DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

TONYA CLARK

STEPHANIE MILLER

DAVID SCHUNKE

DON HOWELL

GARY RICHARDSON

WORKING FILE

FROM:BRAD PURDY

DATE:APRIL 17, 1995

RE:CASE NO. IPC-E-95-2; IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR AUTHORITY TO IMPLEMENT THE POWER COST ADJUSTMENT RATE FOR ELECTRIC SERVICE TO CUSTOMERS IN THE STATE OF IDAHO FOR THE PERIOD MAY 16, 1995 THROUGH MAY 15, 1996

On April 14, 1995, Idaho Power filed an Application for approval of Tariff No. 101 implementing a power supply cost adjustment at the rate of 0.0834¢ per kWh for the period May 16, 1995 through May 15, 1996.

As always, the PCA consists of two components [1] 90% of the difference between the project power supply cost and the Commission’s approved base power supply cost and [2] the true-up of the 1994/1995 power supply costs.  Regarding the forecast portion of the PCA, Idaho Power estimates 4.9 million acre feet of April through July Brownlee stream flow run off.  The resulting projected power cost of $71,839,740 equates to a power supply cost of 0.5168¢ per kWh.  This is 0.0074¢ per kWh higher than the Commission’s approved base of 0.5094¢ per kWh.  By Commission Order No. 25880, issued in Case No. IPC-E-94-5, the Company is authorized to adjust rates upward by 90% of the 0.0074¢ per kWh or 0.0067¢ per kWh.

Regarding the true-up, Idaho Power states that it undercollected $10,664,407 during the April 1994 through March 1995 PCA accounting period.

The difference between the projected power cost and the base power cost and the true-up combine to produce a PCA for the period May 16, 1995 through May 15, 1996 of 0.0834¢ per kWh.  Idaho Power characterizes this as a “decrease to existing rates.”  In actuality, it is a decrease only in comparison to the previous year’s PCA.  In fact, it is an increase to base rates.

Last Year’s PCA, the first involving a true-up, involved several issues and the Commission conducted a hearing to resolve those issues.  After a cursory review by Staff, it appears that this year’s PCA filing does not contain any significant issues.  Idaho Power has requested an effective date of May 16, 1995.  There are no statutory or procedural requirements that a hearing be conducted.  It is Staff’s recommendation, therefore, that this matter be handled under Modified Procedure.

Commission Decision

Should a Notice of  Modified Procedure be issued?

Brad Purdy

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