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IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
IDAHO POWER COMPANY FOR AN) CASE NO. IPC-E-04-30
ACCOUNTING ORDER REGARDING)
TREATMENT OF THE SHOSHONE-) ACCOUNTING ORDER
BANNOCK TRANSMISSION RIGHT-OF-WAY)
EASEMENT GRANT)
_____)

In accordance with RP 052, application is hereby made to the Idaho Public Utilities Commission ("Commission") by Idaho Power Company ("Idaho Power" or "Company") for an accounting order authorizing the Company to amortize the cost of the Shoshone-Bannock Tribe ("Tribe") Transmission Right-of-Way Easement Grant ("Easement Grant") through December 31, 2027 as set forth herein.

In support of this Application Idaho Power represents as follows:

I.

Idaho Power is an Idaho corporation, whose principal place of business is 1221 West Idaho Street, Boise, Idaho 83702.

II.

Idaho Power operates a public utility supplying retail electric service in southern Idaho and eastern Oregon. Idaho Power is subject to the jurisdiction of this Commission in Idaho and to the jurisdiction of the Oregon Public Utility Commission in Oregon. Idaho Power is also subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC").

III.

While Idaho Power believes that this case should be processed under modified procedure (RP 201, *et. seq.*), Idaho Power stands ready for immediate consideration of this Application if it is the Commission's determination that a hearing should be held.

IV.

Idaho Power has been negotiating with the Tribe since 1996 to renew four right-of-way easements for five transmission lines¹ (the "Transmission Lines") that cross the Tribe's Fort Hall reservation near Pocatello, Idaho. After extensive negotiations, in November of 2004, the Tribe agreed to grant new right-of-way easements to Idaho Power for the Transmission Lines (the Easement Grant"), for a cash payment of \$7,145,000, and scholarship payments of \$15,000 per year. The term of the Easement Grant would extend through December 31, 2027 (approximately 23 years), and would also cover the period between 1996 and the present, during which time Idaho Power continued its permitted use of the easements after their original expiration dates. Idaho Power's \$7,145,000 payment would be paid in three annual installments, and would be

¹ The five transmission lines are the Brady-Fremont 138 kV line No. 409, the Pocatello-Don segment of the Brady-Fremont line No. 409, the Brady-Kinport 230 kV transmission line No. 705, the Kinport-Don 138 kV transmission line No. 521, and the Don-Goshen 161 kV transmission line No. 602.

divided between the Tribe and the individual "allottees" who have ownership rights over portions of the reservation lands crossed by the Transmission Lines. Idaho Power's \$15,000 scholarship payments would be paid each year during the term of the Easement Grant, to the college of choice of the scholarship recipients designated by the Tribe.

Idaho Power, the Tribe and the Bureau of Indian Affairs are currently working through the process of finalizing the Easement Grant, including obtaining the requisite consents from the allottees. The parties hope to complete the grant of the New Easements by the end of 2004 or early 2005.

V.

The accounting that Idaho Power is proposing for the amortization of the Easement Grant asset is more particularly described as follows:

The total amount of the negotiated Easement Grant is \$7,490,000, which represents \$7,145,000 in total cash payments and \$345,000 in total scholarship payments over the 23-year life of the Easement Grant. The current monthly accrual of the Easement Grant is \$22,738. The Company will continue to book this monthly accrual until the Commission grants its approval of the Company's proposed accounting treatment of the Easement Grant. Assuming the Commission would grant its approval on December 31, 2004, the Company would have already expensed \$869,355 to FERC Account #567 – Transmission Rents in recognition of the right-of-way expenses incurred from the stated expiration dates of the original easements through the end of 2004. On January 1, 2005, the remaining Easement Grant net asset amount would be

\$6,620,645. Idaho Power proposes that the total remaining Easement Grant net asset amount be amortized over the term of the Easement Grant.

If the Commission has not granted the Company's Accounting Application by December 31, 2004, the Company will continue to expense \$22,738 per month to FERC Account #567 with the net asset amount decreasing by the same amount each month. However, upon the Commission's approval of the Company's proposed Accounting Application, the Company is proposing to capitalize the total remaining net asset amount of the Easement Grant into FERC Plant Account #302 – Franchises and Consents.

Standard transmission right-of-ways are usually booked as assets in FERC Plant Account #350 – Transmission Plant, Land & Land Rights. However, this particular Easement Grant is different because it contractually ties the transmission right-of-way to a specific time period. Rather than becoming commingled with the accounting treatment of other more traditional transmission right-of-ways, the Company contends it is important to specifically identify this asset and give the Easement Grant its own unique amortization schedule corresponding to the specific terms of the right-of-way agreement. Therefore, the Company is proposing to capitalize this asset in a unique subaccount in FERC Plant Account #302. There is a precedent for this type of separate accounting treatment. Idaho Power currently has a time-specific distribution plant right-of-way agreement with the Tribe that is being accounted for in a similar way.

After the net asset transfer of the Easement Grant to FERC Plant Account #302 as described herein, the Company proposes to amortize the net asset over the

remaining number of months until December 31, 2027 with the following entry each month:

DEBIT: Account #404 – Amortization of Limited Term Plant

CREDIT: Account #111 – Accum Provision for Amortization

Idaho Power respectfully requests confirmation by the Commission that the net amount of the Easement Grant be amortized through 2027 with these expenses recoverable in rates.

VI.

Communications with respect to this Application should be sent to the following:

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NOW, THEREFORE, Idaho Power respectfully requests that the Commission issue its order authorizing Idaho Power to amortize expenses associated with the Shoshone-Bannock Easement Grant in the manner described in Paragraph V above.

DATED at Boise, Idaho, this 27th day of December, 2004.



PATRICK A. HARRINGTON
Attorney for Idaho Power Company