

Jean Jewell

From: Verl@Soderquist.net
Sent: Friday, December 09, 2011 2:43 AM
To: Jean Jewell; Beverly Barker; Gene Fadness
Subject: PUC Comment Form

A Comment from Verl Soderquist follows:

Case Number: PAC-E-11-12
Name: Verl Soderquist
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Name of Utility Company: Rocky Mountain Power
Acknowledge: acknowledge

Please describe your comment briefly:

09 December 2011

To: Idaho Public Utilities Commission
Fm: Verl Soderquist (Rexburg, ID 83440)
Re: Case Number PAC-E-11-12 Public Hearing

Honorable Commission:

I attended the public hearing for the rate increase for Rocky Mountain Power (RMP) in St. Anthony, ID last evening (08 Dec 2011).
From my attendance at that meeting, I have some comments about the meeting and about the rate increase itself. This is the first meeting of this type that I have attended, therefore, I would expect that most meeting of this type are similar in nature and format.
I first learned of this meeting from a flier that I received in the mail. Considering the area served by RMP, Downey and St. Anthony did not seem like very "central" places to hold these meetings. While I admittedly do not know the details of the selection of these two towns, they seem a little out of the way for most of RMP's customers. This was referenced by several of the speakers in the meeting. Was the selection of these locations to discourage attendance?
As you know by now, the venue was too small for the number of people attending. I am a proponent of small venues and small meetings. I believe there needs to be more of these meetings, in more locations, on more dates.
As I entered the meeting I was invited to sign up for the opportunity to address the Commission. This being my first meeting, I was a little hesitant to sign up for something with which I was unfamiliar. The person offering the invitation did state that I would have the opportunity to address the Commission later in the meeting if I so chose. I chose to listen and speak later. I appreciate that opportunity and invitation.
The first speaker to offer testimony indicated that he would keep his comments to three or four minutes I expected that that would be the approximate time of each comment. This speaker did not contain his comments to his own time limit. The second speaker rambled on for most of an hour. As reported in the news (Local News 8) later in the evening, "35 minutes into the meeting only two speakers had addressed the Commission." When the reporter left the meeting, the second speaker had used about half of the time he eventually used and

then he had to be stopped by a member of the audience. An hour into the meeting, only two people had spoken!

The meeting started at 7:00 PM and by 9:00 PM (when I had to leave) apparently about half of the persons who signed up to speak at the beginning and had the opportunity to speak. Due to the lack of control over the meeting I was not afforded the opportunity to speak that was offered earlier.

Again according to the news reporter, 23 people had signed up to speak. I believe a 5 minute limit on each speaker would have allowed adequate time to state a position and then allow some time for the Commission and its guests to ask questions.

My comment here: Commissioner Kjellander, take control of your meetings! This is a meeting for public comment - not a platform for a group (either for or against) to monopolize the meeting (filibuster).

After looking over the figures presented to the audience as we came into the meeting, I believe RMP should give their negotiators a significant bonus. They came to the Commission asking for a 15% rate increase. That amount was "reduced" to a mere 15.6% under the guise of a 7.8% increase in 2012 and a 7.2% increase in 2013 with no further increases allowed until 2014. This guarantees that RMP will be granted a rate increase in each of the next two years and my guess is that RMP is already working on the 2014 rate increase.

The 15.6% increase comes from the following:

RMP will receive \$1.078 in 2012 for each \$1.00 in 2011.

RMP will receive \$1.072 in 2013 for each \$1.00 in 2012.

These two together will have its customers paying $\$1.00 * 1.078 * 1.072 = \1.156 at the beginning of 2013. The total payments in 2012 and 2013 for each \$1.00 paid in 2011 will be $\$1.078 * 12 + \$1.156 * 12 = \$25.53$.

Had the 15% increase been approved as proposed by RMP, the total payments for 2012 and 2013 would have been \$26.60.

The hidden "secret" here is that the 2014 rate hike will now be based on 1.156 of the 2011 rate instead of the 1.150 rate that RMP requested. Compounding works for rate increases too! So while the "negotiated" settlement costs RMP a little now, it has negotiated its 2014 base position 0.5% higher than it requested. One half percent does not look very large but if you add it to one's mortgage payment it suddenly becomes significant. RMP came out OK. If I were RMP, I'd take this negotiated settlement any day!

I believe the Commission's statement that they had "reduced" the settlement from 15% to 7.8% and 7.2% to be (at best) misleading if not down-right false. The short term cost may be smaller but in the long term the result will be a higher increase than RMP requested, not lower. One of speakers was speaking of his rates as an irrigation customer. He mentioned that he had lost the BPA credits. The RMP spokeswoman responded that the BPA credit was to resume at the end of this year. My State Senator (seated near me) muttered that the resumption was only for residential customers. If the Senator is correct, the Commissioners should have made that clear for the audience and of course it should have been entered into the written record. Again, I am disappointed in the Commission's control over their own (invited) panel in the meeting.

I do commend the Commission on letting the RMP spokeswoman know that we in the audience were not to be expected to know all the details of every part of RMP's dealing with the Commission.

In the end, it seemed to me that this meeting is just a formality to meet a requirement of the law. It appears to me that the "negotiations" have already taken place; that to a large degree the speaking points have already been prepared; and we the public are just an annoyance that has to be dealt with.

Regards,

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