19	2,208	12.74	2,385	13.76	2,650	15.29	3,092	17.84	3,268	18.86
5	2,067	11.92	2,583	14.90	2,790	16.10	3,100	17.88	3,617	20.87	3,823	22.06
6	2,367	13.65	2,958	17.07	3,195	18.43	3,550	20.48	4,142	23.89	4,378	25.26
7	2,667	15.38	3,333	19.23	3,600	20.77	4,000	23.08	4,667	26.92	4,933	28.46
8	2,967	17.12	3,708	21.39	4,005	23.11	4,450	25.67	5,192	29.95	5,488	31.66

Source: United States Department of Health & Human Services - <http://aspe.hhs.gov>
Covers all States and DC except Alaska and Hawaii.

Income Guidelines as Published in the Federal Register on January 23, 2008.

Idaho CAP Agencies

Agency Name	Location	Counties Served
Community Action Partnership	Lewiston	Benewah, Bonner, Boundary, Clearwater, Idaho, Kootenai, Latah, Lewis, Nez Perce, Shoshone
Western Idaho Community Action Partnership (WICAP)	Caldwell	Adams, Boise, Canyon, Gem, Payette, Valley, Washington
El-Ada Community Action Partnership	Garden City	Ada, Elmore, Owyhee
South Central Community Action Partnership (SCCAP)	Twin Falls	Blaine, Camas, Cassia, Gooding, Jerome, Lincoln, Minidoka, Twin Falls
Eastern Idaho Community Action Partnership (EICAP)	Idaho Falls	Bonneville, Butte, Clark, Custer, Fremont, Jefferson, Lemhi, Madison, Teton
Southeastern Idaho Community Action Agency (SEICAA)	Pocatello	Bannock, Bear Lake, Bingham, Caribou, Franklin, Oneida, Power

LIHEAP "Energy Assistance" & "Crisis Funding"

Heating Season	Idaho Power		RMP		Avista		Intermountain Gas	
	Grants	Amount	Grants	Amount	Grants	Amount	Grants	Amount
2007/2008								
Energy Assistance	10,241	\$2,006,229	1,178	\$374,385	5,119	\$1,453,885	9,215	\$1,995,210
Average Benefit		\$195.90		\$317.81		\$284.02		\$216.52
Crisis Funding	199	\$53,766	18	\$6,219	177	\$78,747	192	\$41,595
Average Benefit		\$270.18		\$345.50		\$444.90		\$216.64

Heating Season	Idaho Power		RMP		Avista		Intermountain Gas	
	Grants	Amount	Grants	Amount	Grants	Amount	Grants	Amount
2006/2007								
Energy Assistance	9,457	\$1,653,986	1,038	\$367,772	5,201	\$1,499,729	8,399	\$1,810,600
Average Benefit		\$174.90		\$354.31		\$288.35		\$215.57
Crisis Funding	289	\$70,196	10	\$4,358	211	\$70,981	208	\$48,689
Average Benefit		\$242.89		\$435.80		\$336.40		\$234.08

Heating Season	Idaho Power		RMP		Avista		Intermountain Gas	
	Grants	Amount	Grants	Amount	Grants	Amount	Grants	Amount
2005/2006								
Energy Assistance	4,694	\$1,282,793	427	\$163,674	1,742	\$504,624	3,614	\$759,420
Average Benefit		\$273.28		\$383.31		\$289.68		\$210.13

No Crisis Funds Available

Avista

Project Share

Fiscal Year	Avista Customer (Idaho)		Shareholder Idaho		Administrative Costs ⁽²⁾
	Donations		Donations		
2005/2006	\$73,355		\$50,000		\$12,355
2006/2007(1)	\$63,231		\$100,425		\$16,365
2007/2008	\$74,333		\$50,000		\$12,433

(1) - Additional Company donation due to recent rate increase and severe cold weather.

(2) - Administrative costs are equal to 10% of total money donations.

Fiscal Year	Disbursed to Idaho		Number of Grants
	Avista Customers		
2005/2006	\$182,104		1591
2006/2007	\$305,700		947
2007/2008	\$174,314		729

Fuel Blind Fund.

Fiscal Year (July 1-June 30).

Administered by (SNAP) Spokane Neighborhood Action Programs for Northern Idaho.

Administered by Community Action Partnership in Lewiston, Idaho.

Idaho Power

Project Share

Fiscal Year	Idaho Power Customer	Shareholder	Administrative
	Donations (Idaho & Oregon) ⁽¹⁾	Donations	Costs ⁽²⁾
2004/2005	\$203,120	\$45,312	\$20,312
2005/2006	\$202,542	\$45,254	\$20,254
2006/2007	\$199,299	\$44,930	\$19,929
2007/2008	\$184,833	\$43,483	\$18,483

⁽¹⁾ - Total donations sent to Salvation Army. Donations are not tracked by each individual state.

⁽²⁾ - Administrative costs are paid to the Salvation Army and are equal to 10% of total customer donations. Shareholders pay for the costs.

Fiscal Year	Disbursed to Idaho Power & Non-Idaho Power Electric Customers (Idaho) ⁽³⁾		Number of Grants
	Amount	Number of Grants	
2004/2005	\$178,126	1,366	1,366
2005/2006	\$170,399	1,242	1,242
2006/2007	\$151,717	1,174	1,174
2007/2008	\$198,942	1,563	1,563

⁽³⁾ Idaho Power customers and customers of utilities of Cities of Burley, Heyburn, Rupert & Weiser & United Electric Co-Op, Inc.

Fiscal Year	Money Disbursed to Oregon Residents Only ⁽⁴⁾		Number of Grants
	Amount	Number of Grants	
2004/2005	\$10,383	80	80
2005/2006	\$6,510	47	47
2006/2007	\$9,735	75	75
	\$10,565	83	83

⁽⁴⁾ Oregon residents received disbursements regardless of fuel source.

Fuel blind fund.

Fiscal Year (Oct 1-Sept 30).

Administered through the Salvation Army.

Intermountain Gas

Project Share

Fiscal Year	Intermountain Gas Idaho Customer Donations	Foundation Donations ⁽¹⁾	Disbursed to Intermountain Gas Idaho Customers	Administrative Costs ⁽²⁾	# of grants
2005/2006	\$42,268	\$5,000	\$54,881	Unknown	541
2006/2007	\$55,661	\$6,000	\$67,683	Unknown	479
2007/2008	\$56,766	\$7,000	\$50,884	Unknown	391

Project Warmth

Fiscal Year	Intermountain Gas Idaho Customer Donations	Foundation Donations ⁽¹⁾	Disbursed to Intermountain Gas Idaho Customers	Administrative Costs ⁽²⁾	# of grants
2005/2006	\$9,951	\$3,000	NA	Unknown	26
2006/2007	\$4,293	\$4,000	\$7,856	Unknown	55
2007/2008	\$3,680	\$3,000	\$8,239	Unknown	45

Keep Kids Warm

Fiscal Year	Intermountain Gas Idaho Customer Donations	Foundation Donations ⁽¹⁾	Disbursed to Intermountain Gas Idaho Customers	Administrative Costs ⁽²⁾	# of grants
2005/2006	NA	NA	NA	NA	NA
2006/2007	NA	NA	NA	NA	NA
2007/2008	\$5,959	\$0	\$8,895	Unknown	41 ⁽³⁾

⁽¹⁾ Intermountain Industries Foundation.

⁽²⁾ Intermountain Gas does not track administrative costs.

⁽³⁾ Ada County Only. No numbers available for Canyon County.

Fiscal Year (October 1 - September 30).

Project Warmth is administered through two CAP Agencies - EICAP in Idaho Falls and SEICAA in Pocatello/Soda Springs

Keep Kids Warm is administered through two CAP Agencies - El-Ada in Ada County, WICAP in Caldwell & Malheur Council

on Aging and Community Services.

Rocky Mountain Power

Lend A Hand

Year	RMP Customer (Idaho)	Shareholder (Idaho)	Disbursed to Idaho RMP	Administrative	Number of
	Donations	Donations	Customers	Costs ⁽³⁾	Grants
2004	\$10,469	\$11,469	\$21,938	\$1,000	43
2005	\$6,959	\$7,549	\$14,418	\$1,000	92
2006 ⁽¹⁾	\$9,103	\$27,334	\$36,437	\$1,000	72
2006/2007 ⁽²⁾	\$9,311	\$30,689	\$40,000	\$1,000	103 ⁽⁴⁾
2007/2008	\$6,413	\$33,587	\$40,000	\$1,000	140

⁽¹⁾ Company contributed a one time payment of \$20,000 through a settlement agreement in 2006.

⁽²⁾ Budget Year for Program changed to Fiscal Year (July1-June30) - mid-America transaction - minimum of \$40,000 per year for 5 years. 2006 is for entire year. 2006/2007 changed to Fiscal Year format (July 1 - June 30).

⁽³⁾ Administrative costs are a flat rate, not based on a percentage. \$500 each is given to two CAP Agencies.

⁽⁴⁾ Estimated grants for one agency in the 2006/2007 period based on info forwarded with 2006 and 2007 numbers.

Restricted Fund - only RMP customers can receive a donation; for electric only.

Administered by (SEICAA) Southeastern Idaho Community Action Agency in Idaho Falls.

Administered by (EICAP) Eastern Idaho Community Action Partnership in Pocatello/Soda Springs.

Fuel Funds

Entity	Fuel Blind	Benefit Cap	Guidelines	Customer contribution	Sponsor or Originator of Fund	Administrator
Project Share (Southwestern ID)	Yes	\$200 bi-annually	Same as federal food stamps (130% of fed. pov. guidelines)	20% of last 3 mos. utility bills	Idaho Power	Salvation Army
Project Share (Northern ID)	Yes	\$300 annually ¹	Income is not an issue	Difference to keep service for 30 days	Avista	SNAP ² via Community Action Partnership
Project Warmth	Yes	Case by case, usually no more than \$400	125% of federal poverty guidelines	Have to have made an effort to pay bill, making arr, E.A., etc.	CAP Agencies	SEICAA ³ , Pocatello and Soda Springs, EICAP ⁴ , Idaho Falls
Lend-A-Hand	No	\$600 annually	Same income guidelines as energy assistance	Has no requirement	Rocky Mountain Power	SEICAA ³ , Pocatello and Soda Springs, EICAP ⁴ , Idaho Falls
Keep Kids Warm	Yes	Case by case	150% fed. pov. guide., must be child in home	Not required	KIZN Radio Station and Intermountain Gas	EI-Ada ⁵ , WICAP ⁶

¹ Award is usually \$200, but may award up to \$300 on a case-by-case basis

²Spokane Neighborhood Action Programs (SNAP) for Northern Idaho

³Southeastern Idaho Community Action Agency (SEICAA)

⁴Eastern Idaho Community Action Partnership (EICAP)

⁵EI-Ada Community Action Partnership (operates in Elmore and Ada County)

⁶Western Idaho Community Action Partnership (WICAP)

Summary of Utility-Funded Low Income Weatherization Programs

	Idaho Power	Avista	Rocky Mountain
Is low-income weatherization covered in the utility's tariff?	Schedule 79	Schedule 90 (electric) & Schedule 190 (gas)	Schedule 21
Is low-income weatherization included in the utility's IRP filing?	Yes	Yes	Yes
Is low-income weatherization funded through a DSM fee or tariff rider? If so, what do customer's pay?	No. Low Income Weatherization Program costs are included in ratebase. Other DSM programs funded through a separately-itemized charge on customer bills.	Yes. Tariff rider adds a variable charge to each kwh/therm used. Amount charged varies by customer class. Not itemized on bills. See Schedules 91 & 191.	Yes. Separately-itemized charge on bills equal to 3.72% of monthly bill. See Schedule 191.
Total dollars available for low income weatherization & funding cycle (annual/fiscal year/multi-year?)	\$1,212,534 annually. Includes program administrative costs.	\$465,000 effective October 1, 2008. Includes program administrative costs. An additional \$25,000 is provided for CAP agency personnel assisting in low-income outreach and conservation education.	\$150,000 annually. Includes program administrative costs.
What amount is specified as a total utility dollar annual investment per household?	Amount updated annually using DOE adjustment factor (\$2,521 average effective 4/1/2008).	None	None
Is there a requirement that utility funds be matched on a certain percentage basis, e.g., 50/50 with DOE funds or other non-utility funds?	Yes. Minimum of 15% of total cost per job (excluding administrative costs) to be funded by DOE.	No	Yes. Company funds 75% of the installed cost of all eligible measures. Funds at 100% when all federal funds exhausted.

	Idaho Power	Avista	Rocky Mountain
What does each agency receive as an administrative fee?	10% of the total cost of each job. Specified in agency contracts and Tariff Sch. 79. Included in the contract amount allocated to each agency.	15% of the total expenditures of Avista funding (not per job). Specified in agency contract.	15% of rebate for each project with project-specific minimums & maximums. Tariff Sch. 21, 1.B.4.
Is the program fuel-blind?	No. Eligibility restricted to electric space heating only for residential customers. It is fuel-blind for weatherization of buildings used by non-profit organizations with priority given to buildings heated by electricity.	No. Eligibility restricted to electric space heating for electric funds and gas space heating for gas funds.	No. Eligibility restricted to electric space heating for installation of major measures and most other measures. However, some measures do not require an electric space heating system. See Sch. 21, Sheet 21.5 Additional Measures.
Are all DOE-approved measures allowed?	Yes. Follows Idaho H&W guidelines, which adopt DOE guidelines by reference. Funding for health & safety measures limited to maximum of 15% of the annual costs of total jobs performed by each agency.	Yes. Funding for health & safety measures limited to maximum of 15% of the annual costs of total jobs performed by each agency.	Yes. Follows DOE guidelines. Funding for health & safety measures limited to maximum of 15% of the annual costs of total jobs performed by each agency.
What cost-effectiveness test is applied, if any, to weatherization measures?	Savings to Investment Ratio (SIR)* of 1.0 or greater	Savings to Investment Ratio (SIR)* of 1.0% or greater	Savings to Investment Ratio (SIR)* of 1.0% or greater

*Savings to Investment Ratio (SIR) is the ratio of the total cost associated with a job, including measures with no energy savings, to total energy savings of that job

Note: O.N. 30649, INT-G-08-03, ordered Intermountain Gas to collaborate with Staff to explore the creation of low-income weatherization programs for residences heated with natural gas.

Updated 12/24/2008

PACIFIC POWER & LIGHT COMPANY

FOR COMMISSION'S RECEIPT STAMP

SCHEDULE 17
LOW INCOME BILL ASSISTANCE PROGRAM - RESIDENTIAL SERVICE
OPTIONAL FOR QUALIFYING CUSTOMERS

AVAILABLE:

In all territory served by Company in the State of Washington.

APPLICABLE:

To residential Customers only for all single-phase electric requirements when all service is supplied at one point of delivery. For three-phase residential service see Schedule 18.

MONTHLY BILLING:

The Monthly Billing shall be the sum of the Basic and Energy Charges and the Low Income Energy Credit. All Monthly Billings shall be adjusted in accordance with Schedules 96, 98 and 191.

Basic Charge: \$6.00

Energy Charge:

Base

Rate

4.914¢ per kWh for the first 600 kWh

7.751¢ per kWh for all additional kWh

LOW INCOME ENERGY CREDIT*:

The credit amount shall be based on the qualification level for which the customer was certified.

0-75% of Federal Poverty Level (FPL):

(3.812¢) per kWh for all kWh greater than 600 kWh

76-100% of Federal Poverty Level (FPL):

(2.565¢) per kWh for all kWh greater than 600 kWh

101-125% of Federal Poverty Level (FPL):

(1.603¢) per kWh for all kWh greater than 600 kWh

(continued)

Issued October 9, 2008 Effective October 15, 2008

Issued by PACIFIC POWER & LIGHT COMPANY

By Andrea L. Kelly Title Vice President, Regulation

TF2 17.1E Advice No. UE-080220

Form F

PACIFIC POWER & LIGHT COMPANY

FOR COMMISSION'S RECEIPT STAMP

SCHEDULE 17
LOW INCOME BILL ASSISTANCE PROGRAM - RESIDENTIAL SERVICE
OPTIONAL FOR QUALIFYING CUSTOMERS
(Continued)

***Note: This credit applies to only the energy usage within the Winter months. Winter months are defined as November 1 through April 30.**

MINIMUM CHARGE:

The monthly minimum charge shall be the Basic Charge. A higher minimum may be required under contract to cover special conditions.

SPECIAL CONDITIONS:

1. To qualify, a Customer must earn no more than 125% of the Federal Poverty Level.
2. Qualifying Customers will be placed into one of three qualifying levels. A maximum of 4,475 customers may participate annually.
3. Non-profit agencies will administer the program. They will determine if a customer qualifies for the program and assign them to one of the three income bands. The Company will authorize these agencies to certify customer eligibility for the Program.

CONTINUING SERVICE:

Except as specifically provided otherwise, the rates of this tariff are based on continuing service at each service location. Disconnect and reconnect transactions shall not operate to relieve a Customer from monthly minimum charges.

RULES AND REGULATIONS:

Service under this schedule is subject to the General Rules and Regulations contained in the tariff of which this schedule is a part and to those prescribed by regulatory authorities.

Issued June 26, 2007 Effective June 27, 2007

Issued by PACIFIC POWER & LIGHT COMPANY

By Andrea L. Kelly Title Vice President, Regulation

TF2 17.2E

Advice No. UE-061546/UE-060817

Form F

Appendix 13
Case No. GNR-U-08-1
Staff Comments
01/16/09 Page 2 of 2

SCHEDULE NO. DL-6

RESIDENTIAL SERVICE
CALIFORNIA ALTERNATIVE RATES FOR ENERGY (CARE)
OPTIONAL FOR QUALIFYING CUSTOMERS

SPECIAL CONDITIONS (Continued)

2. A Low-Income Household where the total gross income from all sources is less than shown on the table below based on the number of persons in the household. Total gross income shall include income from all sources, both taxable and nontaxable.

<u>No. of Persons</u> <u>In Household</u>	<u>Total Gross Income</u> <u>Annually</u>
1-2	\$26,700
3	31,300
4	37,800
5	44,300
6	50,800

For Households with more than six persons, add \$542.00 monthly, or \$6,500 annually for each additional person residing in the household.

3. An application is required for each request of service under this schedule. An eligible applicant will be placed on this schedule within one billing cycle of the receipt of their application. Renewal of a customer's eligibility declaration will be required every two years and may be required randomly at the utility's discretion. Submetered tenants of master metered customers (Schedule DS-8) will be required to reestablish eligibility on an annual basis. Customers are only eligible to receive service under this rate at one residential location at any one time.

4. It is the customer's responsibility to notify the utility if there is a change in eligibility status. Master meter customers (Schedule DS-8) with submetered tenants are responsible for notifying the utility when enrolled tenants move. Master meter customers will not be held responsible should a submetered tenant misrepresent his eligibility to the utility. However, if a master meter customer has a good reason to suspect that the tenant is not eligible, the master meter customer should, but is not required to, so advise the utility.

5. Customers may be rebilled for periods of ineligibility under the applicable rate schedule.

6. Price discounts or billing credits which may be available under other rate schedules or tariffs may not be used in conjunction with the Low Income Schedule No. DL-6.

7. The Basic Residential use baseline allowance as defined in Residential Service Schedule D will apply unless baseline allowances available for electric space heating are qualified and elected. The standard medical baseline quantities for the use of a Life Support device as defined under the special conditions of Residential Service Schedule No. D shall be applicable under this Schedule.

CONTINUING SERVICE

Except as specifically provided otherwise, the rates of this tariff are based on continuing service at each service location. Disconnect and reconnect transaction shall not operate to relieve a customer from minimum monthly charges.

Issued by

Advice Letter No. 361-E Andrea L. Kelly Date Filed May 14, 2008

Name

Decision No. VP, Regulation Effective June 1, 2008

Title

TF6 DL-6-2.E

Resolution No.

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 91

PUBLIC PURPOSES RIDER ADJUSTMENT - WASHINGTON

APPLICABLE:

To Customers in the State of Washington where the Company has electric service available. This Public Purposes Rider or Rate Adjustment shall be applicable to all retail customers for charges for electric energy sold and to the flat rate charges for Company-owned or Customer-owned Street Lighting and Area Lighting Service. This Rate Adjustment is designed to recover costs incurred by the Company associated with providing Demand Side Management services and programs and Low Income Rate Assistance (LIRAP) to customers.

(T)
(T)

MONTHLY RATE:

The energy charges of the individual rate schedules are to be increased by the following amounts:

	DSM Rate	LIRAP Rate
Schedule 1	\$0.00181 per kWh (I)	\$0.00048 per kWh (I)
Schedule 11 & 12	\$0.00256 per kWh (I)	\$0.00068 per kWh (I)
Schedule 21 & 22	\$0.00189 per kWh (I)	\$0.00050 per kWh (I)
Schedule 25	\$0.00124 per kWh (I)	\$0.00033 per kWh (I)
Schedule 31 & 32	\$0.00167 per kWh (I)	\$0.00044 per kWh (I)
Schedules 41-48	2.98% of base rates (I)	0.79% of base rates (I)

(N)

SPECIAL TERMS AND CONDITIONS:

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 58.

Issued December 20, 2007 Effective January 1, 2008*

*By authority of Commission Order No. 05 in Docket No. UE-070804

Issued by Avista Corporation
By Kelly Norwood

Vice President, State & Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 191

PUBLIC PURPOSES RIDER ADJUSTMENT - WASHINGTON

APPLICABLE:

To Customers in the State of Washington where the Company has natural gas service available. This Public Purposes Rider or Rate Adjustment shall be applicable to all retail customers taking service under Schedules 101, 111, 112, 121, 122, 131, and 132. This Rate Adjustment is designed to recover costs incurred by the Company associated with providing Demand Side Management services and programs, and Low Income Rate Assistance (LIRAP) to customers.

(T)
(T)
(D)

MONTHLY RATE:

The energy charges of the individual rate schedules are to be increased by the following amounts:

	DSM Rate	LIRAP Rate
Schedule 101	\$0.01795 per Therm	\$0.00808 per Therm (I)
Schedule 111 & 112	\$0.01580 per Therm	\$0.00698 per Therm (I)
Schedule 121 & 122	\$0.01479 per Therm	\$0.00645 per Therm (I)
Schedule 131 & 132	\$0.01429 per Therm	\$0.00624 per Therm (I)

SPECIAL TERMS AND CONDITIONS:

Service under this schedule is subject to the Rules and Regulations contained in this tariff.

The above Rate is subject to increases as set forth in Tax Adjustment Schedule 158.

Issued December 20, 2007

Effective January 1, 2008*

*By authority of Commission Order No. 05 in Docket No. UG-070805

Issued by Avista Corporation
By Kelly Norwood

, Vice-President, State and Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 493

RESIDENTIAL LOW INCOME RATE ASSISTANCE PROGRAM (LIRAP)-
OREGON

PURPOSE:

The purpose of this schedule is to adjust rates in Schedule 410 – General Residential Natural Gas Service – Oregon, to generate funds to be used for bill payment assistance for Avista's qualifying low-income residential customers, in accordance with ORS 757.315.

APPLICABLE:

To all residential Customers in the State of Oregon where the Company has natural gas service available. This Residential Low Income Rate Assistance Program (LIRAP) Adjustment shall be applicable to all residential customers taking service under Schedule 410. This Rate Adjustment, set below is approximately 0.5% of retail rates.

MONTHLY RATE:

The energy charge of the residential rate Schedule 410 has been increased by \$0.00438 per therm. This rate adjustment is reflected in the present rate set forth under Schedule 410.

SPECIAL CONDITIONS:

1. Each month, the Company will bill and collect low-income bill payment assistance funds from all Residential Customers. By the 10th of the month following the billing month, using the Company's internal cashless voucher system, the Company will determine and send the monthly voucher amount showing the Program Payment funds available to each participating Community Action Agency. By the 20th of the month following the billing month, the Company will remit payment to each Agency for allowed administrative and program delivery costs. Each agency will process client intake, authorize payments, and provide the Company with a client voucher list. Based on this client voucher list, the Company will transfer the authorized payments to the individual customer's utility account.

(continued)

Advice No. 08-02-G
Issued March 31, 2008

Effective For Service On & After
April 1, 2008

Issued by Avista Utilities
By

Kelly O. Norwood, V.P., State and Federal Regulation

Appendix 13

Other Energy Efficiency Programs

Rocky Mountain Power offers additional residential energy efficiency programs such as: 1) Refrigerator/Freezer Recycling; 2) Home Energy Savings; 3) Idaho Time-of-Day Metering; and, 4) On-line and Mail-in Energy Analysis.

The *Refrigerator/Freezer Recycling Program* (aka See Ya Later Refrigerator Program) is provided to Idaho residential customers who own either a new or existing home and landlords who own appliances in rental properties where the tenant is billed. Older and less efficient refrigerators and freezers are removed and recycled to prevent further use. Services that are offered include free removal and pickup of the units, a \$30 rebate, an instant savings kit containing two compact fluorescent light bulbs, a “Bright Idea’s” booklet and information on other energy efficiency programs.

The *Home Energy Savings Program* serves Idaho residential customers who live in new or existing homes, multi-family units or manufactured homes and landlords who own rental properties where the tenant is billed under the same Rate Schedules. The program provides incentives for purchase and installation of energy-efficient appliances, lighting, electric water heaters, space-conditioning equipment, windows, and insulation.

The *Idaho Time of Day Program* allows residential customers the option to switch to what is called, “Rocky Mountain Power’s Time of Day Option”. This allows customers more control of how much they spend on electricity by moving a substantial portion of their power usage to non-peak hours.

On-line and Mail-in Energy Analysis allows residential customers to perform free self-audits on household energy usage. This can be accomplished by completing an online audit form found on Rocky Mountain Power’s website or by downloading a form, which can then be sent to the company after having been filled out.

Avista offers additional residential energy efficiency programs such as: 1) Senior Energy Conservation Workshops; 2) Energy Conservation Education Programs for Children; 3) High Efficiency Equipment Incentives; 4) CFL Lighting; 5) Refrigerator Recycling Program; 6) Conversion from Electric Straight Resistance; 7) Energy Star Appliances; 8) New Construction Energy Star Homes Program; 9) Multi-Family Energy Efficiency Program; 10) Rooftop Dampers; and, 11) Home Energy Analyzer.

The *Senior Energy Conservation Workshops* are part of the Senior Outreach Program that helps to identify senior citizens who need assistance with paying their energy bills. The workshops provide education on energy savings for seniors while allowing for comfort and safety with home energy use. All workshop participants receive an “Every Little Bit” Energy Conservation Kit.

The *Energy Conservation Education for Children Program* is designed to educate low-income elementary age children and families with the goal of changing lifestyle habits of using energy efficiently. Wattson, the Energy Watchdog, is featured with the goal of targeting children ages 4 to 8 with emphasis on reaching low-income children and their families.

The *High Efficiency Equipment Incentives Program* offers rebates to customers who purchase energy efficiency equipment for their homes. Rebates ranging from \$100 to \$1500 are offered for items such as high efficiency natural gas furnaces/boilers, heat pumps, air conditioning units, variable motors for heating systems, and electric water heaters.

The *CFL Lighting Program* provides customers with coupons for the purchase of compact fluorescent bulbs (CFL) and also provides a list of CFL recycling locations.

The *Refrigerator Recycling Program* is provided to Idaho residents who own a working refrigerator or freezer that was manufactured in, or prior to, 1995. Through a local partner, the units are removed and recycled to prevent further use. The customer is then given \$30 for allowing removal of the units. Additionally, rebates of \$25.00 are offered toward the purchase of a new energy efficient refrigerator and \$100 toward the purchase of a new energy efficient freezer.

The *Conversion from Electric Straight Resistance Program* offers three customer options: 1) a \$1,000 rebate is provided to customers who replace electric as their primary heating source with a central natural gas heating system. The rebate can be claimed in conjunction with the high-efficient natural gas furnace incentive. Additionally, a \$500 incentive is available to replace electric heat with a natural gas wall heater; 2) a \$1,000 rebate is provided to customers who replace electric as their primary heating source with a heat pump. The rebate cannot be combined with the electric to natural gas heat incentive. A \$500 rebate is available to replace electric heat with a natural gas wall heater; and, 3) a \$250 rebate is provided to customers who replace an electric water heater with a natural gas water heater. The rebate may be claimed in conjunction with the high-efficient natural gas water heater incentive.

The *Energy Star Appliances Program* provides rebates ranging from \$25 to \$100 for the purchase of an Energy Star appliances (refrigerator, freezer, dishwasher, or clothes washer). The rebates only apply to customers who reside in single and multi-family residences, including manufactured and modular homes.

The *New Construction Energy Star Homes Program* is a residential construction program providing incentives to builders, suppliers, and subcontractors who build energy efficient homes. Energy Star homes are 30% more efficient than those homes that are built only to Idaho's energy code. A \$900 rebate is available to builders for new construction homes that use Avista electric or Avista electric and natural gas that meet the Energy Star Homes criteria and are verified as an Energy Star Home. A \$650 rebate is available for homes that have Avista gas but not Avista electric.

The *Multi-Family Energy Efficiency Program* is a brand new program that is designed to increase energy efficiencies and reduce water/sewer costs for property owners of multi-family dwellings while increasing tenant efficiencies and offering saving opportunities for those who live in multi-family properties. A third-party company (UCONS, LLC) administers the program. The energy efficiency measures include water heat pipe installation, floor and ceiling insulation for under insulated buildings, the installation of high quality shower head and aerators and the installation high quality compact fluorescent bulbs. The program is free for both property owner and tenant.

The *Rooftop Dampers Program* provides customers who heat primarily with electric or natural gas but also have a wood burning fireplace with the opportunity to receive up to \$100 toward the installation of a rooftop damper to prevent energy loss through the chimney.

The *Home Energy Analyzer* allows customers the ability to access their energy efficiency needs by using an interactive Home Energy Analyzer that is located on Avista's website.

Idaho Power offers additional residential energy efficiency programs such as: 1) Energy Star Home Products; 2) Energy Star Lighting; 3) Energy Star Homes; 4) Rebate Advantage; 5) Energy House Calls; and, 6) Air Conditioning Cool Credit.

The *Energy Star Home Products Program* offers rebates to residential customers who live in single and multi-family residences and who also install certain Energy Star rated appliances. These appliances include refrigerators, ceiling fans, clothes washers, and light fixtures.

The *Energy Star Lighting Program* is a relationship between Idaho Power, manufacturers, and retailers that offers promotional pricing on select qualified compact fluorescent light bulbs (CFLs). CFLs use approximately 75% less energy than regular incandescent bulbs and last up to 10 times longer.

The *Energy Star Homes Program* is a residential construction program providing incentives to builders, suppliers, and subcontractors who build energy efficient homes. Energy Star homes are 30% more efficient than those homes that are built only to Idaho's energy code. In 2007, the program offered rebates that ranged between \$750 and \$1,000 for builders who constructed energy efficient houses featured in the "Parade of Homes".

The *Rebate Advantage Program* offers incentives to eligible customers who purchase a new electrically-heated Energy Star manufactured home. Customers are able to receive a \$500 rebate.

The *Energy House Calls Program* is for residents living in manufactured homes. These customers are able to get the following services: 1) a test to determine if ductwork is leaking; 2) sealing of the leaks if found; 3) installation of compact fluorescent light bulbs; 4) replacement of air filters; and, 5) checking of hot water temperature.

The *Air Conditioning Cool Credit Program* provides a \$7 monthly credit to customers who sign up to allow Idaho Power to cycle off air conditioning systems during the months of June, July and August when demand is high, but never for more than 20 minutes at a time.

Intermountain Gas offers one residential energy efficiency program called the *High-Efficiency Gas Furnace Rebate Program*. The program offers a \$200 cash rebate to be used toward the purchase of a high-efficiency natural gas furnace for those customers who convert from another heat source such as electricity or propane to natural gas. The home must be at least three years old, the new furnace must meet a minimum AFUE efficiency rating of 90% and Intermountain Gas personnel must verify the installation.

Bill Payment Assistance – page 1 of 2

	Implement Utility Programs Designed to Provide Financial Assistance	Increase Customer Awareness of / Encourage Voluntary Contributions to Nonprofit Fuel Funds	Increase Federal Funding for LIHEAP	Create a State-Funded Financial Assistance Program
Staff	Recommends that the Commission support legislation to allow it to consider adoption of programs, policies or rates for the benefit of low-income customers.	Encourages all utilities to increase awareness of and funding for nonprofit fuel funds.	Recommends a dialogue with Idaho's Congressional delegation to increase awareness of LIHEAPs value. Recommends that the utilities, Commission Staff, and other interested parties partner with CAPAI to identify ways to further leverage existing federal LIHEAP funds.	Recommends that this proposal, though a good idea, should not be pursued at this time. Given a projected decrease in State revenue this fiscal year, it appears unlikely that such a program would be created and funded in the near term.
Avista	LIRAP currently available in Oregon & Washington. Supports implementation of LIRAP in Idaho.	Supports Staff's recommendation.	Supports Staff's recommendation.	Did not specifically comment on this topic.
Idaho Power	Does not support LIRAP. Strongly believes that any additional source of energy assistance should be funded explicitly through taxes and not through an additional utility charge.	Supports Staff's recommendation.	Supports Staff's recommendation.	Prefers program funded by tax dollars as opposed to an additional utility charge, because this would benefit customers of unregulated utilities as well.
Intermountain Gas	LIRAP legislation should acknowledge potential for cross-subsidization from other classes and the possibility of higher total utility bills.	Believes it is already meeting its corporate responsibility.	Supports Staff's recommendation.	Did not specifically comment on this topic.
RMP	Supports a state energy assistance tax so that all Idaho low income customers would benefit.	Supports Staff's recommendation.	Supports Staff's recommendation.	Did not specifically comment on this topic.

Bill Payment Assistance – page 2 of 2

	Implement Utility Programs Designed to Provide Financial Assistance	Increase Customer Awareness of / Encourage Voluntary Contributions to Nonprofit Fuel Funds	Increase Federal Funding for LJHEAP	Create a State-Funded Financial Assistance Program
AARP	Supports Staff's recommendation.	Supports Staff's recommendation.	Supports Staff's recommendation.	Supports Staff's recommendation but would like option explored in the future.
CAPAI	Strongly supports Staff's recommendation. Ideal legislation would: 1) remove existing, statutory prohibitions against bill payment assistance, 2) make participation voluntary on the part of utilities, 3) provide flexibility to utilities to design program to fit utility needs.	Did not directly address this topic.	Supports Staff's recommendation but skeptical of viability given current state of the economy.	Did not specifically comment on this topic.
ICAN	Supports Staff's recommendation and considers this to be one of its top priorities. Urges Commission to modify UCRR (Utility Customer Relations Rules) accordingly.	Did not specifically comment on this topic.	Supports Staff's recommendation and considers this to be one of its top priorities.	Did not specifically comment on this topic.
NWIGU	Opposed to legislation that allows cross subsidies in other customer rates. Social program to help low-income should be funded by state tax revenue.	Supports Staff's recommendation.	Supports Staff's recommendation.	Believes that financial assistance mandated by the legislature should be funded by state tax revenue.
SRA	Supports Staff's recommendation.	Did not specifically comment on this topic.	Supports Staff's recommendation.	Did not specifically comment on this topic.
SEICAA	Did not comment on this topic.	Believes that Intermountain Gas is not contributing proportionally to non-profit fuel funds when compared with the other utilities.	Did not comment on this topic.	Did not comment on this topic.

Bill Reduction – page 1 of 2

	Reduced Rates for Low-Income Customers	Low-Income Weatherization, Conservation Education, and Other Energy Efficiency Programs	Design Rates to Encourage Energy Efficiency – Tiered Rates
Staff	Does not recommend the adoption of reduced rates for low-income customers until statutory impediments to consideration of such rates is removed.	Recommends that: 1) additional funding for these programs be addressed in future rate cases; 2) utilities develop energy conservation education programs targeted to low-income customers; 3) utilities examine incentive programs regarding higher efficiency appliances, including consideration of no interest/low interest loans for customers to purchase higher efficiency appliances; and 4) the Northwest Energy Efficiency Alliance be encouraged to include multi-family and manufactured homes in the Energy Star Home Program. Encourages utilities to actively advocate for adoption of energy efficient construction standards, including provisions for single family rental, multi-family, and manufactured homes.	Recommends consideration of tiered rates for residential customers, providing an incentive to lower energy consumption. Due to the complexity of rate design issues and the potential for unintended consequences, Staff recommends that tiered rate designs be addressed within the context of future rate cases.
Avista	Did not specifically comment on this topic.	Advocates energy conservation and education through workshops and materials. Recently increased its support of low-income weatherization and conservation education by almost 40% to a total of \$485,000. Prefers that existing financial infrastructures handle the proposal of no/low interest loans for customer purchase of higher energy efficiency appliances.	Currently has a two-tiered residential rate structure. Moved from three to two tiers in 1999 partly due to the high proportion of low/limited income households that use electric heat.
Idaho Power	Supports Staff's recommendation.	Supports weatherization & energy efficiency as the highest priority for providing assistance to low-income customers. Believes that loans should be managed by financial institutions.	Supports Staff's recommendation. Has filed to implement year-round tiered rates in its residential customer class in pending general rate case (IPC-E-08-10).
Intermountain Gas	Did not specifically comment on this topic.	Presently exploring ideas and programs for low-income weatherization. Terminated past no/low interest financing for lack of use. Willing to consider reestablishing such a loan program for high efficiency gas appliances.	Believes that tiered rates have limited benefits in the natural gas industry. Believes that tiered rates will further exacerbate the ability of low-income customers to pay their natural gas utility bills.

Bill Reduction – page 2 of 2

	Reduced Rates for Low-Income Customers	Low-Income Weatherization, Conservation Education, and Other Energy Efficiency Programs	Design Rates to Encourage Energy Efficiency – Tiered Rates
RMP	Has experience in three states with reduced rates programs. Wants the flexibility to explore the option best suited for its customers. Prefers legislation that allows utilities to be flexible as to the type of programs they offer.	Believes that weatherization programs are the most direct way to reduce energy costs for low-income customers. Open to discuss funding of weatherization and criteria for energy education.	Concerned that tiered rates could have unexpected consequences and may not benefit low-income customers.
AARP	Supports Staff's recommendation.	Supports Staff's recommendation.	Supports tiered rate structures, provided the first tier is priced affordably and allows for sufficient usage to meet basic needs.
CAPAI	Supports Staff's recommendation but recommends that utilities have the flexibility to implement whatever form of bill assistance that best suits the company and its customers needs. Does not propose mandating discounted rates over other forms of assistance.	Believes there is inadequate funding by the utilities. Believes that low-income weatherization when properly implemented and administered is a cost-effective energy efficiency resource. Believes that conservation education is important and inadequate for low-income customers.	Supports Staff's recommendation.
ICAN	Is confident that these types of programs could be implemented successfully in Idaho because they have worked in other states such as Washington.	Supports Staff's recommendation and considers this recommendation to be one of ICAN's top priorities.	Supports Staff's recommendation.
NWIGU	Did not specifically comment on this topic.	Supports cost-effective conservation programs and consideration of low-income weatherization efforts as part of a cost-effective conservation program.	Did not specifically comment on this topic.
SRA	Believes that Idaho law must be changed to allow for within-class rate discrimination.	Supports further enhancement and funding of weatherization and DSM programs targeted for residential class.	Urges Commission to more broadly examine how rate design can be used to encourage energy efficiency conservation and reduce utility costs.
Ronald Matthews	Did not specifically comment on this topic.	Increasing funding for weatherization is a good idea, but that it will not be enough.	The proposal of 3 tiered rates beginning at 1-1,000 kWh, 1,000-2,000 kWh for the second tier and a third tier beginning at 2,000 is the most sound and forward looking proposal.

Bill Mitigation – page 1 of 2

	Offer Plans that Allow Payment of Arrears Over an Extended Length of Time	Offer Percentage of Income Payment Plan
Staff	Recommends that utilities become more flexible in negotiating payment arrangements, i.e. offer extended payment timelines and work with each customer's individual circumstances. Recommends that Staff and utilities further investigate payment arrangement alternatives.	Recommends that this option not be pursued at this time. Although a percentage of income payment plan would reduce in most, if not all, instances the amount low-income customers would have to pay for energy, several major impediments exists.
Avista	Tries to work out special payment arrangements when warranted. Looks forward to collaboration with parties to investigate further alternatives.	Does not specifically comment on this topic.
Idaho Power	Is not convinced that extending payment arrangements beyond 12 months will result in more customers keeping their payment arrangements, but is open to further discussions.	Supports Staff's recommendation.
Intermountain Gas	Does not believe this would result in repayment of arrears in a timely manner nor would it foster on-time payment of future bills.	Does not specifically comment on this topic.
RMP	Does not support allowing arrearages to increase beyond current levels due to the increased difficulty customers might experience in ultimately becoming current on their bills. Is interested in participating in further investigation and discussions.	Believes this should not be pursued due to significant obstacles the program would present.
AARP	Supports Staff's recommendation.	Opposes Staff's recommendation. Mentions that similar plans have been successfully implemented in other states.
CAPAI	Does not specifically comment on this topic.	Does not specifically comment on this topic..

Bill Mitigation – page 2 of 2

	Offer Plans that Allow Payment of Arrears Over an Extended Length of Time	Offer Percentage of Income Payment Plan
ICAN	Supports Staff's recommendation but urges the Commission to modify the UCRR (Utility Customer Relations Rules) to allow for extended payment plans.	Points out that percentage of income payment plans have been successful in other states and would support implementation in Idaho.
NWIGU	Does not specifically comment on this topic.	Does not specifically comment on this topic.
SRA	Believes more flexibility in paying off arrearages will greatly reduce the burden facing Idaho utility customers.	Does not specifically comment on this topic.
Ronald Matthews	Recommends looking into IPC customer profiles to discover the reasons why Idaho Power customers are signing up for payment plans.	Does not specifically comment on this topic.

Reduction of Customer Costs – page 1 of 2

	Reduce/Eliminate Payment Charges and Educate Customers On No Cost/Low Cost Options	Reduce or Eliminate Reconnection Charges and Interest Assessed on Late Payments
Staff	<p>Recommends that there be more study and in-depth discussion among all interested parties.</p> <p>Currently negotiating with a new vendor to reduce its convenience fees for 2009. Looks forward to more discussions.</p>	<p>Recommends that there be more study and in-depth discussion among all interested parties.</p> <p>Opposes Staff's recommendation. Currently running a pilot program whereby some customers with remote devices on their meters have a 50% reduction in reconnection fees.</p>
Idaho Power	<p>Supports Staff's recommendation.</p>	<p>Opposes Staff's recommendation. The reduction or elimination of these fees removes the incentive in place for customers to pay utility bills on time to avoid disconnection.</p>
Intermountain Gas	<p>Has expanded to locales and methods whereby customers can make monthly payments. Convenience fee are collected by the vendor, not Intermountain. Company says they offer some low cost and no cost payment options for customers concerned about convenience fees.</p>	<p>Opposes Staff's recommendation. Reconnection fees and late interest charges are a fundamental aspect of the billing process in helping promote responsible payment habits.</p>
RMP	<p>Lowering or eliminating convenience fees assessed for low-income customers would likely be considered discriminatory and would require legislation. Interested in further investigation and discussion.</p>	<p>Opposes Staff's recommendation. Concerned that the elimination of charges would increase the burden on customers with good payment history and remove an incentive for making consistent payments.</p>
AARP	<p>Supports Staff's recommendation and recommends the topic be included in ongoing dialogue between parties.</p>	<p>Supports Staff's recommendation and recommends the topic be included in ongoing dialogue between parties.</p>
CAPAI	<p>Did not specifically comment on this topic.</p>	<p>Did not specifically comment on this topic.</p>

Reduction of Customer Costs – page 2 of 2

	Reduce/Eliminate Payment Charges and Educate Customers On No Cost/Low Cost Options	Reduce or Eliminate Reconnection Charges and Interest Assessed on Late Payments
ICAN	Supports Staff's recommendation and considers this recommendation to be one of its top priorities.	Supports Staff's recommendation and urges Commission to modify UCRR (Utility Customer Relations Rules) accordingly.
NWIGU	Did not specifically comment on this topic.	Did not specifically comment on this topic.
SRA	Does not directly address topic but supports measures to reduce fees for low-income customers.	Does not directly address topic but supports measures to reduce fees for low-income customers.

Remove Barriers to Obtaining or Retaining Service – page 1 of 2

	Modify Deposit Policies	Allow Installment Payments on Prior Bills	Offer Arrearage Forgiveness Plans
Staff	<p>Recommends further discussion to include allowing payments over an extended time, reducing the dollar amounts of deposits, and waiving deposits altogether. Recommends conducting a study of the effectiveness of collecting residential deposits.</p> <p>Supports further discussion. Will conduct a study and provide results to the Commission in 2009. Currently collects deposits.</p>	<p>Recommends further discussion to include new policies whereby lower risk applicants be permitted to pay off old bills in installments while receiving new service.</p> <p>Works with each customer on a case-by case basis. If customer cannot agree to payment or has special needs, customer is referred to case management program.</p>	<p>Recommends more in-depth discussion among all interested parties.</p> <p>Has researched arrearage forgiveness plans and, based on research, has reservations.</p>
Avista	<p>Does not require a deposit for residential customers.</p>	<p>Considers customers who have not paid the balance on prior bills to be risky customers, but does allow installments to customers with old bills under \$100 who are moving into premises that currently have active service. Recommends Staff and other parties explore changes to Rule 310.</p>	<p>Opposed to Staff's recommendation. Believes that identifying a select group of customers for preferential treatment requires legislation.</p>
Idaho Power	<p>Obtaining deposits from at-risk customers is an essential practice in mitigating bad debt losses and controlling potential rate increases to all customers.</p>	<p>Does not support Staff's recommendation. Believes that further delay of payment would jeopardize both the old debt as well as any new debt created by new service.</p>	<p>Believes that to forgive a customer's obligation creates pressure on the remaining customers.</p>
Intermountain Gas	<p>Interested in participating in further discussion. Currently collects residential deposits.</p>	<p>Concerned that changing policy could result in an increase in write-offs. Does not consider any customer with an old bill to be low risk and treats all of these customers uniformly.</p>	<p>Does not support Staff's recommendation. Believes arrearage forgiveness would require legislation.</p>
RMP	<p>Agrees with Staff's recommendation and recommends that utilities be encouraged to voluntarily modify deposit requirements and report to the Commission.</p>	<p>Agrees with Staff's recommendation. Suggests that Commission and interested parties be involved in the development of plans. Suggests that utilities be encouraged to voluntarily offer plans and report to the Commission.</p>	<p>Agrees with Staff's recommendation. Suggests that Commission and interested parties be involved in the development of plans. Suggests that utilities be encouraged to voluntarily offer plans and report to the Commission.</p>
AARP			

Remove Barriers to Obtaining or Retaining Service – page 2 of 2

	Modify Deposit Policies	Allow Installment Payments on Prior Bills	Offer Arrearage Forgiveness Plans
CAPAI	Did not specifically comment.	Did not specifically comment.	Did not specifically comment on this topic
ICAN	Supports Staff's recommendation and considers this to be one of its top priorities.	Supports Staff's recommendation. Urges Commission to modify UCRR (Utility Customer Relations Rules) accordingly.	Supports Staff's recommendation. Urges Commission to modify UCRR (Utility Customer Relations Rules) accordingly.
NWIGU	Does not specifically comment on this topic.	Does not specifically comment on this topic.	Does not specifically comment on this topic.
SRA	Does not specifically comment on this topic.	Does not specifically comment on this topic.	Does not specifically comment on this topic.

Offer Case Management – page 1 of 1

	<p>Provide personalized customer assistance. Ideally, case managers would identify both utility and non-utility programs and resources that help improve customers' ability to manage finances, meet obligations, and pay energy bills.</p>
Staff	<p>Recommends that all utilities implement case management programs if they have not already done so. Further review is necessary to determine if existing practices and "informal" programs provide effective care management.</p>
Avista	<p>Established a Case Management program many years ago.</p>
Idaho Power	<p>Has an informal program handled by a number of employees.</p>
Intermountain Gas	<p>This year implemented a case management program that provides specialized help for customers with extenuating circumstances. The duties of HELP Specialists are carried out by current supervisory employees in the local offices throughout Intermountain's service territory.</p>
RMP	<p>Does not support Staff's case management program recommendation. Believes it already has a process in place to work with troubled customers on a case-by-case basis.</p>
AARP	<p>Supports Staff's recommendation.</p>
CAPAI	<p>Did not specifically comment on this topic.</p>
ICAN	<p>Supports Staff's recommendation.</p>
NWIGU	<p>Did not specifically comment on this topic.</p>
SRA	<p>Did not specifically comment on this topic.</p>

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 16TH DAY OF JANUARY 2009, SERVED THE FOREGOING **STAFF'S FINAL REPORT**, IN CASE NO. GNR-U-08-01, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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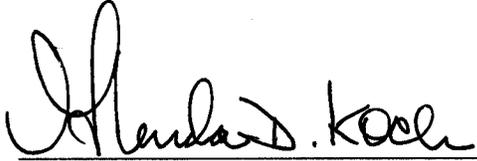
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