



IDAHO PUBLIC UTILITIES COMMISSION

Dirk Kempthorne, Governor

P.O. Box 83720, Boise, Idaho 83720-0074

Paul Kjellander, President
Marsha H. Smith, Commissioner
Dennis S. Hansen, Commissioner

May 2, 2003

Senator Fred Kennedy
865 Galena Court
Mountain Home, Idaho 83647

RE: Case No. ATL-E-03-1

Dear Senator Kennedy,

At the request of Commissioner Paul Kjellander, I am responding to your letter of April 29, 2003 regarding problems in the Atlanta Power service territory. As you know, the Commission has an open docket, Case No. ATL-E-03-1, established to specifically solicit comments on the Staff's investigative report and the proposed Commission Order. The documents sent to you by residents of Atlanta, Idaho were also received by the Commission and are part of the official record in that case.

It is clear from the filed documents that some Atlanta residents are not satisfied with the process used by the Commission to address service quality problems, nor are they satisfied with conclusions in the Staff Report or the proposed Order. Staff fully intends to respond to the questions and concerns raised in the comments and continue to work with both the customers and Atlanta Power in hopes of achieving a solution that is satisfactory to both parties.

As indicated in your letter, electric service quality has been a problem in the Atlanta area since service began. The remote, rugged service territory combined with the limited number of customers makes it very difficult to provide reliable service at a reasonable price. As part of its investigation, the Staff conducted a financial audit of the Company, performed a customer survey to assess customer attitudes, and identified system improvement alternatives and associated costs. Based on the information gathered and discussions with the Company, Staff developed and presented recommendations to the Commission that we believe will improve the situation. I have attached the Audit Report, the Staff Investigative Report including the Customer Survey, and the proposed Commission Order.

The delay in completing the investigation was at least in part due to the difficulty in reaching both customers and the Company to conduct the survey and obtain financial and operational information. The Staff recommendations resulting from that investigation represent a compromise that balances the service quality expectations of customers with the need to

Located at 472 West Washington Street, Boise, Idaho 83702
Telephone: (208) 334-0300 Facsimile: (208) 334-3762

Senator Fred Kennedy
May 2, 2003
Page 2

maintain a financially viable company with rates that are at least somewhat affordable. The balance between these competing interests has always been fragile for Atlanta Power and its customers. The alternative to compromise one way or another seems ultimately to be discontinuation of any electric service to Atlanta because service becomes unaffordable or providing service becomes financially nonviable.

Obviously, some customers do not agree with Staff's assessment. Therefore, we have recommended to the Commissioners that a decision be delayed in this case to allow Staff an opportunity to respond to customer questions and concerns in writing. We further recommended that a workshop be held in Atlanta to discuss that response with customers. Finally, we recommended that the Commission give all parties an opportunity to supplement their comments before a final decision is made. Perhaps you can attend the workshop, which we have recommended the Commission schedule sometime in June. In any case, we will send a copy of our written response to you before the workshop takes place.

I hope my response and the attached information is helpful.

Sincerely



Randy Lobb,
Utilities Division Administrator

Attachments