

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )  
OF IDAHO POWER COMPANY FOR ) CASE NO. IPC-E-05-10  
AUTHORITY TO INCREASE ITS RATES )  
AND CHARGES FOR ELECTRIC SERVICE ) NOTICE OF APPLICATION  
DUE TO THE INCLUSION OF THE ) AND AMENDED APPLICATION  
BENNETT MOUNTAIN PLANT )  
INVESTMENT IN ITS RATE BASE. ) NOTICE OF  
) MODIFIED PROCEDURE  
)  
)  
) ORDER NO. 29748**

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On March 2, 2005, Idaho Power Company filed an Application to recover its capital investment in the new Bennett Mountain generating facility located in Mountain Home, Idaho. More specifically, the Company seeks to rate base \$58,022,983 attributable to the cost of constructing the generating plant and the necessary transmission and interconnection facilities. Idaho Power initially calculated that the addition to rate base will result in an increase to its annual revenue requirement of \$13,482,146. To recover the proposed revenue increase, the Company initially suggested that rates for all existing customer classes and its three special contract customers be uniformly increased by 2.6%.

On March 22, 2005, Idaho Power filed an Amended Application. The Company noted that it had used an incorrect "federal and state income tax rate" that overstated the proposed increase in the Company's annual revenue requirement. Using the correct federal and state income tax rate of 39.1% approved by the Commission in rate case Order No. 29601, the Company now requests a proposed revenue requirement of \$9,402,996. Amended Application at 5. To recover this lower amount, the Company proposes to increase its base rates by a uniform percentage increase of approximately 1.84%. *Id.* at 5-6, Revised Atch. 4. The Company requests the proposed increase to its base rates become effective June 1, 2005, which would coincide with any rate change caused by the annual Power Cost Adjustment (PCA) mechanism.

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AND AMENDED APPLICATION  
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## BACKGROUND

In January 2004 the Commission issued Order No. 29410 approving Idaho Power's Application for a Certificate of Public Convenience and Necessity to construct and operate the Bennett Mountain Power Plant (Case No. IPC-E-03-12).<sup>1</sup> Bennett Mountain is a 162 MW natural gas-fired, simple-cycle power plant. The plant was constructed by Mountain View Power, Inc. Williams Northwest Pipeline will provide the natural gas necessary to fuel the plant. Mountain View will also construct the natural gas pipeline necessary to interconnect with Williams.

In its prior Application for authority to construct the Bennett Mountain plant, Idaho Power provided the Commission with a "Commitment Estimate" of the project's total capital costs. The Commitment Estimate for the project was \$54 million which included the firm bid price of the project (\$44.6 million) plus additional costs such as sales taxes, AFUDC, oversight, and change orders. Order No. 29410 at 4. The Commitment Estimate did not include the cost of constructing or upgrading transmission facilities necessary to connect Bennett Mountain with the Company's existing transmission system, any legally required equipment changes, and material changes in assumed escalation forecast rates. *Id.* at 16. In its September 2003 Application, Idaho Power estimated that the interconnection and/or transmission upgrades for the plant may cost between \$5.5-11.6 million. Reasonable and prudent fuel costs for the Bennett Mountain Plant were to be recovered through the PCA mechanism. *Id.*

## NOTICE OF THE APPLICATIONS

### A. Capital Costs

YOU ARE HEREBY NOTIFIED that Company witness Greg Said states in his testimony accompanying the Application that the Bennett Mountain plant will be in commercial operation before June 1, 2005. Said Direct Testimony at 5. He stated that the total investment in the Bennett Mountain plant itself is \$50,298,492, which is well under the Commitment Estimate of \$54 million. This figure includes the following components: \$42,932,458 as Construction Work in Progress (CWIP); \$1,358,291 for allowance of funds used during construction

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<sup>1</sup> The Commission subsequently issued Certificate No. 420 authorizing Idaho Power to construct the Bennett Mountain Plant. Application, Exh. 2.

(AFUDC); and \$7,366,034 for other anticipated expenses to be booked during the months of February, March and April. Said Direct at 7.

YOU ARE FURTHER NOTIFIED that in addition to plant investment, the Company seeks recovery of its investment for interconnection facilities and transmission upgrades in the amount of \$7,724,491. Company witness Said observed in his prefiled direct testimony that the \$7.7 million for transmission and interconnection facilities falls within the Company's cost-estimate range (\$5.5 to 11.6 million) contained in its September 2003 Application. Said Direct at 8-9. In summary, the Company requests authority to rate base \$58,022,983 (\$50,298,492 for the plant and \$7,724,491 for interconnection and transmission facilities). Said Direct at 7.

***B. The Proposed Change in Rates***

YOU ARE FURTHER NOTIFIED that based upon its authorized rate of return of 7.852% per Order No. 29601, Idaho Power calculates in its Amended Application that its \$58 million investment results in an additional annual revenue requirement of \$9.403 million. Said Supplemental Testimony at 3; Exh. 8. To recover this additional revenue, the Company proposes a uniform averaged percentage increase of approximately 1.84% for all existing customer classes. Amended Application at 5-6; Said Supp. at 4; Exh. 10. In addition, the Company also proposes to increase its special contract rates by about 1.84% for the three special contract customers (Micron (1.85%), Simplot, Dept. of Energy). Exh. 10. The Company proposes that the increase in base rates become effective June 1, 2005, to coincide with any PCA rate change which may occur. Amended App. at 4; Exh. 9.

YOU ARE FURTHER NOTIFIED that Idaho Power states in its Application that it has issued media releases and will notify its individual customers of the proposed rate increase by "bill stuffers." The Company also filed direct and supplemental testimony and exhibits to support its Application, as amended.

**NOTICE OF MODIFIED PROCEDURE**

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the Application and the Amended Application and has preliminarily determined that the public interest may not require a hearing to consider the issues presented in this case. Consequently, the Commission intends to process this docket under Modified Procedure, IDAPA 31.01.01.201

through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on the Application, as amended, may file a written comment in support or opposition with the Commission **no later than Friday, May 6, 2005**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning the Amended Application shall be mailed to the Commission and Idaho Power at the addresses reflected below:

Commission Secretary  
Idaho Public Utilities Commission  
PO Box 83720  
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street  
Boise, ID 83702-5983

Barton L. Kline, Senior Attorney

Gregory W. Said, Manager

Idaho Power Company

PO Box 70

Boise, ID 83707-0070

E-Mail: [bkline@idahopower.com](mailto:bkline@idahopower.com)

[gsaid@idahopower.com](mailto:gsaid@idahopower.com)

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to Idaho Power at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application and Amended Application together with the supporting testimony, exhibits, and proposed tariffs have been filed with the Commission and are available for public inspection during regular business hours at the

Commission offices. The Application and Amended Application may also be reviewed online at [www.puc.idaho.gov](http://www.puc.idaho.gov) under the "File Room" icon and then "Electric Cases."


YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter and Idaho Power, an electric utility, pursuant to authority and power granted under Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-503, 61-523, 61-622. The Commission may enter any final Order consistent with its authority.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

**ORDER**

IT IS HEREBY ORDERED that the persons desiring to submit written comments regarding the Application and Amended Application may do so no later than May 6, 2005.

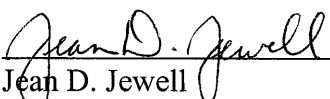
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *1<sup>st</sup>* day of April 2005.

  
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PAUL KJELLANDER, PRESIDENT

  
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MARSHA H. SMITH, COMMISSIONER

  
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DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary

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