

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL
WORKING FILE

FROM: MICHAEL FUSS

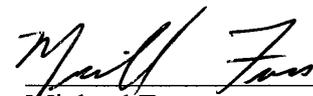
DATE: DECEMBER 3, 2004

RE: IDAHO POWER TARIFF ADVICE NO. 04-06 TO INCREASE THE CITY
OF EAGLE'S FRANCHISE FEE.

On December 1, 2004, Idaho Power Company filed a Tariff Advice with the Commission requesting an increase in the franchise fee within the City of Eagle (City). The increase in franchise fee from 1% to 3% is in accordance with the Settlement Stipulation (Stipulation) approved in Order No. 29634. The settlement resolved the disputed alignment of the 138 kV transmission line through the City of Eagle. As part of the Stipulation the City agreed to increase the franchise fee to pay for changes in the 138 kV line as requested by the City of Eagle. The Stipulation further states that "[t]he City agrees to take any and all action necessary to reduce its franchise fee from 3% to no more than 1% and Idaho Power shall have no obligation after December 31, 2010 to collect and pay franchise fees to the City above 1% unless otherwise agreed to by Idaho Power or consistent with Idaho Law as of the date of this Stipulation." Settlement Stipulation, Case No. IPC-E-04-04 at 6. Staff has attached the text of the Stipulation along with the Company's Tariff Advice No. 04-06 for interested parties.

COMMISSION DECISION

The Staff recommends that Schedule 95, Sheet 95-1, be "accepted for filing" with an effective date of January 1, 2005 as proposed by the Company. Does the Commission agree?



Michael Fuss

udmemos/Eagle 04-06



**IDAHO
POWER**

An IDACORP Company

MAGGIE BRILZ
Director, Pricing

(208) 388-2848
FAX (208) 388-6449
mbrilz@idahopower.com

December 1, 2004

Ms. Jean D. Jewell, Secretary
Idaho Public Utilities Commission
P. O. Box 83720
Boise, ID 83720-0074

RE: Tariff Advice No. 04-06
Revision to Schedule 95

Dear Ms. Jewell:

Idaho Power Company herewith transmits for filing First Revised Sheet No. 95-1. This tariff revision increases the franchise fee for the City of Eagle from 1% to 3% effective January 1, 2005. An increase in the franchise fee to 3% is a provision of the Settlement Stipulation between Idaho Power Company and the City of Eagle approved by the Commission in Order No. 29634 issued on November 19, 2004. Also transmitted is a copy of Schedule 95 in legislative format.

If you have any questions regarding this filing, please call me.

Sincerely,

Maggie Brilz

MB:mb
Enclosures

c: Ric Gale
Lisa Hardin
P&RS Files
Legal Files

SCHEDULE 95
ADJUSTMENT FOR MUNICIPAL
FRANCHISE FEES

PURPOSE

The purpose of this schedule is to set forth the charges such as license, privilege, franchise, business, occupation, operating, excise, sales or use of street taxes or other charges imposed on the Company by municipal corporations and billed separately by the Company to its Customers within the corporate limits of a municipality.

APPLICABILITY

This schedule is applicable to all bills for Electric Service calculated under the Company's schedules and special Contracts in the Company's service area within the State of Idaho as provided in Rule C of this Tariff.

CHARGE

The rates and charges for Electric Service provided under the Company's schedules will be proportionately increased by the following charge within the municipality on and after the effective date of the charge for the applicable municipal ordinance, which charge will be separately stated on the Customer's regular billing.

<u>Municipality</u>	<u>Ordinance No.</u>	<u>Effective Date Of Charge</u>	<u>Charge</u>
City of Bliss	03-38	November 28, 2003	1%
City of Boise	5650	October 26, 1995	1%
City of Buhl	835	November 20, 1997	1%
City of Caldwell	2133	June 26, 1996	1%
City of Carey	96-06	March 25, 1997	1%
City of Cascade	537	November 16, 1995	1%
City of Chubbuck	498	January 21, 1999	1%
City of Council	362	September 1, 2000	1%
City of Eagle	349	January 1, 2005	3%
City of Emmett	858	June 26, 1996	1%
City of Fairfield	199	May 29, 2003	1%
City of Fruitland	393	March 21, 2001	1%
City of Garden City	669	June 26, 1996	1%
City of Glens Ferry	452	March 24, 1999	1%
City of Grand View	99-4	January 21, 2000	1%
City of Greenleaf	136	October 22, 1999	1%

IDAHO

Issued - December 1, 2004

Effective - January 1, 2005

Advice No. 04-06

Issued by IDAHO POWER COMPANY

John R. Gale, Vice President, Regulatory Affairs

1221 West Idaho Street, Boise, Idaho

BARTON L. KLINE ISB #1526
MONICA B. MOEN ISB #5734
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
Phone: (208) 388-2692
FAX: (208) 388-6936

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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Idaho Power Company

Express Mail Address

1221 West Idaho Street
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IDAHO POWER COMPANY,)	CASE NO. IPC-E-04-04
)	
Complainant,)	
)	
v.)	SETTLEMENT STIPULATION
)	
CITY OF EAGLE, IDAHO,)	
)	
Respondent.)	
_____)	
)	
EAGLE RIVER, LLC,)	
)	
Intervenor.)	
)	
_____)	

This Settlement Stipulation is entered into among Idaho Power Company ("Idaho Power" or the "Company"), the City of Eagle, Idaho (the "City"), Eagle River, LLC ("Eagle River") and the Idaho Public Utilities Commission Staff ("Staff") who are collectively referred to herein as the "Parties" and individually as a "Party." The Parties

SETTLEMENT STIPULATION

desire to resolve the disputed issues in this case by entering into this Settlement Stipulation.

I.

Terms of the Stipulation

The Parties stipulate and agree as follows:

1. The Parties agree to the alignment of the 138-kV transmission line as generally illustrated on Exhibit No. 1 hereto.
2. One wooden or corten steel pole with the minimum height necessary to meet clearance requirements but not exceeding 84 feet above grade, along with required equipment and down guy supports, will be erected within the southern portion of the existing Eagle Substation to accommodate extension of the 138-kV conductors from the existing dead-end structures near the northerly boundary of the Eagle Substation to the new pole. Extension of the conductors will require placement of the conductors above existing equipment to maintain required clearances. The parties agree that this modification will not require amendment of the Conditional Use Permit approved by the City on January 9, 1996.
3. Certain existing poles in the alleyway or easement area located immediately west of the Eagle Substation and extending westerly to the east side of Eagle Road will be removed and replaced with wooden or corten steel poles in a TA configuration. Each said pole will have the minimum height necessary to meet clearance requirements but will not exceed 84 feet above grade to accommodate the 138-kV transmission line to be extended from the Eagle Substation along the alignment illustrated on Exhibit 1. The existing EAGL 013 and EAGL 014 overhead distribution

lines located within said alleyway and any existing attachments for facilities, equipment and joint users consistent with existing conditions and current practices of Idaho Power will not be removed with this project.

4. One corten steel pole not exceeding a height of 84 feet above grade will be placed in the southeast corner of the intersection of the above-referenced alleyway and Eagle Road and will be placed on a concrete foundation.

5. The existing poles located on the east side of Eagle Road between the alleyway and the point along the east side of Eagle Road at which the alignment shifts to the southwest will be removed and replaced with four to five wooden poles in a TA configuration. These poles will gradually decrease in height from 84 feet above grade immediately south of the alleyway to a height of 63 feet above grade at the southerly point of the alignment along the east side of Eagle Road where the transmission line crosses Eagle Road in a southwesterly direction. The wooden pole with an approximate diameter of 15 inches above grade and located at the southerly point of the alignment along the east side of Eagle Road where the transmission line crosses Eagle Road will be stabilized with guy wires.

6. From the southerly point of the alignment along the east side of Eagle Road, the route of the transmission line will continue in a southwesterly direction across Eagle Road and continue in a southwesterly alignment along the northerly portion of the site that has been developed by Zamzows as illustrated on Exhibit 1 hereto. One self-supporting corten steel pole with a height not to exceed 63 feet above grade and with a maximum diameter of four feet and located on a foundation not to exceed 5 feet in diameter will be located on the Zamzows site in generally the north

central portion of that site. The transmission line will continue southwesterly along the Zamzows property to a wooden pole with a height of approximately 63 feet that will be located within the Eagle Bypass right-of-way and immediately southwest of the Zamzows property.

7. From the wooden pole described in Paragraph 6 above, the transmission line will cross the Eagle Bypass in the southwesterly alignment generally illustrated on Exhibit 1 hereto to a pole located along the south side of the Eagle Bypass. The transmission line will continue along the Eagle Bypass to the westerly corporate limits of the City of Eagle and beyond on wooden poles not to exceed 64.5 feet in height above grade.

8. It is the intent of the Parties that non-Idaho Power users presently sharing the Idaho Power poles on the east side of Eagle Road between the alleyway and the Eagle Bypass are to be removed and buried at no cost to Idaho Power. The cost of the relocation shall be negotiated solely by the City and the non-Idaho Power users. Idaho Power and the City agree to use their best efforts to work with the non-Idaho Power users to facilitate the relocation of the non-Idaho Power users' services.

9. Idaho Power will bury the existing distribution line located on the east side of Eagle Road between the alleyway located west of the Eagle Substation and the existing underground dip located south of the Bypass. The cost of burying that distribution line will be paid by the City to Idaho Power in quarterly payments as described in Paragraph 13 herein. The cost of placing this distribution line underground is estimated at the date of this Stipulation to be approximately \$300,000. At an interest rate of 7.8% for a term of approximately three (3) years, the total estimated cost is

\$342,206.¹ The actual total amount due Idaho Power from the City for burying the distribution line described in this Paragraph will be determined as described in Paragraph 10 herein.

10. The City agrees to pay Idaho Power the Company's actual costs of engineering the plans to place the distribution line described in Paragraph 9 herein underground. In addition, at the time Idaho Power completes the work order cost estimate of placing the distribution line underground, the City, at its discretion, agrees to select to pay Idaho Power either the Company's estimated work order cost or the Company's actual costs of burying the distribution line which actual costs will not be determined until completion of the project. Idaho Power will finance the final cost at an interest rate of 7.8 % for a term of approximately three (3) years.

11. The City intends to pay the costs described in Paragraphs 9 and 10 herein by way of the Idaho Power franchise fee and any other funds that may be available. The City agrees to take any and all action necessary to increase the current franchise fee from 1% to 3% and to apply, as described herein, 66.67% of the 3% franchise fee to such payment on a quarterly basis beginning the first month in which the increased franchise fee is received but no later than January 1, 2005 and until the cost of the work identified in Paragraphs 9 and 10 herein is fully paid. The Parties agree that the 3% franchise fee will remain in place at the City's request through December 31, 2010. The City agrees to apply no less than 66.67% of the 3% franchise fee collected during that time period to the cost of burying additional distribution lines in the City.

¹ The total cost of \$342,206 assumes a term of three (3) years at a rate of 7.8%. Based upon the present revenue received by the City from a 1% franchise fee, it is anticipated that 66.67% of the 3% franchise fee will generate approximately \$140,000 per year.

12. Pursuant to Idaho Code Section 50-329A(1)(a), Idaho Power consents to the increase in the City's franchise fee to 3% through December 31, 2010. The City agrees to apply no portion of the franchise fee increase to any other activities or projects except as stated herein. The City agrees to take any and all action necessary to reduce its franchise fee from 3% to no more than 1% and Idaho Power shall have no obligation after December 31, 2010 to collect and pay franchise fees to the City above 1% unless otherwise agreed to by Idaho Power or consistent with Idaho law as of the date of this Stipulation.

13. Beginning on or about March 31, 2005 and quarterly thereafter until the total cost of the construction project described in Paragraphs 9 and 10 herein is paid in full by the City to Idaho Power, the Company shall submit a report to the City identifying the franchise fees collected on the City's behalf for the previous quarter. Furthermore, beginning on or about March 31, 2005 and quarterly thereafter until the amounts described in Paragraphs 9 and 10 herein are paid in full, Idaho Power shall invoice the City in an amount equal to 66.67% of the 3% franchise fee collected on behalf of the City. Said invoiced amount shall be paid by the City to Idaho Power within thirty (30) days from the date of mailing of the invoice from Idaho Power to the City.

14. With the exception of servicing emergency conditions associated with existing facilities, Idaho Power agrees to undertake no construction activities associated with this project prior to January 1, 2005 that would result in disruption of traffic on either Eagle Road or those streets intersecting with Eagle Road between State Street and the Eagle Bypass.

II.

On November 8, 2004, the City convened a public hearing for the purpose of reviewing and accepting public comments on the proposed alignment of the 138-kV transmission line as illustrated in Exhibit 1. Following the public hearing, the City Council voted to approve the proposed alignment identified in Exhibit 1.

III.

The Parties have negotiated this Stipulation as an integrated settlement document. The Parties shall support adoption of this Stipulation and acceptance of the Stipulation as a reasonable resolution to all of the issues identified previously. The Parties recommend that the Commission accept this Stipulation without material change or condition. If the Commission adopts the Stipulation without material change, no Party shall appeal any portion of this Stipulation or the issues resolved by this Stipulation and no Party shall oppose the adoption of this Stipulation in this proceeding or any related appeal. If the Commission requests testimony in support of the Stipulation, the Parties shall each make witnesses available to provide testimony in support of this Stipulation.

IV.

If the Commission rejects any or all of this Stipulation or imposes any additional material conditions on approval of this Stipulation, each Party reserves the right, upon written notice to the Commission and the other Parties to this proceeding, within seven (7) days of the Commission's Order, to withdraw from this Stipulation. In such case, no Party shall be bound or prejudiced by the terms of this Stipulation and each Party shall be entitled to undertake steps it deems appropriate.

V.

The Parties agree that this Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable. The Parties maintain that the Stipulation and acceptance by the Commission represents a reasonable resolution of multiple issues identified in this matter.

VI.

This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

Date

November 16, 2004
Date

MONICA B. MOEN
Attorney for Idaho Power Company


SUSAN E. BUXTON
Attorney for City of Eagle, Idaho

Date

B. NEWEL SQUYRES
Attorney for Eagle River, LLC

Date

DONALD L. HOWELL, II
Deputy Attorney General
Attorney for IPUC Staff

V.

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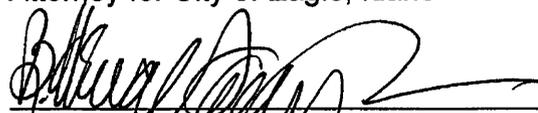
MONICA B. MOEN
Attorney for Idaho Power Company

Date

SUSAN E. BUXTON
Attorney for City of Eagle, Idaho

11/16/04

Date



B. NEWEL SQUIRES
Attorney for Eagle River, LLC

Date

DONALD L. HOWELL, II
Deputy Attorney General
Attorney for IPUC Staff

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Attorney for Idaho Power Company

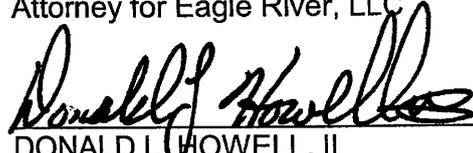
Date

SUSAN E. BUXTON
Attorney for City of Eagle, Idaho

Date

B. NEWEL SQUYRES
Attorney for Eagle River, LLC

Nov. 16, 2004
Date



DONALD L. HOWELL, II
Deputy Attorney General
Attorney for IPUC Staff

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 16th day of November 2004, I served true and correct copies of the above and foregoing STIPULATION FOR ACCEPTANCE OF SETTLEMENT to the following parties:

Donald L. Howell, II
Deputy Attorney General
Idaho Public Utilities Commission
472 W. Washington Street
P.O. Box 83720
Boise, Idaho 83720-0074

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 Overnight Mail
 FAX

Susan Buxton
Moore Smith
225 N. 9th Street, Suite 420
Boise, Idaho 83702

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX

City of Eagle
P.O. Box 1520
Eagle, Idaho 83616

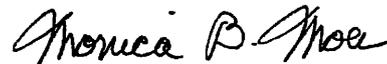
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Eagle River, LLC
c/o Ennis Dale
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Eagle, ID 83616

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MONICA B. MOEN

SEE CASE FILE

FOR MAP(S)
