DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

DON HOWELL

BRAD PURDY

STEPHANIE MILLER

DAVID SCHUNKE

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GARY RICHARDSON

ROBERT SMITH

TREVA PLINE

WORKING FILE

FROM:KEITH HESSING/DON HOWELL

DATE:MAY 12, 1995

SUBJECT:IDAHO POWER CASE NO. IPC-E-95-2 - 1995-96 POWER COST ADJUSTMENT (PCA).

On April 14, 1995, Idaho Power Company filed an Application with the Commission for approval of Tariff No. 101 implementing the Power Cost Adjustment (PCA) at the rate of 0.0834¢/kWh for the period May 16, 1995 through May 15, 1996.

The Company’s Application is made pursuant to Commission Order No. 24806 issued in Case No. IPC-E-92-25 in which the commission approved a PCA for Idaho Power to adjust customers’ rates for variations in the company’s power supply costs.  The PCA represents a rate adjustment (either an increase or decrease) from “normalized” rates.  The PCA has two elements:  [1] 90% of the difference between the projected power supply cost and the Commission’s approved base power supply cost for Idaho Power;  and [2] the true-up of the 1994/1995 power supply costs.

On April 19, 1995 the Commission issued a combined Notice of Application/Notice of Modified Procedure requesting written comments by May 10, 1995.  Only the Commission Staff and Idaho Power filed comments.

COMMISSION STAFF COMMENTS

After an audit of the Company filing, Staff concurred with the Company's 1995-96 power-supply forecast but had different results than the Company for the February and March 1995 true-up deferrals.  After bringing this to the Company's attention, the Company agreed with the Staff’s calculations.  The corrected annual deferred balance was $9,561,995.40 which is approximately $1,100,000 less than calculated by the Company.  This new deferred balance when combined with the forecast produces a PCA rate of .0755 cents per kWh.  While adoption of this PCA rate represents an increase over normalized rates, adoption of the

.0755 cents/kWh rate is a decrease from the present PCA rate of .1449 cents/kWh.  Accordingly, customers will experience a rate decrease if the Commission adopts the recommended PCA rate of .0755 cents/kWh.

IDAHO POWER COMPANY COMMENTS

Idaho Power Company's comments simply state:

"The Company has reviewed its calculations and agrees that

the appropriate calculation of the annual deferred balance

should be $9,561,995.40 as of the end of March, 1995.

Accordingly, the Company also agrees that the PCA rate

should be recalculated and that the PCA rate to become

effective on May 16, 1995 should be .0755 cents/kWh

rather than .0834 cents/kWh."

COMMISSION DECISION

Does the Commission agree that the 1995-96 PCA rate should be .0755 cents per kWh?  A draft order adopting this rate has been prepared.

Does the Commission agree that the rate should be effective for the period

May 16, 1995 through May 15, 1996?

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Keith Hessing

Commission Technical Staff:

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