

## ***Part I – 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 Paul Kjellander, Kristine Raper, and Eric Anderson. 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 52 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 55 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*, which consists of six Auditors and one Deputy Administrator, 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 consists of three Engineers, two Utility Analysts, and one Engineer Manager, 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 *Technical Analysis Section*, which consists of four Utility Analysts, and one Technical Analysis Manager determines the cost effectiveness of all Demand Side Management (DSM) programs including energy efficiency and demand response. They identify potential for new DSM programs and track the impact on utility revenues. They review utility forecasts of energy, water and natural gas usage with focus on residential self-generation and rate design.

The *Telecommunications Section*, which consists of two 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 five utilities compliance investigators and the supervisor of Consumer Assistance 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.

### **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 Safety Inspectors-Regulated Utilities inspect railroads grade crossings when the Commission

receives reports of maintenance deficiencies. The Rail Section is part of the multi-agency safety team that 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. The Commission also conducts hearings and issues orders concerning the elimination or alteration of grade crossings.

### Pipeline Safety Program

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

The Commission's Safety Inspectors-Regulated Utilities 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**

<b>Revenue</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
Public Utilities Comm.	\$4,868,000	\$5,291,100	\$5,605,300	\$5,158,200
Indirect Fund	\$0	\$0	\$39,500	\$155,700
America Reinvestment Grant	\$161,800	\$242,400	\$0	\$0
Federal Grant	\$108,800	\$143,200	\$154,000	\$187,300
<b>Total</b>	<b>\$5,138,600</b>	<b>\$5,676,700</b>	<b>\$5,759,300</b>	<b>5,501,200</b>
<b>Expenditures</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
Personnel Costs	\$3,697,000	\$3,743,600	\$3,645,900	\$4,025,200
Operating Expenditures	\$1,399,500	\$1,557,800	\$1,363,600	\$1,395,100
Capital Outlay	\$42,100	\$78,400	\$149,200	\$80,200
Trustee/Benefit Payments	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$5,138,600</b>	<b>\$5,379,800</b>	<b>\$5,158,700</b>	<b>\$5,500,500</b>

### **Profile of Cases Managed and/or Key Services Provided**

<b>Cases Managed and/or Key Services Provided</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>
1. Number of cases older than one year closed in this fiscal year.	11	20	11	11
2. Number of comprehensive audits completed annually.	19	20	27	23
3. Number of utility annual reports reviewed annually.	20	24	22	27
4. Number of formal complaints received by the commission.	10	1	0	2

5. Number of informal complaints received by the commission.	1462	1267	1139	998
6. Number of Inquiries received by the commission.	603	480	407	544
7. Average number of days needed to respond to inquiries and resolve complaints.	5	5	6	5
8. Number inspection units audited per year.	26	39	36	35
9. Number of inspection days completed.	170	252	258	245
10. Number of rail hazardous material inspections.	113	124	102	73
11. Number of rail abandonment investigations.	1	0	0	0

## Part II – Performance Measures

Performance Measure		FY 2013	FY 2014	FY 2015	FY 2016	Current Year
<b>Manage and coordinate the administrative activities of the Idaho Public Utilities Commission efficiently and effectively as well as facilitate the efficient management of cases being considered by the Commission.</b>						
1. <b>Percent</b> of all cases open for more than one year that were closed in this fiscal year.	actual	42	51	46	48	-----
	benchmark	20	20	20	20	20
2. Number of comprehensive audits completed this fiscal year.	actual	19	20	27	23	-----
	benchmark	20	7	7	7	7
3. Number of annual reports reviewed this fiscal year	actual	20	24	22	27	-----
	benchmark	20	20	20	20	20
4. Average number of days needed to respond to inquiries and resolve informal complaints	actual	5	5	6	5	-----
	benchmark	5	5	5	10	10
5. Number of inspection units audited.	actual	26	39	36	35	-----
	benchmark	20	16	15	12	12
6. Number of inspection days this fiscal year	actual	170	252	258	245	-----
	benchmark	150	280	100	100	100
7. HAZMAT inspections conducted this fiscal year	actual	113	124	102	73	-----
	benchmark	100	99	100	125	125
8. <b>Percent</b> of proposed rail abandonments investigated	actual	100	100	100	100	-----
	benchmark	100	100	100	100	100

**For More Information Contact**

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