

## DECISION MEMORANDUM

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

**FROM:** DONOVAN E. WALKER

**DATE:** MARCH 24, 2006

**SUBJECT:** INVESTIGATION OF THE APPROPRIATE RATEMAKING  
TREATMENT OF IDAHO POWER COMPANY'S SO2 ALLOWANCE  
SALE PROCEEDS – CASE NO. IPC-E-05-26

### BACKGROUND

On June 9, 2005, Idaho Power Company (Idaho Power, Company) filed an Application requesting: (1) blanket authority to sell surplus sulfur dioxide (SO<sub>2</sub>) allowances; and (2) an accounting order to provide for recording any sale(s) of such allowances. Case No. IPC-E-05-20. The Company's Application also suggested that a determination of ratemaking treatment for the proceeds be made at a later date.

On August 22, 2005, the Idaho Public Utilities Commission (Commission) approved the Company's Application. Order No. 29852. The Commission, while reserving the review of the reasonableness of each sale, granted Idaho Power's request for blanket authority to sell SO<sub>2</sub> emissions allowances and approved the accounting treatment proposed by the Company, on an interim basis, until such time as the Commission determines the appropriate ratemaking treatment of the proceeds from the sale of the SO<sub>2</sub> allowances. *Id.* The Company was ordered to file a report with the Commission within 60 days of the receipt of any SO<sub>2</sub> proceeds. *Id.* Additionally, the Commission ordered that a separate docket be opened for Staff to conduct workshops and make a recommendation to the Commission regarding the appropriate ratemaking treatment of SO<sub>2</sub> proceeds. *Id.*

This docket, IPC-E-05-26, was opened and two workshops were held on November 7 and November 23, 2005, respectively. During the workshops the parties were unable to reach

agreement upon the ratemaking treatment of the proceeds. On March 6, 2006, the Commission issued Order No. 29989, establishing the following schedule: Comment deadline of March 31, 2006; Company's Brief and Company's Reply Comments due on April 14, 2006; Staff and Intervenor Briefs due on April 28, 2006; Company's Reply Brief due on May 12, 2006.

The parties met on March 23, 2006, and reached agreement upon an appropriate ratemaking treatment for the allowance proceeds. The parties are currently working on a stipulation that will be signed and submitted to the Commission.

#### **STAFF RECOMMENDATION**

Staff recommends that the Commission vacate the March 31, 2006, comment deadline, as well as the briefing schedule, that was previously ordered for this matter. Because the agreement was just reached yesterday, the parties do not yet have a signed Stipulation to file with the Commission but one should be forthcoming. Once the Stipulation is filed, Staff recommends that the Commission issue a Notice of the Stipulation and open a comment period. Staff anticipates filing comments in support of the Stipulation.

#### **COMMISSION DECISION**

Does the Commission wish to vacate the March 31, 2006, comment deadline and the subsequent briefing schedule for this matter?



DONOVAN E. WALKER

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