

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PETITION OF)
IDAHO POWER COMPANY FOR AN) CASE NO. IPC-E-05-21
ACCOUNTING ORDER MODIFYING THE)
ACCOUNTING PROCEDURES FOR) NOTICE OF PETITION
PRELIMINARY SURVEY AND)
INVESTIGATION CHARGES) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 29824

On June 14, 2005, Idaho Power Company filed a Petition seeking a modification of a prior accounting order concerning the accounting procedures for preliminary survey and investigation (PS&I) costs. Idaho Power incurs costs or charges when it conducts preliminary surveys or investigations during the evaluation of future generation or transmission projects. The Company proposed a different accounting treatment for its PS&I costs. The Company requested and we find that the Petition should be processed under Modified Procedure.

NOTICE OF PETITION

A. The Current Accounting Procedures

YOU ARE HEREBY NOTIFIED that the Company's Petition recites its current accounting procedures for preliminary survey and investigation (PS&I) charges. The current accounting procedures are addressed in Order No. 17499, two Company letters and a Commission letter dated December 21, 1983.¹ Generally, the Company separates all PS&I costs in two areas: in-house and external costs. PS&I costs for new projects which are "internal in nature" (that is incurred in-house) will be directly expensed in the period incurred." Petition at 2 (emphasis original). Conversely, PS&I costs incurred in connection with any future projects

which are "external in nature" (that is incurred other than in-house) [are] accumulated in Account 107 (CWIP) and transferred to Account 183 (preliminary survey and investigation charges) on a monthly basis. No AFUDC will be accrued on these charges. At the end of each year, the applicable costs collected in Account 183 during the year will be transferred to Account 186 and amortization of these "external" costs will commence the following year over an appropriate time period. The specific amortization

¹ The pertinent portion of Order No. 17499 (Case No. U-1006-185) and the three letters are attached to the Petition.

period for the current year's expenditures will be determined by the Company and reviewed by Staff annually.

Petition at 3 (emphasis original).

YOU ARE FURTHER NOTIFIED that the current accounting procedures provide that the expensing of PS&I costs are discontinued when either the Federal Energy Regulatory Commission (FERC) issues a hydro license, or when this Commission issues a Certificate of Public Convenience and Necessity to construct generation or transmission facilities. The Petition states that any

internal or external charges incurred after receipt and acceptance of the [FERC] final construction license will be accumulated in construction work in progress (Account 107), and the Company will commence accruing an allowance for funds used during construction (AFUDC) on such charges. Thus, all costs incurred after receipt and approval of [a Commission issued Certificate or] a final [FERC] license to construct until commercial operation will be capitalized in the traditional manner.

Petition at 3.

YOU ARE FURTHER NOTIFIED that Idaho Power asserts that the present accounting protocols for PS&I charges are incompatible with the Commission ordered Integrated Resource Plan (IRP) process. The IRP is a planning document that generally describes how Idaho Power intends to meet the load demands of its customers over the next 10 years. The Company further insists that the current accounting procedures are also out of step with the FERC relicensing process for hydroelectric facilities.

B. The Proposed Accounting Procedures

YOU ARE FURTHER NOTIFIED that Idaho Power proposes that it will collect both internal and external PS&I costs in Account 183 as long as the project is considered "viable." Viability of a project will be determined based upon whether the project is included in the Company's IRP. If the project is determined viable (i.e., included in the IRP), the Company proposes that PS&I costs remain in Account 183 "without any accumulation of AFUDC, until appropriate licenses and/or Certificates of Public Convenience and Necessity are obtained." Petition at 5. Once licenses or Certificates are obtained, the Company would then transfer those costs to Account 107 (CWIP), and AFUDC will begin to accumulate. *Id.*

YOU ARE FURTHER NOTIFIED that if the project is determined not viable (i.e., not included in the Company's IRP), then Idaho Power proposes that the PS&I costs accumulated in Account 183 be transferred to Account 182.3 (Other Regulatory Assets). Expenses in Account 182.3 will be amortized over a defined period of time. If the total amount of the project does not exceed \$250,000, that amount will be fully amortized in one year. If the accumulated project costs range from \$250,000 but less than \$1 million, the costs will be amortized over three years. If the project amount exceeds \$1 million, the amount will be amortized over five years.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of 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 this Petition may file a written comment in support or opposition with the Commission within twenty-one (21) days from the service date of this Notice. 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 this Petition shall be mailed to the Commission and the Applicant at the addresses reflected below:

Commission Secretary	Barton L. Kline, Senior Attorney
Idaho Public Utilities Commission	John R. Gale, VP, Regulatory Affairs
PO Box 83720	Idaho Power Company
Boise, ID 83720-0074	PO Box 70
	Boise, ID 83707-0070
Street Address for Express Mail:	E-Mail: bkline@idahopower.com
	rgale@idahopower.com
472 W. Washington Street	
Boise, ID 83702-5983	

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. 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 Petition together with supporting attachments have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Petition and attachments are also available on the Commission's Website at www.puc.idaho.gov under the "File Room" icon and then "Electric Cases."

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* § 61-524. The Commission may enter any final Order consistent with its authority under Title 61.

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 persons desiring to submit written comments regarding Idaho Power Company's Petition may do so within twenty-one (21) days of the service date of this Order.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 15th
day of July 2005.



PAUL KJELLANDER, PRESIDENT

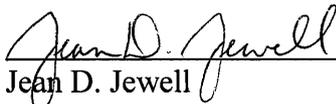


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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