

DAVIS WRIGHT TREMAINE

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PETER J. RICHARDSON

September 7, 1990

IDAHO PUBLIC
UTILITIES COMMISSION

R. Shalters

Ms. Myrna J. Walters
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

Re: Statement of Position and Issues of the Industrial
Customers of Idaho Power
Case No. IPC-E-90-2 and Case No. IPC-E-90-8

Dear Ms. Walters:

Enclosed is the original and seven copies of a new page 8 of the above referenced Statement of Position and Issues of the Industrial Customers of Idaho Power. This replacement page 8 corrects a typographical error and in no way changes the context of the document. Would you please replace the original page 8 with this new page 8 in documents we filed with you on September 5, 1990?

By copy of this letter, we serve the parties of record. If you have any questions, please do not hesitate to contact me.

Sincerely,

DAVIS WRIGHT TREMAINE

Pete Richardson

Peter J. Richardson

np

Enclosures

In addition, a revision of the Company's power costs will have other related implications. For example, income tax expenses will be altered. Simply "rate basing" the actual construction costs of Swan Falls and Milner ignores these considerations and will result in rates that do not match, and will probably exceed, costs.

IV. IDAHO POWER HAS NOT MADE THE REQUISITE SHOWING FOR THE GRANTING OF PRE-APPROVAL OF RATE MAKING TREATMENT FOR THESE FACILITIES

One of the principal issues that must be addressed whenever a new resource is considered is the issuance of a certificate of public convenience and necessity. A second important issue deals with rate making treatment. For example, is the cost of the new resource less than or equal to the cost of other resources available to the utility? If the new resource costs more than identified alternatives, or if alternative resources provide better service at the same, or lower cost, the utility's request for a certificate, or rate recognition must be rejected. As stated above, the utility's avoided cost is one measure of the cost of these alternatives. At a minimum Idaho Power must pass the threshold test of demonstrating that its new generating facility will produce power at less than, or equal to its avoided cost.

Idaho Power must obtain a certificate of public convenience and necessity prior to beginning construction of any new generating facility. I.C. § 61-526 (1976). In granting that