

Part 1 – Agency Profile

Agency Overview

Under state law, the Idaho Public Utilities Commission supervises and regulates Idaho's investor-owned utilities - electric, gas, telecommunications and water - assuring adequate service and affixing just, reasonable and sufficient rates.

The commission does not regulate publicly owned, municipal or cooperative utilities.

In setting rates, the commission must consider the needs of both the utility and its customers. Customers must be ensured of paying a reasonable rate and utilities must be allowed the opportunity to recover their legitimate costs of serving of their customers and earning a fair rate of return. IPUC decisions can be appealed to the Idaho Supreme Court.

The governor appoints the three commissioners with confirmation by the Idaho Senate. No more than two commissioners may be of the same political party. The commissioners serve staggered six-year terms. Currently serving are Marsha H. Smith, Mack A. Redford, and Paul Kjellander. Vacancies that occur when the Idaho Senate is not in session are filled by gubernatorial appointment subject to confirmation by the Senate upon reconvening in regular session.

The governor may remove a commissioner before his/her term has expired for dereliction of duty, corruption or incompetence.

The three-member commission was established by the 12th Session of the Idaho Legislature and was organized May 8, 1913 as the Public Utilities Commission of the State of Idaho. In 1951 it was reorganized as the Idaho Public Utilities Commission. Statutory authorities for the commission are established in Idaho Code titles 61 and 62.

The IPUC has quasi-legislative and quasi-judicial duties as well as executive powers and duties. The Commission is authorized 49 FTE and has its main office in Boise, Idaho.

In its quasi-legislative capacity, the commission sets rates and makes rules governing utility operations. In its quasi-judicial mode, the commission hears and decides complaints, issues written orders that are similar to court orders and may have its decisions appealed to the Idaho Supreme Court. In its executive capacity, the commission enforces state laws affecting regulated utilities and rail industries.

Fees assessed on the utilities and railroads it regulates fund commission operations. Annual assessments are set by the commission each year in April within limits set by law.

At this time, Paul Kjellander is the commission president and its chief executive officer. Commissioners meet on the first Monday in April in odd-numbered years to elect one of their own to a two-year term as president. The president signs contracts on the commission's behalf, is the final authority in personnel matters and handles other administrative tasks.

Chairmanship of individual cases is rotated among all three commissioners. The commission conducts its business in two types of meetings: hearings and decision meetings.

Formal hearings on utility and railroad issues are held on a case-by-case basis, often in the service area of the utility under consideration to allow maximum public participation. These hearings resemble judicial proceedings and are transcribed by a court reporter. Formal parties to the case under consideration present testimony and evidence subject to cross-examination by attorneys and staff from the other parties and the commissioners.

Members of the general public may testify before the commission at a hearing without prior notice or formal intervention. However, those seeking the full rights of parties - such as the right to cross-examine other witnesses, make objections, or to make and argue motions - must file a petition for "intervener" status. Partnerships, corporations and other entities must be represented by a licensed attorney.

To provide for more public input in a less formal setting, commission staff members have begun traveling to areas impacted by potential commission decisions to conduct workshops. Unlike a formal hearing where members of the public testify but cannot ask questions of commissioners, a workshop allows citizens to ask questions and offer suggestions to commission staff.

The commission also conducts regular decision meetings to consider issues on an agenda prepared by the commission secretary and posted in advance of the meeting. These meetings are usually held Mondays at 1:30 p.m., although by law the commission is required to meet only once a month. Members of the public are welcome to attend decision meetings.

Typically, decision meetings consist of the commission's review of decision memoranda prepared by commission staff. Minutes of the meetings are taken and decisions reached at these meetings are preliminary, becoming final only when issued in a written order signed by a majority of the commission.

Core Functions/Idaho Code

Statutory authorities for the commission are established in Idaho Code titles 61 and 62. To help ensure its decisions are fair and workable, the commission employs a staff of about 50 people -engineers, rate analysts, attorneys, accountants, investigators, economists, secretaries and other support personnel. The commission staff is organized in three divisions - administration, legal and utilities.

The staff analyzes each petition, complaint, rate increase request or application for an operating certificate received by the commission. In formal proceedings before the commission, the staff acts as a separate party to the case, presenting its own testimony, evidence and expert witnesses. The commission considers staff recommendations along with those of other participants in each case - including utilities, public, agricultural, industrial, business and consumer groups.

Utilities Division

The Utilities Division, responsible for technical and policy analysis of utility matters before the commission, is divided into four sections.

The *Accounting Section* of seven auditors audits utility books and records to verify reported revenue, expenses and compliance with commission orders. Staff auditors present the results of their findings in audit reports as well as in formal testimony and exhibits. When a utility requests a rate increase, cost-of-capital studies are performed to determine a recommended rate of return. Revenues, expenses and investments are analyzed to determine the amount needed for the utility to earn the recommended return on its investment.

The *Engineering Section*, which includes four engineers and five utility Analysts, reviews the physical operations of utilities. Staff engineers determine the cost of serving various types of customers, design utility rates and allocate costs between Idaho and the other states served by Idaho utilities. They determine the cost effectiveness of conservation and co-generation programs, evaluate the adequacy of utility services and frequently help resolve customer complaints. The group develops computer models of utility operations and reviews utility forecasts of energy usage and the need for new facilities.

The *Telecommunications Section*, which consists of three utility analysts, reviews and recommends commission action on telecommunications issues and new telecommunication services filed with the commission. Telecommunications analysts propose ways to allocate revenue among the various types of telecommunication services and recommend rates to recover that revenue.

The *Consumer Assistance Section* includes six division investigators who resolve conflicts between utilities and their customers. Customers faced with service disconnections often seek help in negotiating payment arrangements. Consumer Assistance may mediate disputes over billing, deposits, line extensions and other service problems.

Consumer Assistance monitors Idaho utilities to verify they are complying with commission orders and regulations. Investigators participate in general rate and policy cases when rate design and customer service issues are brought before the commission.

Most consumers contact the commission by telephone or by e-mail, via the commission's Website. Staff members may negotiate payment arrangements with utilities on behalf of consumers and, when appropriate, refer clients to social service agencies, financial aid programs or budget counseling services.

As traditionally regulated services become deregulated, the Consumer Assistance Section's role of educating consumers and mitigating complaints with non-regulated utilities has increased. The increase in companies providing services equates to an increase in consumer inquiries and complaints. Also on the increase are disputes between companies providing services, especially among telecommunications providers.

The Consumer Assistance Section is also responsible for conducting quality of service and compliance investigations and customer satisfaction surveys.

Administration

The Administrative Division is responsible for coordinating overall IPUC activities. The division includes the three commissioners, two policy strategists, a commission secretary, an executive administrator, an executive assistant, and support personnel.

The *two policy strategists* are executive level positions reporting directly to the commissioners with policy and technical consultation and research support regarding major regulatory issues in the areas of electricity, telecommunications, water and natural gas. Strategists are also charged with developing comprehensive policy strategy, providing assistance and advice on major litigation before the commission and acting as liaison between the commission and its staff, utility representatives, public officials and public agencies and organizations.

The *commission secretary*, a post established by Idaho law, keeps a precise public record of all commission proceedings. The secretary issues notices, orders and other documents to the proper parties and is the official custodian of documents issued by and filed with the commission. Most of these documents are public records.

The *executive administrator* has primary responsibility for the commission's fiscal and administrative operations, preparing the commission budget and supervising fiscal, administration, public information, personnel, information systems, rail section operations and pipeline safety. The executive administrator also serves as a liaison between the commission and other state agencies and the Legislature.

The *executive assistant* is responsible for informing the public and the media of commission decisions, meetings and activities; responding to requests for information; coordinating public hearings; preparing materials that allow for effective public participation in IPUC proceedings; and preparing the annual report. In addition the executive assistant is responsible for other special projects assigned by the commissioners.

Rail Section

The Rail Section oversees the safe operations of railroads that move passengers and freight in and through Idaho and enforces state and federal regulations safeguarding the transportation of hazardous materials by rail in Idaho. The commission's *rail safety specialists* inspect railroad crossings for safety and maintenance deficiencies. The Rail Section investigates all railroad-crossing accidents and makes recommendations for safety improvements to crossings.

As part of its regulatory authority, the commission evaluates the discontinuance and abandonment of railroad service in Idaho by conducting an independent evaluation of each case to determine whether the abandonment of a particular railroad line would adversely affect Idaho shippers and whether the line has any profit potential. Should the commission determine abandonment would be harmful to Idaho interests; it then represents the state before the federal Surface Transportation Board, which has authority to grant or deny line abandonment.

Pipeline Safety Program

The pipeline safety section oversees the safe operation of the intrastate natural gas pipelines and facilities in Idaho.

The commission's *pipeline safety personnel* verify compliance of state and federal regulations by on-site inspections of intrastate gas distribution systems operating in the state. Part of the inspection process includes a review of record-keeping practices and compliance with design, construction, operation, maintenance and drug/alcohol abuse regulations. All reportable accidents are investigated and appropriate reports filed with the U.S. Department of Transportation.

Legal Division

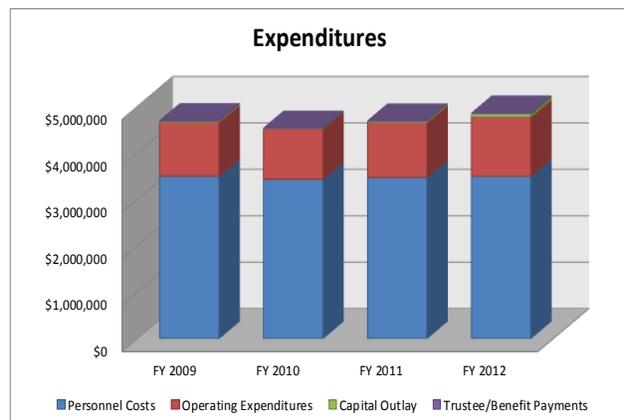
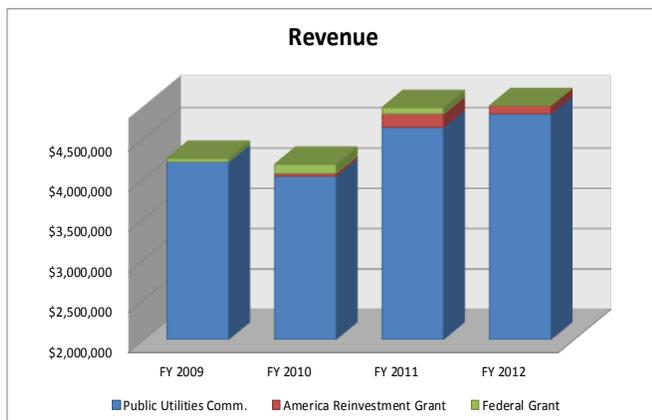
Five deputy attorneys general are assigned to the commission from the Office of the Attorney General and have permanent offices at IPUC headquarters. The IPUC attorneys represent the staff in all matters before the commission, working closely with staff accountants, engineers, investigators and economists as they develop their recommendations for rate case and policy proceedings.

In the hearing room, IPUC attorneys coordinate the presentation of the staff's case and cross-examine other parties who submit testimony. The attorneys also represent the commission itself in state and federal courts and before other state or federal regulatory agencies.

Revenue and Expenditures

Revenue	FY 2009	FY 2010	FY 2011	FY 2012
Public Utilities Comm.	\$4,204,200	\$4,027,700	\$4,631,100	\$4,799,600
America Reinvestment Grant	\$0	\$31,900	\$167,100	\$163,100
Federal Grant	\$44,000	\$113,000	\$79,600	\$52,100
Total	\$4,248,200	\$4,172,600	\$4,877,800	\$5,014,800

Expenditure	FY 2009	FY 2010	FY 2011	FY 2012
Personnel Costs	\$3,500,100	\$3,435,400	\$3,473,500	\$3,499,100
Operating Expenditures	\$1,160,600	\$1,090,400	\$1,177,800	\$1,276,100
Capital Outlay	\$27,400	\$6,200	\$34,400	\$77,700
Trustee/Benefit Payments	\$0	\$0	\$0	\$0
Total	\$4,688,100	\$4,532,000	\$4,685,700	\$4,852,900



Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2009	FY 2010	FY 2011	FY 2012
1. Number of cases older than one year closed in this fiscal year.	36	14	10	14
2. Number of comprehensive audits completed annually.	17	20	17	21
3. Number of utility annual reports reviewed annually.	24	26	20	20
4. Number of formal complaints received by the commission.	3	8	12	8
5. Number of informal complaints received by the commission.	2032	1894	1507	1386
6. Number of Inquiries received by the commission.	781	683	499	528
7. Average number of days needed to respond to inquiries and resolve complaints.	6	6	5	5
8. Number inspection units audited per year.	12	16	16	16
9. Number of inspection days completed.	151	193	159	280
10. Number of rail hazardous material inspections.	227	194	171	99
11. Number of rail abandonment investigations.	1	2	1	0

Part II – Performance Measures

Performance Measure	2009	2010	2011	2012	Benchmark
1. Percent of all cases open for more than one year that were closed in this fiscal year.	65.5	66.7	37.0	42.0	20
2. Number of comprehensive audits completed this fiscal year.	17	20	17	21	7
3. Number of annual reports reviewed this fiscal year	24	26	20	20	20
4. Average number of days needed to respond to inquiries and resolve informal complaints	6	6	5	5	10
5. Number of inspection units audited.	12	16	16	16	12
6. Number of inspection days this fiscal year	151	193	159	280	100
7. HAZMAT inspections conducted this fiscal year	227	194	171	99	125
8. Percent of proposed rail abandonments investigated	100	100	100	100	100

Performance Measure Explanatory Note:

Performance measure 1 was changed in 2009 to reflect a more accurate measure of program effectiveness.

*Performance measure statistics for crossing and clearance inspection shown on last year's report are not shown this year because the Dept of Transportation inspects crossings and clearances

**Performance measure statistics for educational visits to shippers shown on last year's report are not shown this year because visits are no longer part of the pipeline safety program.

For More Information Contact

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