

DECISION MEMORANDUM

**TO: COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSIONER KEMPTON
COMMISSION SECRETARY
LEGAL
WORKING FILE**

ENR-U-08-01

FROM: BEVERLY BARKER

DATE: SEPTEMBER 4, 2008

RE: ENERGY AFFORDABILITY WORKSHOPS

BACKGROUND

A variety of factors are contributing to an unrelenting and significant upward pressure on electric and natural gas rates in Idaho. Unfortunately, this is occurring during an economic downturn. Energy affordability has become a central issue for many Idaho households and businesses, and utilities are facing the prospect of more customers being unable to pay their energy bills in full and/or on time. Customers who are unemployed, have lower incomes, and/or have fixed incomes that fail to keep pace with inflation are disproportionately affected by rising energy costs, since they must devote an increasingly larger share of their income to paying for natural gas and electricity.

STAFF RECOMMENDATION

Staff recommends that the Commission initiate a formal generic case and schedule workshops for the purpose of examining issues surrounding energy affordability and customers' ability to pay energy bills. Although Staff recognizes that there are serious energy affordability issues facing commercial customers as well, Staff believes the primary focus at this time should be on residential customers.

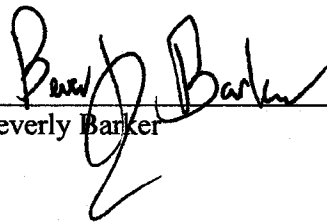
Under the terms of the Stipulation in Case Nos. AVU-E-08-01 and AVU-G-08-01, Avista agreed to support and actively participate in any Commission-established workshops for this purpose. Because these issues are not limited to Avista's service territory, however, Staff maintains that workshops should include all the major regulated energy utilities serving Idaho

customers. Staff recommends that Avista, Intermountain Gas, Idaho Power and Rocky Mountain Power be made parties to this case. Staff anticipates that consumer advocacy organizations, such as CAPAI, ICAN, and AARP, will want to participate in these workshops as well and should be invited to intervene.

Staff has prepared an initial list of topics to explore in workshops: (1) bill mitigation (payment plans); (2) bill payment assistance; (3) bill reduction (e.g., conservation, weatherization, bill discounts, reduced rates); (4) reduction in customer costs (e.g., payment transaction costs); (5) barriers to obtaining or retaining service (e.g., deposits & arrearages); and (5) case management (e.g., providing one-on-one customer assistance). The objective would be to identify new programs, policies, procedures, and/or resources that could be adopted or used to address energy affordability. To the extent possible, the costs and benefits of proposed solutions would be identified. The information gathered at the workshops would be provided to the Commission by Staff in a report with specific recommendations. The Commission would then decide on how best to proceed.

COMMISSION DECISION

Does the Commission wish to initiate a formal generic case and schedule workshops for the purpose of examining issues surrounding energy affordability and customers' ability to pay energy bills?


Beverly Barker

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