BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

|  |  |  |
| --- | --- | --- |
| IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR ELECTRIC SERVICE TO CUSTOMERS IN THE STATE OF IDAHO BY INCLUSION OF THE TWIN FALLS PROJECT INVESTMENT AND THE ADDITIONAL SWAN FALLS PROJECT INVESTMENT IN REVENUE REQUIREMENT. | )))))))))) | CASE NO. IPC-E-95-5NOTICE OF SCHEDULINGORDER NO. 26119  |

On August 14, 1995, this Commission conducted a hearing for the purpose of addressing Idaho Power’s Application in this case for authority to increase its rates and charges for service to Idaho customers to reflect the Company’s additional investment in the Swan Falls hydro project and its investment in the Twin Falls hydro project.

In Case No. IPC-E-91-4, Idaho Power filed an Application seeking assurance from the Commission that the Company’s investment in the Twin Falls project would be included in revenue requirement.  In its Application, the Company agreed that its investment would not exceed $50,839,000 plus 20% for specified contingencies; the “commitment estimate.”  The Commission, in Order No 25021 issued on July 22, 1993, accepted the commitment estimate and reserved final determination of the treatment of this investment until project completion.

Idaho Power’s investment in Twin Falls ultimately totaled $38,288,324.  The Company now seeks to include this amount in its rate base, along with an additional investment of $2,318,490 made in the Swan Falls project since Idaho Power’s last general rate case (Case No. IPC-E-94-5).  The Company originally sought to increase its revenue requirement by $6,309,116 to reflect this new investment.  At the hearing, Idaho Power concurred in the Staff recommendation for an increase in the Company’s revenue requirement of $3,759,695 annually requiring an 0.88% rate increase.

The inclusion of the Company’s investment in Swan Falls and Twin Falls in ratebase was opposed at the hearing by Rosebud Enterprises, Inc. (Rosebud).  At the conclusion of the hearing, Rosebud requested leave to file a written brief to address the legal issues that it contends have arisen in this case.  In response to Rosebud’s request, Idaho Power requested that the Commission immediately grant the Company an interim rate increase subject to refund.  In the event that the Commission, on the basis of further deliberations and post-hearing briefing, ultimately determines that Idaho Power is not entitled to increase its rates in whole or in part to recover the Company’s investment in the additional Swan Falls and Twin Falls projects, that additional revenue will be refunded.

FINDINGS

We hereby grant Rosebud’s request to submit written briefing in this case.  Any party wishing to submit a brief on legal issues pertinent to this proceeding may do so according to the following schedule:

Deadline for filing initial briefs:September 5, 1995

Deadline for filing reply briefs:September 19, 1995

In Order No. 25021 issued in Case No. IPC-E-91-4, we ruled that:

In the ordinary course of events, the Company may expect its investment in the Twin Falls project to be recognized in its revenue requirement, barring unforeseen circumstances of a kind not characteristic of hydro electric facilities.  The ultimate decision determining the appropriate amount of the Twin Falls investment to include in revenue requirement will, of course, be made during the course of a general rate proceeding or a tracker proceeding initiated for that purpose.

Id. at pages 13-14.

Based on the evidence presented at the hearing, we issued a bench ruling finding that substantial, competent evidence was presented to establish that it would be fair, just and reasonable to increase Idaho Power’s revenue requirement on an interim basis to reflect the Company’s additional investment in the Swan Falls project and its investment in the Twin Falls project.  The Company, therefore, is allowed to begin recovering this additional revenue requirement from all customers, on a uniform percentage basis effective for service rendered on and after Tuesday, August 15, 1995.

We do not intend, however, to make a final determination until after receipt and consideration of the parties’ briefs.  We will issue a final Order in this case subsequent to the receipt of briefing by all interested parties.  That final Order will contain a more thorough analysis of the factual and legal issues presented.  The monies collected from ratepayers as a result of this Order, therefore, are subject to refund in the event that we ultimately determine that Idaho Power is not entitled to recover some or all of its investment in these two projects.

O R D E R

IT IS HEREBY ORDERED that Idaho Power is authorized to increase its rates and charges for service to its Idaho customers, effective for service rendered on and after August 15, 1995, consistent with the terms and conditions set forth in this Order.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of  August 1995.

                                                             RALPH NELSON, PRESIDENT

                  MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

vld/O-IPC-E-95-5.bp4