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IDAHO PUBLIC UTILITIES COMMISSION

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Attorney for Commission Staff

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )  
OF IDAHO POWER COMPANY FOR AUTH- )  
ORITY TO RATEBASE THE INVESTMENT )  
REQUIRED FOR THE REBUILD OF THE )  
SWAN FALLS HYDROELECTRIC FACILITY )**

**CASE NO. IPC-E-90-2  
REPLY STATEMENT  
OF STAFF ON LEGAL  
AND JURISDICTIONAL  
ISSUES**

The Staff of the Idaho Public Utilities Commission submits the following reply statement concerning the legal and jurisdictional issues presented by Idaho Power's Application in this proceeding:

1. The Staff's initial statement said that Idaho Power Company was entitled to a declaratory ruling that, in the abstract, its investment in the rebuild of the Swan Falls plant is an appropriate investment to be ratebased. Staff stands by that position.

2. Staff further stated that the amount of investment in plant to be included in ratebase, however, was an issue that need not be decided in this case. Then, Staff commented that if the amount were at issue, then the figure to be ratebased would be the lesser of three figures:

- (a) Plant costs reasonably incurred in construction of Swan Falls;

REPLY STATEMENT OF STATEMENT  
OF STAFF ON LEGAL AND  
JURISDICTIONAL ISSUES

(b) Idaho Power's avoided costs, appropriately calculated to take into account the difference between the Swan Falls plant's expected useful life and the contractual commitment of a cogenerator or small power producer; or

(c) Idaho Power's proposed cap on rate base contained in its Application.

3. In response to Idaho Power's comments, Staff reiterates its position that the amount of plant to be included in ratebase is not at issue and should not be decided in this case. However, Staff modifies its previous three possibilities for ratebasing in two regards:

(a) Staff believes it may be reasonable to recognize a value in the Swan Falls plant and the water rights associated with the plant that exceeds the strict avoided cost of a stand-alone cogeneration or small power production facility because of Swan Falls' and its water rights' importance to other Company projects.

(b) The \$80,285,00 total commitment estimate contained in Attachment 3 to the Supplement to Idaho Power's Initial Application might need to be adjusted, as noted by footnote 2 of that Application, to take into account that removal costs of \$804,000 were excluded from the commitment estimate.

Nevertheless, the Staff reiterates that determining the method to be used in ratebasing the plant or the amount of ratebasing of the plant are not issues in this proceeding. The reason for mentioning them in this proceeding is so that the Company will be aware that there may be more than one theory to determine appropriate ratebasing of the plant and there will be no surprise when it requests ratebasing of the plant if a theory other than that proposed by Idaho Power in its own Application is put forward by another party and accepted by the Commission.

RESPECTFULLY submitted this 19<sup>th</sup> day of September 1990.



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Michael S. Gilmore  
Deputy Attorney General

MG:nh/N-222

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY THAT on this *14th* day of September 1990, a true and correct copy of the Reply Statement of Staff on Legal and Jurisdictional Issues in Case No. IPC-E-90-2 was mailed in the United States Mail, postage prepaid, to each of the following:

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OF STAFF ON LEGAL AND  
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