



RECEIVED

2008 DEC 19 PM 2:51

IDAHO PUBLIC
UTILITIES COMMISSION

LISA D. NORDSTROM
Senior Counsel

December 19, 2008

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
P.O. Box 83720
Boise, Idaho 83720-0074

Re: Case No. GNR-U-08-01
Energy Affordability Issues and Workshops

Dear Ms. Jewell:

Enclosed for filing please find an original and seven (7) copies of Idaho Power Company's Reply Comments in the above matter.

I would appreciate it if you would return a stamped copy of this letter for Idaho Power's file in the enclosed stamped, self-addressed envelope.

Very truly yours,

Lisa D. Nordstrom

LDN:csb
Enclosures

LISA D. NORDSTROM, ISB No. 5733
BARTON L. KLINE, ISB No. 1526
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
Telephone: 208-388-5825
Facsimile: 208-338-6936
Inordstrom@idahopower.com
bkline@idahopower.com

RECEIVED
2008 DEC 19 PM 2:52
IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Idaho Power Company

Street Address for Express Mail:
1221 West Idaho Street
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)	
COMMISSION'S INQUIRY ABOUT)	CASE NO. GNR-U-08-01
ENERGY AFFORDABILITY ISSUES)	
AND WORKSHOPS.)	IDAHO POWER COMPANY'S REPLY
)	COMMENTS
_____)	

COMES NOW, Idaho Power Company ("Idaho Power" or "Company") and submits the following Comments in response to the Comments filed by the Commission Staff on November 26, 2008.

I. GENERAL COMMENTS

Idaho Power commends the Commission Staff on their facilitation of the Affordability Workshops ("Workshops") and the completeness of their initial draft Comments. The draft contains an accurate depiction of the parties' positions during the Workshops. Idaho Power also commends the Staff for recounting the existing energy

assistance programs that are presently available to those customers that are economically challenged. While the topic is timely and action is urgent, it is beneficial to start with a foundation of what activities already exist.

The Company tends to view the various alternatives in a hierarchy. Idaho Power is a strong advocate for Project Share, rate design that encourages the wise use of energy, and energy efficiency education and programs; Idaho Power has already taken significant steps in these areas. Idaho Power is not an advocate for a reduced rate for low-income customers. Idaho Power also believes that additional energy assistance funds are better supplied under a state-supported tax basis than a utility-supported rate basis.

II. IMPLEMENT UTILITY PROGRAMS DESIGNED TO PROVIDE FINANCIAL ASSISTANCE

Idaho Power does not endorse the Staff's recommendation that legislation be supported to allow the Commission to adopt utility programs to provide financial assistance to low-income customers for several reasons. As a matter of public policy, should the State of Idaho decide additional funds for energy assistance are in the public interest, Idaho Power believes an explicit state tax to fund the assistance is preferable to an additional utility charge. A state-wide tax would provide the means for customers of all utilities in Idaho, not just those regulated by the Commission, to benefit from financial assistance.

III. INCREASE CUSTOMER AWARENESS/ENCOURAGE VOLUNTARY CONTRIBUTIONS TO NONPROFIT FUEL FUNDS

Idaho Power fully agrees with Staff's recommendation to increase customer awareness of and contributions to nonprofit fuel funds.

Since the conclusion of the Workshop, the Company has participated with KTVB Channel 7's Season of Hope campaign in promoting Project Share contributions through a televised public service announcement, actively promoted Project Share donations through various means to its employees, promoted Project Share to its customers through information included in November bills, and increased its shareholders' donation for this heating season in recognition of the current economic conditions.

IV. INCREASE FUNDING FOR LIHEAP

Idaho Power fully agrees with Staff's recommendation that a dialogue be initiated with Idaho's Congressional delegation and that interested parties partner with CAPAI to identify ways in which to leverage existing federal LIHEAP funding.

V. CREATE A STATE-FUNDED FINANCIAL ASSISTANCE PROGRAM

Idaho Power agrees with Staff that it could be difficult to create and fund a state-supported financial assistance program in the near term due to the current economic circumstances and the State's financial situation. Nevertheless, as a matter of public policy, if the State of Idaho wishes to pursue additional sources of energy assistance, the Company strongly believes that it should be funded explicitly through taxes and not through rate adders. This approach is much more straightforward and transparent to the public and does not carry the equity issues previously described above regarding assistance programs funded solely by Commission-regulated utilities.

VI. REDUCED RATES FOR LOW-INCOME CUSTOMERS

Idaho Power agrees with Staff's recommendation not to recommend adoption of reduced rates at this time because there are other preferable options available to the

Commission to consider. The Company feels strongly that the issue of product pricing and product affordability are two separate policy issues. All customers should see an economic price signal on their usage. Moreover, many low-income rate designs eliminate this signal. Therefore, Idaho Power advocates for a separation between the billing for utility service and the energy assistance used to pay those bills.

VII. LOW-INCOME WEATHERIZATION, CONSERVATION EDUCATION, AND OTHER ENERGY EFFICIENCY PROGRAMS

Idaho Power fully supports weatherization and energy efficiency education as the highest priority for providing assistance to low-income customers. Dollars spent weatherizing and performing other energy efficiency measures to the target customer group provide much more long-term value to the customer and to the energy system than direct assistance by a factor of two for the customer and three for the avoided system cost.

Idaho Power has been an active proponent for the adoption of energy efficient construction standards and supports Staff's recommendation that efforts in this area, as well as efforts targeting multi-family and manufactured housing, continue. Idaho Power does not support Staff's recommendation that utilities consider loans to customers for the purpose of adding high efficiency appliances. The Company believes that loans should be managed by financial institutions and that other approaches to encourage the adoption of energy efficient appliances should be investigated.

VIII. DESIGN RATES TO ENCOURAGE ENERGY EFFICIENCY

Idaho Power fully agrees with Staff's recommendation to consider tiered rate designs for residential customers as a way to give customers control over their bills by providing an incentive to lower their energy consumption. Idaho Power has filed to

implement year-round tiered rates in its residential customer class in its pending general rate case (IPC-E-08-10) and is also completing its second year in a Fixed Cost Adjustment mechanism (decoupling) that is applicable to both the residential and small general customer classes.

**IX. OFFER PLANS THAT ALLOW PAYMENT OF ARREARS
OVER AN EXTENDED LENGTH OF TIME**

Idaho Power agrees with Staff's recommendation to have further discussions with Staff and other interested parties to investigate payment arrangement alternatives. Successful arrangements should be tailored to meet the needs of individual customers and should be designed to keep current bills paid, as well as to reduce account balances over time. Idaho Power is not convinced that extending payment arrangements beyond twelve months will result in more customers keeping their payment arrangements. Staff correctly identified higher bad debt as a possible result of extending the length of time over which arrears can be paid. This issue, as well as others that may be identified through further discussion, need to be fully investigated.

X. OFFER PERCENTAGE OF INCOME PAYMENT PLAN

Idaho Power concurs with Staff's recommendation that a percentage of income payment plan not be pursued at this time. Idaho Power agrees with Staff that the major impediments associated with this option are the lack of encouragement for energy conservation, the costs associated with modifying billing systems, and the need for legislation in order for utilities to offer such a plan. In addition, another significant impediment associated with this option is the lack of an established process for qualifying customers for this type of payment plan. Developing and supporting a

continuing process for qualifying customers for such a program could be quite costly for CAP agencies.

XI. REDUCE/ELIMINATE PAYMENT CHARGES AND EDUCATE CUSTOMERS ON NO COST/LOW COST OPTIONS

Idaho Power supports Staff's recommendation that more discussions be held among all interested parties regarding convenience fees for credit card and electronic check payments.

XII. REDUCE OR ELIMINATE RECONNECTION CHARGES AND INTEREST ASSESSED ON LATE PAYMENTS

Idaho Power believes that legislation is necessary in order for these fees to be reduced or eliminated only for low-income customers. However, the reduction or elimination of these fees removes an incentive that is currently in place for customers to pay their bills on time and to pay their bills in order to avoid service termination. Idaho Power encourages customers to contact the utility and work through payment arrangement plans, and believes that removal of these fees may also remove the incentive for customers to contact the utility. For these reasons, Idaho Power does not support this option.

XIII. MODIFY DEPOSIT POLICIES

As recommended by Staff, Idaho Power is supportive of more in-depth discussion among the parties regarding deposit policies.

XIV. ALLOW INSTALLMENT PAYMENTS ON PRIOR BILLS

Idaho Power considers any customer who has not paid the balance owing on prior bills to be a risky customer. However, the Company does take the amount of the unpaid prior bill into account when assessing risk and considers those customers with

unpaid bills greater than \$100 to be a higher risk than those customers with unpaid bills under \$100. Currently, Idaho Power allows customers who have old bills under \$100 and who are moving into premises that currently have active service to pay off the old bills in installments. Idaho Power would be willing to consider changing its practices and allow all customers with old bills under \$100 the option to pay the balance in installments in order to receive new service.

Idaho Power believes that income cannot be used to identify customers who would be permitted to pay old bills in installments. Therefore, any change to the Company's practice would apply to all customers. Due to the increased risk of additional write-off-balances that would likely occur should this approach be taken, Idaho Power recommends that Staff and the other parties explore changes to Rule 310 that would allow service to be terminated for non-payment of the payment arrangement for the old bill regardless of the amount remaining unpaid.

XV. OFFER ARREARAGE FORGIVENESS PLANS

Idaho Power is opposed to Staff's recommendation that all energy utilities develop arrearage forgiveness plans. In addition, Idaho Power believes that identifying a select group of customers for preferential treatment requires legislative action.

XVI. OFFER CASE MANAGEMENT

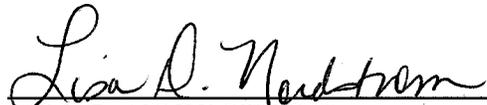
Although Idaho Power does not have an advertized case management program such as Avista's CARES program, Idaho Power does have an effective case management process in place for the neediest of its customers. Current case management support comes from a coordinated effort from the following employees:

1. Customer Service Support Specialists

2. Customer Service Representatives
3. Customer Service Supervisors
4. Customer Representatives in the Regions
5. A Program Specialist in its Customer Relations and Energy Efficiency Department

These employees work with individual customers who are experiencing unordinary situations, consulting with CAP agencies and other organizations, making on-site visits to the customers' premises, and identifying workable payment solutions. Idaho Power is willing to consider other ways in which it can augment its current case management process.

Respectfully submitted this 19th day of December 2008.



LISA D. NORDSTROM

Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 19th day of DECEMBER 2008 I served a true and correct copy of IDAHO POWER'S REPLY COMMENTS upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

Kristine A. Sasser
Deputy Attorney General
Idaho Public Utilities Commission
472 West Washington
P.O. Box 83720
Boise, Idaho 83720-0074

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email Kristine.A.Sasser@puc.idaho.gov

Idaho Conservation League

Betsy Bridge
Energy Efficiency Associate
Idaho Conservation League
P.O. Box 844
Boise, Idaho 83701

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Intermountain Gas Company

Michael P. McGrath
Intermountain Gas Company
P.O. Box 7608
Boise, Idaho 83707-1608

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Terri Shoen
Intermountain Gas Company
P.O. Box 7608
Boise, Idaho 83707-1608

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Mike Kingery
Intermountain Gas Company
P.O. Box 7608
Boise, Idaho 83707-1608

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

AVISTA UTILITIES

Linda Gervais
Avista Utilities
P.O. Box 3727
Spokane, Washington 99220

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Bruce Folsom
Avista Utilities
P.O. Box 3727
Spokane, Washington 99220

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Rocky Mountain Power
Ted Weston
Rocky Mountain Power
201 South Main, Suite 2300
Salt Lake City, Utah 84111

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

PacifiCorp
Barbara Coughlin
PacifiCorp
825 NE Multnomah, Suite 800
Portland, Oregon 97232

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Brad M Purdy
Attorney At Law
2019 North 17th Street
Boise, Idaho 83702

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

**Community Action Partnership
Association of Idaho**
Mary Chant, Executive Director
Community Action Partnership
Association of Idaho
5400 West Franklin Road, Suite G
Boise, Idaho 83705

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Idaho Community Action Network
Rowena Pineda, Executive Director
Idaho Community Action Network
3450 Hill Road
Boise, Idaho 83703

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

**NW Federation of Community
Organizations**
Carrie Tracy
Northwest Federation of Community
Organizations
1265 South Main Street #305
Seattle, Washington 98144

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

AARP Idaho
Jim Wordelman
AARP Idaho
3080 East Gentry Way, Suite 100
Meridian, Idaho 83642

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Dede Shelton
AARP Idaho
3080 East Gentry Way, Suite 100
Meridian, Idaho 83642

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Lyn Young
2786 South Denali Place
Meridian, Idaho 83642

**Southeastern Idaho Community
Action Agency**
Julia Campbell
Southeastern Idaho Community Action
Agency
641 North Eighth
Pocatello, Idaho 83201

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Debra Hemmert, Executive Director
Southeastern Idaho Community Action
Agency
641 North Eighth
Pocatello, Idaho 83201

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

**South Central Community Action
Partner**
Ken Robinette, Executive Director
South Central Community Action
Partner
P.O. Box 531
Twin Falls, Idaho 83303

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

C.C.O.A. Weatherization
Ron Corta
C.C.O.A. Weatherization
304 North Kimball Avenue
Caldwell, Idaho 83605

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Richard Stelling, Executive Director
C.C.O.A. Weatherization
304 North Kimball Avenue
Caldwell, Idaho 83605

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Eastern Idaho Community Action Partnership

Russ Spain, Executive Director
Eastern Idaho Community Action Partnership
357 Constitution Way
Idaho Falls, Idaho 83405

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Western Idaho Community Action Program

Rob Christensen, Executive Director
Western Idaho Community Action Program
315-B South Main Street
Payette, Idaho 83661

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Community Action Partnership

Lisa Stoddard, Executive Director
Community Action Partnership
124 New Sixth Street
Lewiston, Idaho 83501

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

EL-ADA, Inc.

Dick Henry, Executive Director
EL-ADA, Inc.
701 East 44th Street #1
Boise, Idaho 83714

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Genie Sue Wappner
Idaho Department of Health & Welfare
Statehouse Mail

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Senator Nicole LeFavour
1210 North Eleventh
Boise, Idaho 83702

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Representative William Killen
734 South Coral Place
Boise, Idaho 83705

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Representative Phylis King
2107 Palouse
Boise, Idaho 83705

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Representative Anne Pasley-Stuart
749 High Point Lane
Boise, Idaho 83712-6561

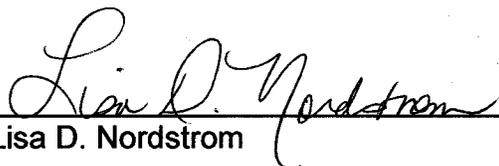
Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Representative Donna Pence
1960 U.S. Highway 26
Gooding, Idaho 83330

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email

Teri Ottens
P.O. Box 8224
Boise, Idaho 83707

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email



Lisa D. Nordstrom