

DECISION MEMORANDUM

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

FROM: WELDON STUTZMAN

DATE: FEBURARY 17, 2005

SUBJECT: IDAHO POWER'S APPLICATION FOR AN ACCOUNTING ORDER
REGARDING RIGHT-OF-WAY EASEMENT GRANT, CASE NO. IPC-E-
04-30

On December 27, 2004, Idaho Power Company filed an Application for an accounting order authorizing the Company to amortize the cost of the Shoshone-Bannock Tribe Transmission Right-of-Way Easement Grant. The accounting order would allow the Company to amortize the cost of a newly negotiated easement across tribal property.

The new Easement Grant results from negotiations that began in 1996 to renew four right-of-way easements for five transmission lines that cross the Fort Hall reservation near Pocatello, Idaho. The total amount of the Easement Grant payments is \$7,490,000, representing \$7,145,000 in total cash payments and \$345,000 in college scholarship payments over the 23-year life of the easements. Idaho Power requests confirmation from the Commission that the net amount of the Easement Grant may be booked and amortized through 2027 with the expenses recoverable in future rates.

The Commission issued a Notice of Application and Notice of Modified Procedure to process Idaho Power's Application. Staff reviewed the filing and filed written comments on February 9, 2005. No other comments were filed.

Staff noted the Company is proposing to book this particular easement to a unique sub account in FERC Plant Account #302 – Franchises and Consents. Although transmission right-of-ways are usually booked to FERC Plant Account #350 – Transmission Plant, Land & Land Rights, the Company states it currently has another right-of-way agreement with the Tribe

that is being accounted for in a similar fashion. Staff supported the proposed accounting treatment where the Company capitalizes the easement grant to a unique sub account in FERC Plant Account #302.

The Company made several offers and counter-offers to the Tribe. For example, in April of 2001 the Company made an offer for \$4.2 million for a 25-year easement. Another offer was made for \$6.1 million for a 20-year right of way, and yet another offer of \$7.1 million for a 25-year right of way. The Tribe ultimately accepted the negotiated offer in October of 2004 that would pay \$7.1 million over 3 years for a 23-year right-of-way.

Staff recommends that the Company be authorized to account for and amortize the expenses associated with the Shoshone-Bannock Easement Grant as requested.

COMMISSION DECISION

Should the Application of Idaho Power for an accounting order regarding the right-of-way easement over Shoshone-Bannock Tribe property be approved?



Weldon Stutzman

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