

Dec. 19, 2008

TO: Jean Jewell
Idaho Public Utilities Commission Secretary
472 West Washington
Boise, ID 83702

RECEIVED
2008 DEC 19 PM 4: 53
IDAHO PUBLIC
UTILITIES COMMISSION

FROM: Ken Miller
Snake River Alliance
Box 1731
Boise, ID 83701
Ph: (208) 344-9161

RE DOCKET GNR-U-08-01: IDAHO PUBLIC UTILITIES COMMISSION'S ENERGY AFFORDABILITY CASE

COMMENTS FROM THE SNAKE RIVER ALLIANCE

Dear Ms. Jewell:

Please accept the following comments on behalf of the Snake River Alliance relative to the Commission's docket, GNR-U-8-01.

The Snake River Alliance is an Idaho-based non-profit organization established in 1979 to address Idahoans' concerns about nuclear safety issues. In early 2007, the Alliance expanded the scope of its mission by launching its Clean Energy Program. The Alliance's energy initiative includes advocacy for renewable energy resources in Idaho; expanded conservation and demand-side management programs offered by Idaho utilities and the Bonneville Power Administration; and local, state, regional, and national policies and initiatives that promote sustainable *and affordable* energy policies. The Alliance is pursuing these programs on behalf of its members, many of whom are customers of Idaho's regulated utilities, who are interested in promoting clean and affordable energy initiatives.

The Alliance appreciates the efforts by the Commission, its staff, and stakeholders to date in addressing the significant consequences of rising utility rates and their impacts on low-income utility customers – and for that matter all of Idaho's electricity and gas ratepayers. The timing of this docket is critical. As the Commission is aware, the National Association of Regulatory Utility Commissioners (NARUC) reported just this week on the alarming trends rising utility rates are having on ratepayers, particularly those with lower incomes. In Idaho, 19.4 percent of electric utility residential accounts were past-due as of May 1, 2008, and the average arrearage was \$81.75. The percentage of natural gas residential accounts listed as past-due in Idaho was 12.4 percent. Clearly, the sequence of recent rate hikes and power cost adjustments continue to take a toll on those Idahoans for whom utility expenses occupy a greater proportion of their household budgets. Moreover, the Commission heard compelling public testimony on Dec. 10 in Idaho Power's pending rate case in which witnesses told Commissioners that further increases in

their electric bills will place them and their families in jeopardy as they struggle to balance their food, medical, transportation, and other needs against rising utility costs.

The Alliance commends Commission staff for accurately defining the problem at hand. We are concerned, however, that some solutions advanced by staff do not reflect the urgency demanded by the magnitude of the challenges presented to the Commission and Idaho's utilities. We agree with the 2007 Idaho Energy Plan's conclusions that clean *and affordable* energy must be a priority for all Idahoans, and we believe this issue demands a combination of immediate and effective solutions.

ALLIANCE RECOMMENDATIONS

The Alliance offers the following recommendations for the Commission's consideration:

- We believe the Commission and Idaho's regulated utilities should consider addressing this issue in part through rate designs that allow lower-income energy consumers to benefit from a tiered rate structure that sends strong price signals to all consumers. Specifically, a year-round tiered rate structure would provide lowest-cost rates to consumers using less energy than those using more. We understand this issue may be addressed in part in the pending Idaho Power rate case, but we urge the Commission to take a broader examination of how rate design can be used to encourage energy efficiency and conservation, and also to reduce consumers' utility costs.
- The Alliance also believes Idaho law must be changed to allow for within-class rate discrimination, i.e., allowing utilities to *request* to the PUC that they be allowed to offer lower residential rates to lower-income consumers than those paid by the overall class. This will require a change in statute, and we understand neither staff nor Idaho's regulated utilities support such a change, but believe it can be a vital tool in addressing rate challenges for low-income ratepayers. We encourage the Commission to embrace a proposal by low-income advocates to change existing statute to allow for lower ("lifeline") rates, which as the Commission is aware are used successfully in many other jurisdictions, including some served by Idaho's regulated utilities. The Community Action Partnerships of Idaho are well positioned to work with the Commission and the utilities to develop appropriate language for such legislation, and we urge the Commission and staff to continue to work with the CAPs and the utilities to negotiate language that is satisfactory and present it to the Idaho Legislature in the coming 2009 session.
- The Alliance is also concerned that existing funds in the Low Income Home Energy Assistance Program (LIHEAP) are insufficient to meet the growing demand for energy assistance funds. Staff correctly points out the chronic deficiency in LIHEAP funds to meet demand, noting that "Currently, only 10 percent of homes receiving LIHEAP benefits are weatherized because of the lack of available funds." We believe the current workshop process in GNR-U-08-1 should continue with a goal to identify sources of additional LIHEAP resources. We appreciate that Idaho like all states faces economic challenges, but we also believe that ensuring all Idahoans have access to reliable and

affordable electricity and natural gas is a fundamental responsibility of the state and that the PUC should make that case before the Idaho Legislature regardless of the state's obvious financial challenges. Furthermore, as staff observes, Avista already participates in the Low-Income Rate Assistance Program (LIRAP) to provide bill-pay assistance. The Alliance agrees with staff that a LIRAP program would require state legislation, and we encourage the PUC to raise the issue with the Legislature.

- With regard to energy efficiency and conservation, the Alliance appreciates the significant progress made by Idaho utilities in expanding their demand-side management programs and initiating new ones in all rate classes. However, weatherization and other DSM programs targeted at the residential class must be enhanced and further funding (through increased energy efficiency tariff riders) must be provided to do so. Idaho's Community Action Partnership agencies have performed admirably in weatherizing as many qualified homes as possible with existing funds, but it is clear those funds are inadequate for the task at hand. The state of Idaho and its regulated utilities must commit to weatherizing all qualified homes. Doing so will not only provide relief in energy costs for customers, but will also benefit *all* ratepayers by reducing average energy as well as capacity demands.
- The Alliance agrees with low-income advocates that disconnects and reconnects, which are particularly problematic for low-income customers, must be avoided as much as possible and policies must be implemented to do so. It has been established that the costs associated with disconnects and reconnects are not only a financial burden to affected customers, but are also borne by all ratepayers. We agree with the unanimous views expressed during the workshops that disconnects can be minimized by existing utility-supported measures, such as averaging bills over the course of a year and the moratorium on winter disconnects, but we also believe a combination of bill-pay assistance, rate reduction as mentioned above, more flexibility in paying off arrearages (as recommended by the Idaho Community Action Network and others), and the elimination of reconnection fees will greatly reduce the burdens facing many of Idaho's low-income utility consumers.

In summary, the Alliance again appreciates the Commission and staff's attention and dedication to solving this difficult issue, as well as the creativity and openness on the part of our regulated utilities. We urge the Commission to keep the workshop process open into 2009, as we believe there remain a number of issues – and solutions – that can be explored by the impressive assembly of stakeholders that has taken part in the process to date.

Respectfully submitted,



Ken Miller
Clean Energy Program Director
Snake River Alliance