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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 A)
CERTIFICATE OF PUBLIC CONVEN-)
IENCE AND NECESSITY FOR THE)
RATE BASING OF THE MILNER)
HYDROELECTRIC PROJECT, OR IN)
THE ALTERNATIVE, A DETERMINATION)
OF EXEMPT STATUS FOR THE MILNER)
HYDROELECTRIC PROJECT.)

CASE NO. IPC-E-90-8

REPLY STATEMENT OF
COMMISSION STAFF

On September 12, 1990, the Idaho Power Company filed its response to statements filed by all parties to this proceeding. The following is the Commission's Staff's reply to two of the points raised by the Company in its response.

First, the Company appears to take the position that a Certificate of Public Convenience and Necessity for the Milner project need only be obtained in the event that the Commission decides to rate base the project. Staff reiterates that a Certificate must be obtained in order for the Company to construct the project regardless of whether it is rate based. *Idaho Code* §61-526 provides, in part:

No . . . electrical corporation . . . shall henceforth begin the construction of a . . . plant or system . . . without having first obtained from the commission a certificate that the present or future public convenience and necessity require or will require such construction

As Staff asserted in its original statement, nothing prevents the Commission from issuing a Certificate allowing the Company to construct the project which specifically provides that the project need not be initially rate based for the present public convenience and necessity. The Certificate could authorize a later Application for rate basing for the future public convenience and necessity. In the interim, the Company could operate the facility "off the regulated utility books" with reasonable terms for future rate basing spelled out in the Certificate Order.

Second, the Company argues that in the event the project is rate based, reliance upon the Company's avoided cost rates should not be utilized. Staff simply asserts that neither the amount rate based nor the method of ultimately calculating that amount should be decided in this proceeding. Such an analysis can only be performed once the project is completed.


Brad M. Purdy
Deputy Attorney General

BP:vld/M-1778

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 19th DAY OF SEPTEMBER, 1990, SERVED THE FOREGOING **REPLY STATEMENT OF COMMISSION STAFF**, CASE NO. IPC-E-90-8, ON ALL PARTIES OF RECORD BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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