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IDAHO PUBLIC  
UTILITIES COMMISSION

201 South Main, Suite 2300  
Salt Lake City, Utah 84111

December 19, 2008

***VIA OVERNIGHT DELIVERY***

Idaho Public Utilities Commission  
472 West Washington  
Boise, ID 83702-5983

Attention: Jean D. Jewell  
Commission Secretary

Re: Case No. GNR-U-08-1, In the Matter of the Commission's Inquiry About Energy  
Affordability Issues and Workshops.

Rocky Mountain Power's Response to Staff Comments

Dear Ms. Jewell:

Enclosed please find an original and seven (7) copies of Rocky Mountain Power's Response to Staff Comments in the above captioned docket. Rocky Mountain Power appreciates the opportunity to provide input to the Commission on this important issue that has far-reaching effects for Idaho ratepayers.

Please contact me directly at (801)220-2963 if you have any questions concerning this filing.

Very Truly Yours,

Ted Weston  
Rocky Mountain Power  
Idaho Regulatory Affairs Manager

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**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE COMMISSION'S ) CASE NO. GNR-U-08-1  
INQUIRY ABOUT ENERGY AFFORDABILITY ) REPLY COMMENTS OF  
ISSUES AND WORKSHOPS ) ROCKY MOUNTAIN  
 ) POWER**

**COMES NOW** PacifiCorp, dba Rocky Mountain Power (“the Company” or “RMP”), by and through its attorney, provides the following Reply Comments in response to Staff’s Comments of November 26, 2008, in the above-captioned Docket.

On September 29, 2008, the Idaho Public Utilities Commission (“Commission”) initiated Case No. GNR-U-08-1 to explore issues related to energy affordability in Idaho. The Commission noted that rising energy costs were affecting public utilities in Idaho and their customers. The Commission further recognized that there are a number of factors that contribute to rising electric and natural gas rates, and that energy affordability has become a central issue for utility customers in Idaho.

On November 26, 2008, Commission Staff provided comments to the Commission addressing a number of energy affordability issues. RMP appreciates the extensive review and analysis of the issues by Commission Staff. The Company submits the following comments for consideration by the Commission.

### **General Comments**

RMP appreciates the Commission's and Staff's efforts in addressing the many issues surrounding energy affordability, and the opportunity to participate in the October Energy Affordability Workshops in this Case. Due to a variety of reasons, there are households that are not able to pay for necessities such as housing, food, medicine and energy. In developing policies and programs to assist these households, RMP believes it is important for the Commission and the utilities to strive for a balance by recognizing that all customers will be impacted by adding or shifting the costs incurred for new programs and policies. The Company submits the following comments for consideration by the Commission.

### **Specific Comments on Recommendations**

**1. Staff believes that a LIRAP program would be beneficial for Idaho low-income utility customers. Staff recommends that the Commission support legislation to allow it to consider adoption of such a program.**

RMP does not believe that establishing a LIRAP program is the most effective way to reach all low income citizens in the State of Idaho. To reach all low income citizens regardless of what entity provides gas and or electric service, and regardless of heat source, we believe it would be more 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, RMP requests that the legislation allow the utilities to be flexible as to the type of programs they offer, recognizing the unique circumstances of each utility and service area, that any legislation allow for recovery of program costs

through a separate rider or other mechanism on customer bills and that such programs be voluntary offerings by the utilities.

RMP currently offers a bill discount program in Utah and its sister utility, Pacific Power, has bill discount programs in two state jurisdictions. RMP believes bill discount programs are less costly or burdensome to administer and can be designed to provide ongoing relief to low-income customers. The bill discount programs are available to income eligible customers regardless of their primary heat source. The programs have been well received by eligible customers and partnering/community agency staffs in three of our state jurisdictions.

In addition, the Company commissioned a Low-Income Arrearage Study completed by Quantec, LLC and submitted to the Commission in March 2007, which includes positive findings related to the Company's bill discount programs. On page 22 of this report, Quantec states that rate discount programs lower home energy burdens by reducing the amount paid by low-income households. In the three states with rate discount programs Quantec observed the highest customer bill coverage ratio, whereas the average customer bill coverage ratios for states without a low-income rate discount are significantly lower.

The Company is required by Oregon's SB1149 to collect funds that are forwarded to the state to be used for energy assistance payments. Bill payment assistance from these additional funds does not seem to favorably affect the bill coverage as well as a bill discount program. Quantec reported Oregon has bill coverage of 66 percent. The bill coverage in the states where a bill discount is in place was 92 percent in California, 80

percent in Utah and 75 percent in Washington, respectively. Idaho's bill coverage was 65 percent.

The Company has experience currently in three states with different approaches to bill discount programs. The program in California provides a 20 percent discount on all monthly bills and the Utah program provides an \$8 per month discount plus an additional \$10 per month to households with a family member with life support equipment. Neither the California or Utah programs cap participation. The program available in Pacific Power's Washington service area was designed by an advisory group and offers a three tiered discount with a larger discount assessed to the lowest income households. The advisory group wanted the discount to apply to heating months (November through April) as there are a large percentage of customers with electric heat. There is a cap on the number of participants in Washington in order to maintain the surcharge at a reasonable amount. RMP would like the flexibility to explore the option best suited for its customers.

**2. Staff encourages all utilities to increase awareness of and funding for nonprofit fuel funds.**

RMP agrees with Staff's recommendation. RMP actively strives to increase customer awareness and funding for the Lend-A-Hand program. RMP distributes Lend-A-Hand donation envelopes in November, February and June bills. The third mailing in June was added to our distribution process in 2008 and thus far has proved to be successful. Along with the envelope distribution, RMP distributes news releases, includes program details in its customer newsletter, and over the past year began placing

program/contribution information on the website landing page used by customers that pay their bills electronically.

Lend-A-Hand funds are not fuel blind, these funds are used to assist customers with their electric bills. It is estimated that only about 30 percent of RMP residential customers heat with electricity. Local agency staff have stated they appreciate that Lend-A-Hand funds are available specifically to help with RMP bills because without them, they would be turning people in need away.

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

RMP 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. RMP would propose a change in state policy that would allow income eligible residents to determine which energy bill they would like their LIHEAP funds be applied to and/or allow LIHEAP assistance be divided with a percentage going to more than one energy provider.

The Idaho congressional delegation may want to participate in the 2009 Washington Action Day for LIHEAP in Washington D.C. On February 11, 2009, the National Fuel Funds Network (NFFN) will hold its seventh annual Washington Action

Day for LIHEAP where NFFN members will travel to the Capital to lobby Senators and Representatives for increased LIHEAP funding.

**4. Staff recommends that additional funding for weatherization and energy conservation education programs be addressed in future rate cases. Staff recommends that utilities develop energy conservation education programs targeted to low-income customers. Staff further recommends that utilities examine their incentive programs regarding higher efficiency appliances, including consideration of no interest/low interest loans for customers to purchase higher efficiency appliances and encourage the Northwest Energy Efficiency Alliance to include multi-family and manufactured homes in the Energy Star Home Program.**

RMP believes that weatherization programs are the most direct way to reduce energy costs for low-income customers.

RMP provides \$150,000 annually to fund the Low-Income Weatherization Program through Schedule 21. Until recently agency staff has not requested rebates up to the annual maximum of \$150,000. If this funding amount is not sufficient to cover their annual expenses related to weatherization services they provide RMP customers, the Company would be open to discussing a funding increase for the agencies along with effectiveness criteria for an energy education component.

RMP offers incentives for appliances through the Home Energy Savings program in Idaho (and other states) and regularly reviews incentive levels for all measures, including appliances. To increase participation, RMP provided information regarding the Idaho Office of Energy Resources low interest loans to contractors active in the Home Energy Savings program. To further increase participation in all energy efficiency

programs, RMP 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, RMP participates in the Northwest Energy Efficiency Alliance residential sector meetings. RMP will forward staff recommendations regarding Energy Star ratings for multi-family and manufactured homes to our representative.

**5. Staff encourages utilities to actively advocate for adoption and implementation of energy efficient construction standards, including provisions for single family rental, multi-family, and manufactured homes.**

RMP agrees with Staff's recommendation. RMP'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. RMP supports the Consortium for Energy Efficiency (CEE) which helps shape and move the national standards market. While CEE does not develop construction standards per se, an important part of improving energy utilization is the improved efficiency of components within a house.

Finally, at a more local level, RMP energy efficiency programs support the code improvement process by providing incentives for above code measures and practices which serves to increase their penetration which in turn lowers costs and reduces other barriers. As part of the interaction between energy efficiency programs and the code cycle, measures move from the program into the codes. This has been the case with



higher performance windows, heating equipment efficiencies and duct leakage requirements.

**6. Staff recommends that utilities and the Commission consider tiered rates for residential customers within the context of future rate cases.**

RMP 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. RMP offers a residential time-of-use rate in Idaho which gives customers the ability to save on monthly bills if they move usage to off-peak times.

**7. Staff recommends that utilities offer more flexibility in negotiating payment arrangements. Staff further recommends that Staff and utilities further investigate payment arrangement alternatives.**

RMP offers flexible payment arrangements to customers that contact us. This includes a plan allowing customers that default on a payment arrangement to “catch-up” the missed installments and then complete the remainder of the arrangement. The Company does not support allowing arrearages to increase beyond current levels due to the increased difficulty customers might experience in ultimately becoming current with their bills. RMP would be interested in participating in further investigation and discussion of the benefit and risks of alternatives to existing payment arrangements.

At page 22 of Staff’s Comments, Staff recommends a Percentage of Income Payment Plan not be pursued due to significant obstacles such a program would present. RMP supports Staff’s recommendation for the same reasons stated by Staff.

**8. Staff recommends more investigation and discussion among all interested parties regarding how convenience fees can be eliminated or reduced.**

RMP is interested in working with Staff and interested parties on further investigation and discussion of convenience fees. However, the Company believes lowering or eliminating convenience fees assessed to low-income customers would likely be considered discriminatory and would require legislation to be enacted.

**9. Staff recommends more investigation and discussion among all interested parties regarding the circumstances, if any, under which reconnection and interest charges could be eliminated.**

RMP acknowledges the Staff's recommendation to further investigate and discuss circumstances in which reconnection and interest charges could be eliminated. The Company believes that legislation would be necessary to reduce or eliminate these charges for low-income customers and is concerned that the elimination of these charges would increase the burden on customers with good payment history, and remove an incentive for making consistent payments on their electric bill.

**10. Staff recommends further discussion of alternatives to existing deposit policies, including an increase in installment payment plan timelines. Staff also recommends that one or more of the utilities conduct a study of the effectiveness of collecting residential deposits.**

RMP is interested in participating in further discussion related to alternatives to existing deposit policies.

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

RMP's current policy for all customers is to obtain one-half of the outstanding amount upfront and one-half within 30 days, and we are willing to work with these customers to make payment arrangements. RMP 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.

**12. Staff recommends that all energy utilities develop arrearage forgiveness plans.**

RMP does not support this recommendation. RMP believes this would also require legislation to be enacted. There have been such programs initiated by other utilities that were deemed to be unsuccessful and terminated.

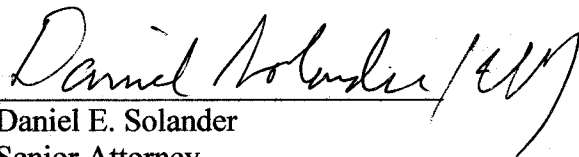
For example, in 2007 Portland General Electric (PGE), an electric utility in Portland, Oregon conducted a pilot arrearage program. The program was open to the first 600 residential customers who were eligible for energy assistance and had either a past due balance of \$100 or greater or at least \$100 on a Time Payment agreement. The goals of the program were to help low-income customers reduce their past due balances and provide them with energy education. Only 290 customers were enrolled in the program even though they worked diligently to obtain more participants. Arrearages would be forgiven on accounts where customers paid their current bills on time for 12 months. Results indicated that only 39 customers (13.5 percent) completed the program. The main reason for removal from the program (89 percent) was participant's receiving a 15

day notice. PGE waived a total of \$6,707 (an average of \$172/customer) in arrearages from the accounts of the 39 customers that completed the pilot. The cost to administer the program was over \$40,000 and the program proved to be far more labor intensive and costly than PGE anticipated as they estimated the program would cost \$25,000.

**13. Staff recommends that all utilities implement case management programs if they have not already done so.**

RMP does not endorse Staff's recommendation for all utilities to have a formal case management program. While RMP 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. Our contact center agents have the training and resources available to discuss payment options, energy assistance, energy weatherization, energy efficiency information and energy saving tips. In addition, subject matter experts are available to the agents to refer to for further assistance and an escalation process is in place for assistance with critical situations.

Respectfully submitted this 19<sup>th</sup> day of December 2008.



Daniel E. Solander  
Senior Attorney  
Rocky Mountain Power

## CERTIFICATE OF SERVICE

I hereby certify that on this 19<sup>th</sup> day of December, 2008, I caused to be served, via U.S. mail, a true and correct copy of the foregoing Rocky Mountain Power's Reply Comments in Case No. GNR-U-08-1 to the following:

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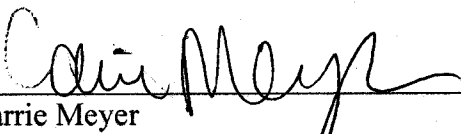
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