

Commission Secretary
Idaho Public Utilities Commission
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Boise, ID 83702-5983

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PUBLIC UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. IPC-E-06-07
OF IDAHO POWER COMPANY FOR)
AUTHORITY TO IMPLEMENT POWER)
COST ADJUSTMENT (PCA) RATES FOR)
ELECTRIC SERVICE FROM MAY 31, 2006)
THROUGH MAY 31, 2007)

Filed: May 12, 2006

INTRODUCTION

AARP Idaho submits these comments in support of Idaho Power Company's proposal to apply an average 19.4 percent reduction to customer bills to reflect recent positive stream flows and the market price of power. According to the Commission's Order No. 30022 issued on April 18, 2006, the power cost adjustment (PCA) credit would calculate to a 15.4 percent reduction for residential customers effective June 1. Because Idaho Power also has a settlement pending in its base rate proceeding, the total reduction to the customer bill, which consists of both the PCA and the base rate, will be determined by the Commission's final decisions on the PCA issue and the rate case settlement. The final result could be an overall rate reduction of about 12.2 percent for residential customers.

AARP's membership has a vested interest in this matter. AARP is the nation's leading organization for people age 50 and older. It serves their needs and interests through

information, education, advocacy, and community services which are provided by a network of local chapters and experienced volunteers throughout the country. AARP has over 167,000 members in Idaho, many of whom receive electric service from Idaho Power. AARP urges the Commission to ensure that energy services are readily available at prices that are just, reasonable and affordable. We appreciate this opportunity to present our views.

DISCUSSION

According to research performed by AARP's Public Policy Institute, for an average household, telephone, energy, water, and sewer services can account for about 5 percent of the monthly household income. For some older Americans, this share can be as much as 23 percent of monthly income. Incredibly, some low-income households often spend a greater share of their income on utilities than on certain other necessities such as health care or property taxes. This is the case for an increasing number of older persons, as the average expenditures for energy, telephone, water, and sewer services for households headed by persons age 65 and older can increase at a faster rate than both the level of income in the households and inflation.

For these reasons, AARP supports Idaho Power's proposed rate reduction. As the Commission deliberates, we urge you to keep the interests of residential customers in mind, especially those customers living on fixed and low incomes. Research shows that older Americans are more susceptible to health problems in extremes of heat and cold. Accordingly, adequate heating and cooling are essential. While increases in energy rates

can be devastating for those living on fixed and low-incomes, reductions in energy rates present a welcome benefit to consumers especially at a time when other daily expenses are significantly increasing.

According to the April 18 Order, the proposed PCA rate reductions represent the largest credit for customers since the PCA mechanism was put into place in 1993. This is also the first time, after six continuous years of drought conditions, that customers may receive a credit rather than a surcharge. This rate reduction will help a number of customers to better afford their electricity bills as we begin the summer months.

Given ongoing affordability concerns, AARP also urges the Commission to ensure that adequate low-income assistance is available to help reduce energy burdens so these customers can afford reasonable levels of energy usage. As in prior proceedings, AARP advocates for the adoption of categorical eligibility and automatic enrollment of eligible low-income customers in energy assistance programs that are designed to reflect the “needs” of these customers. Such an approach will require a review of energy burdens faced by low-income households for energy services, i.e., consideration of the interaction of both household income (ability to pay) and the size of the monthly bill.

AARP recommends that the Commission consider criteria that will enhance the potential for cost effective enrollment procedures and practices. This should result in the selection of eligibility criteria that reflects ongoing Idaho financial assistance programs, such as Food Stamps, Supplemental Security Income (SSI), TANF and LIHEAP, which are

already targeted to low-income households. Where possible, the Commission should select eligibility criteria that will allow for the automatic enrollment of customers in the applicable energy assistance program when the individual or household applies for the underlying financial assistance programs that must determine household income.

There is no policy reason to maintain significantly different eligibility criteria for the specific programs targeted to Idaho's low income households. If properly coordinated, this approach will reduce the administrative costs associated with outreach, education, application, and enrollment procedures. Automatic enrollment should also be combined with adoption of a meaningful income eligibility criterion based on the Federal Poverty Guidelines. This will allow individual customers who are not otherwise participating in financial assistance programs to receive energy assistance. Targeted outreach and education efforts should be included, and funding for energy assistance programs should be expanded to meet customer needs.

CONCLUSION

AARP appreciates this opportunity to comment on this critical matter. For the reasons stated above, AARP urges the Idaho Public Utilities Commission to approve Idaho Power's proposed PCA rate reduction for the benefit of consumers. AARP also welcomes the opportunity to work with the Commission to implement low-income assistance program automatic enrollment and to educate our members on the existence of available energy assistance programs.

Respectfully submitted,
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