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2005 MAY -4 AM 9:35  
IDAHO PUBLIC  
UTILITIES COMMISSION

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

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

**COMMENTS OF THE UNITED STATES  
DEPARTMENT OF ENERGY**

**COMES NOW** the United States Department of Energy (“DOE”) on behalf of the Idaho Operations Office and on behalf of other Federal Executive Agencies, all of whom are customers of Idaho Power Company (“IPC”), and by and through counsel, and in response to Order No.29748, respectfully submits the following comments:

**BACKGROUND**

On March 2, 2005, IPC filed an Application with the Idaho Public Utilities Commission (“Commission”) to increase rates on June 1, 2005, to recover the cost of its new Bennett Mountain generating facility, which is scheduled to enter service a few months before that date. IPC initially sought an increase in its annual revenue requirement of \$13,482,366, or 2.63 percent, associated with its \$58 million investment in the Bennett Mountain project. A correction to the Company’s combined income tax rate in a March 22, 2005, amended filing lowered IPC’s incremental revenue requirement

to \$9,403,003, or 1.84 percent. IPC proposes to increase retail rates to all customers by the same percentage amount.

## COMMENTS

The Company's proposal to apply an equal 1.8 percentage rate increase to all customers would perpetuate the interclass subsidy currently embedded in IPC's rate structure. In IPC's last general rate case, Docket No. IPC-E-03-13, the Commission approved a 5.23 percent increase in retail rates. However, to reduce the subsidies from other classes of customers to the Irrigation class, the Commission approved a much larger than average increase of 13.95 percent for Irrigation customers. Even with this step toward reducing the interclass subsidy in the last rate case, however, the cost of service index for residential and small commercial rate classes, and DOE's Idaho National Engineering and Environmental Laboratory (INEEL) remained at 105 percent. (Appendix C, Order No. 29505 issued May 25, 2004). Stated differently, allowed revenues for each of these rate classes was 5 percent above cost of service rate levels. By contrast, the cost of service index for Irrigation customers was only 76 percent, so rate revenue for Irrigation customers was 24 percent below cost of service. In the absence of a full cost of service analysis, it is reasonable to infer that, under the Company's proposed equal percentage rate increase, little or no progress would be made toward reducing the interclass rate subsidy.

DOE believes a reasonable and straightforward approach for allocating IPC's proposed \$9.4 million increase among customer rate classes is to employ the same distribution of rate increases used by the Commission in IPC's last rate case, in Docket No. IPC-E-03-13. Appendix C of Order No. 29505 identifies the percentage rate increase for each customer class. Residential customers, for example, received a 5.98 percent rate increase, which was 0.75 percentage points (or 14.3 percent) above the 5.23 percent system average. Irrigation customers, on the other hand, received a 13.95 percent rate increase, which was 8.72 percentage points (or 167 percent) above the system average.

This approach should continue the progress toward cost-based rates that underlies the Commission's decision in Order No. 29505.

Respectfully submitted,  
Lawrence A. Gollomp  
Assistant General Counsel  
United States Department of Energy  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

UNITED STATES DEPARTMENT OF ENERGY  
COMMENTS

MAY 5, 2005

✓ Gen Ack  
sent 5/4/05

✓ To AN.

✓ To Commms  
? It

**Jean Jewell**

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**From:** Ed Howell  
**Sent:** Monday, May 02, 2005 7:00 PM  
**To:** Jean Jewell; Ed Howell; Gene Fadness; Tonya Clark  
**Subject:** Comment acknowledgement

WWW Form Submission:

Monday, May 02, 2005  
5:59:35 PM

Case: ipc-e-05-10  
Name: Stanley B. Davis  
Street Address: 200 Main  
City: Salmon  
State: Idaho  
ZIP: 83467  
Home Telephone: 208-756-4561 (work 756-3214)  
E-Mail: mayorofsalmon@cityofsalmon.com  
Company: Idaho Power  
mailing\_list\_yes\_no: yes

Comment\_description: As Mayor of Salmon, I would like to request any rate increase in areas impacted by dams and the loss of anonomous fish that School Districts be exempt from the rate increase. As you are aware places like Salmon have had to go through a lot to survive economicaly. A new rate increase to build a new power plant is not just..We have paid a 100 times over and not raising school districts power bills would be a token that would be well excepted.

Thank you,

Stan Davis  
Mayor  
City of Salmon

Transaction ID: 521759.35  
Referred by: <http://www.puc.state.id.us/scripts/polyform.dll/ipuc>  
User Address: 64.91.118.122  
User Hostname: 64.91.118.122

*✓ Jan Ack sent 5/4/05*      *✓ To Comments ? H*  
**Jean Jewell**

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**From:** Ed Howell  
**Sent:** Wednesday, May 04, 2005 10:30 AM  
**To:** Jean Jewell; Ed Howell; Gene Fadness; Tonya Clark  
**Subject:** Comment acknowledgement

WWW Form Submission:

Wednesday, May 04, 2005  
9:30:11 AM

Case: IPC-E-05-10  
Name: Rick Lamica  
Street Address: 6 Conifer Cir  
City: Boise  
State: Idaho  
ZIP: 83716  
Home Telephone: 208 336-2266  
E-Mail: rlamica@netzero.net  
Company: Idaho Power  
mailing\_list\_yes\_no: no

Comment\_description: Here we go again. No additional conservation plans just acquire more capacity and increase rates. This is endless, I wish I could put in for an increase as much as Id Power does. Up down up down, isn't there a process that could help these up or down that rates stabilize for awhile. It's like watching OPEC and their price per barrel, I can't believe that the PUC doesn't have anything else to do. I feel for the fix and low income customers who get stepped on again. Thanks Rick.

Transaction ID: 54930.11  
Referred by: <http://www.puc.state.id.us/scripts/polyform.dll/ipuc>  
User Address: 64.136.27.225  
User Hostname: 64.136.27.225

✓ Gen Ack sent 5/4/05 ✓ To A.V. ✓ To Commms. ; H

**Jean Jewell**

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**From:** Ed Howell  
**Sent:** Wednesday, May 04, 2005 8:48 AM  
**To:** Jean Jewell; Ed Howell; Gene Fadness; Tonya Clark  
**Subject:** Comment acknowledgement

WWW Form Submission:

Wednesday, May 04, 2005  
7:47:54 AM

Case: IPC-E-05-10  
Name: Bob Jost  
Street Address: 351 Golconda Drive  
City: Hailey  
State: Idaho  
ZIP: 83333  
Home Telephone: 208-788-9765  
E-Mail: bdjost@msn.com  
Company: Idaho Power  
mailing\_list\_yes\_no: yes

Comment\_description: Dear Comission:  
I would like to encourage you to denie Idaho Powers request for a rate increase this year (to begin on June 1,05). The recent rate increses over the past two years have had a huge impact on family homes in Idaho and more will be a huge burden on the average guy in Idaho. To ask the consumer to pay for the Bennett Mountain project is not a fair deal.  
Bob Jost

Transaction ID: 54747.54  
Referred by: <http://www.puc.state.id.us/scripts/polyform.dll/ipuc>  
User Address: 65.54.97.175  
User Hostname: 65.54.97.175

✓ then Ack  
sent 5/4/05

✓ To Commes.  
Jlt

**Jean Jewell**

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**From:** Ed Howell  
**Sent:** Tuesday, May 03, 2005 2:51 PM  
**To:** Jean Jewell; Ed Howell; Gene Fadness; Tonya Clark  
**Subject:** Comment acknowledgement

WWW Form Submission:

Tuesday, May 03, 2005  
1:51:24 PM

Case IPC-E-05-10, IPC-E-05-14  
Name: R.C. Harris  
Street Address: 7470 Grande Vallejo Dr.  
City: Fruitland  
State: Idaho  
ZIP: 83619  
Home Telephone: (208) 452 5232  
E-Mail: rcgc@fmtc.com  
Company: Idaho power

Comment description: I received a brochure from Idaho Power indicating they were requesting a rate increase pertaining to their income tax and for the construction of the Bennett Mountain Power Plant. I think their request to raise their rates to pay for their income taxes is outrageous. I can not ask anyone to pay my taxes and wonder why this is not considered in their plans to run their company. I understand their need to make a profit, but not on the backs of their consumer. Pertaining to their request for Bennett Mountain, I thought I had heard where they were requesting a rate increase from their consumers in Oregon to build a power plant in Idaho. I know we are in our sixth year of drought, but remember when they paid the farmers not to pump water to conserve electricity and subsequently requested a rate increase as they claimed to have lost money on this venture. I think their request is not in order and hope you deny their request,

Transaction ID: 531351.24  
Referred by: <http://www.puc.state.id.us/scripts/polyform.dll/ipuc>  
User Address: 208.187.168.46  
User Hostname: 208.187.168.46