DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

STEPHANIE MILLER

DAVE SCHUNKE

RANDY LOBB

KEITH HESSING

TONYA CLARK

GARY RICHARDSON

WORKING FILE

FROM:SCOTT WOODBURY

DATE:APRIL 26, 1995

RE:CASE NO. IPC-E-95-4 (TA 95-02)

EXTENSION OF INTERIM AGREEMENT—MICRON

TARIFF CHANGE—SCHEDULE 26-MICRON

On May 2, 1994, Idaho Power Company (Idaho Power) filed an Interim Agreement with the Commission to establish rates and provide service to Micron Semi Conductor, Inc. (now Micron Technology, Inc.).  The agreement was necessary because Micron was expanding its manufacturing facility and its load was projected to exceed 25,000 kW.  Idaho Power’s tariff requires special service contracts for loads exceeding 25,000 kW.  The Interim Agreement did little more than establish rates.  The agreement was interim because Idaho Power and Micron needed more time to negotiate all of the details of a final agreement.  The Interim Agreement contained an expiration date of May 1, 1995, by which time a final agreement was to be negotiated.  The Commission approved the Interim Agreement in Order No. 25575, Case No. IPC-E-94-9.

Since then, a general rate case has been completed for Idaho Power Company.  As a result of Case No. IPC-E-94-5, Micron’s interim contract rates have been evaluated in a cost-of-service process and adjusted.  (Schedule 26 Micron, Original Sheet No. 26-1; Order No. 25880.)

On April 18, 1995, Idaho Power filed Tariff Advice 95-02.  Idaho Power requests approval of an extension of the Interim Agreement (Extension Agreement).  The Extension Agreement extends the time allotted to reach final agreement on contract details through June 30, 1995.  It also changes the previously approved contract demand from 37,000 kW to 40,000 kW.  The Company’s filing includes an updated replacement page for its related Schedule 26 tariff showing Micron rates as established in the general rate case and the increased contract demand previously discussed.  An effective date of May 1, 1995 has been requested.

STAFF RECOMMENDATION

Although filed as a Tariff Advice, the Extension Agreement is actually an amendment to the underlying Interim Agreement ¶¶ I and V (contract demand) and ¶ XI (expiration date).  The scope of the Company’s filing suggests that a simple tariff advice is inappropriate.  Reference Commission Rules of Procedure, IDAPA 31.01.01134.  The matter has been assigned a formal case number, IPC-E-95-4.  The Company has been notified.

Staff recommends approval of the Extension Agreement and the proposed change to the Schedule 26-Micron tariff.  It is Staff’s position that an additional two months to negotiate a final agreement harms no one.  The additional 3,000 kW of contract demand is an 8% increase in Micron’s load.  It is Staff’s belief that the Company has adequate capacity to satisfy the additional demand.

COMMISSION DECISION

●Approve the Extension Agreement.

•two month extension

•increase in contract demand from 37,000 kW to 40,000 kW

•effective date May 1, 1995

●Do not approve the Extension Agreement.  If the Extension Agreement is not approved and the existing Interim Agreement expires, there will be no service agreement for Micron and no applicable tariff.

Keith HessingScott D. Woodbury

JR\M-IPC-E-95.SW