

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

FROM: WELDON STUTZMAN

DATE: DECEMBER 14, 2004

RE: IDAHO POWER'S APPLICATION TO RECOVER COSTS OF ITS CLOUD SEEDING PROGRAM, CASE NO. IPC-E-04-24

On October 21, 2004, Idaho Power Company filed an Application for an accounting order, requesting the Commission authorize the Company to defer 90% of the Idaho jurisdictional expenses the Company will incur during the winter of 2004-2005 to operate its ongoing cloud seeding program. For two years Idaho Power has funded its cloud seeding program without any cost recovery and asks that its costs during this winter be recovered on the same 90%-10% ratio by which other power supply expenses are shared between customers and shareholders in the PCA. On November 3, 2004, the Commission issued a Notice of Application and Notice of Modified Procedure establishing a comment period. Written comments were filed by the Commission Staff, which supported approval of Idaho Power's Application. Two written comments were received from members of the public, both recommending the Commission deny the Company's Application.

In its comments, Staff summarized the evidence Idaho Power provided in prefiled testimony on the effectiveness of the cloud seeding program. Two different methods are used to determine the effectiveness of the program, the target-control method and the trace-chemistry method. The target-control method is a way to evaluate whether precipitation in the cloud seeding area exceeds the amount that might be expected based on snowfall outside the cloud seeding area. The trace chemistry-method identifies silver iodide and two other chemical agents that are used in cloud seeding in samples taken from snowfall. Using these methods, Idaho Power claims the cloud seeding program produced an estimated 110,000 acre feet of increased

run-off during 2002-2003 and 68,000 acre feet of additional precipitation during 2003-2004. Based on its review of the Company's program, Staff stated it believes the program is promising and recommended PCA treatment of the variable costs of the program for the winter of 2004-2005. The Company estimated those costs to be approximately \$950,000.

COMMISSION DECISION

Should the Application of Idaho Power Company for an accounting order to allow recovery for costs of its cloud seeding program for the winter of 2004-2005 be approved?



Weldon Stutzman

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