BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE ANNUAL RE-)CASE NOS.WWP-E-95-3

VISION AND UPDATED CALCULATION)IPC-E-95-7

OF THE ADJUSTABLE PORTION OF THE)UPL-E-95-2

AVOIDED COST RATES FOR THE WASH-)

INGTON WATER POWER COMPANY, FOR)

IDAHO POWER COMPANY, AND FOR)

PACIFICORP DBA UTAH POWER & LIGHT)     ORDER NO. 26135

COMPANY.)

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On May 30, 1995, The Washington Water Power Company (Water Power; WWP) filed with the Idaho Public Utilities Commission (Commission) annual revised and updated calculations for the adjustable portion of avoided cost rates.  Earlier this year, the Commission  revised the surrogate avoided resource (SAR) methodology that is used in determining avoided cost rates.  The Commission changed the choice of the surrogate used in calculating the published rates under the SAR methodology from a coal to a gas-fired combined-cycle combustion turbine (CCCT) resource.  The change in the surrogate was accompanied by a change in the method for calculating the adjustable portion of avoided cost rates.  Water Power therefore submitted two sets of adjustable rate calculations, one for coal (Colstrip), the other for gas (Sumas).  The annual adjustable rate calculation based on Colstrip was separately addressed by the Commission in Order No. 26080.    Water Power’s filing is the first annual revision to the adjustable rate under the new methodology (Sumas).

Adjustable Rates–Sumas

By Order No. 25883 in Case No. WWP-E-93-10 (WWP), 25884 in Case No. IPC-E-93-28 (Idaho Power Company; IPCo), and 25882 in Case Nos. UPL-E-93-3/ UPL-E-93-7 (PacifiCorp; PCp) issued January 31, 1995, the Commission determined that the adjustable portion of avoided cost rates should be based on annual average gas prices indexed at Sumas, Washington.  The purpose of including an adjustable component in the avoided cost rates is to capture annual changes in natural gas fuel costs.  Under the Commission approved SAR avoided cost methodology, the adjustable portion of avoided cost rates is the same for all of Idaho’s major electric utilities and an annual filing is required.

Water Power, in consultation with Commission Staff, has devised a proposed methodology for making annual adjustments.  As reported by WWP in its first annual filing, the 1993 and 1994 annual average gas prices indexed at Sumas, Washington as published in “Inside FERC” was $1.86/MMBtu and $1.57/MMBtu respectively, resulting in a reduction of $0.29/MMBtu.  The previously approved base gas price of $2.51/MMBtu less the $0.29/MMBtu reduction results in a gas price of $2.22/MMBtu for the 1995-96 year.  This by Staff calculation equates to an “SAR” fuel cost of 16.32 mills/kWh as used in the model.  A proposed schedule of revised rates and a detailed sheet of variables for each utility was prepared by Staff and reviewed by the utilities.

On June 30, 1995, the Commission made a preliminary finding that it was reasonable to process the Application in this case under Modified Procedure, i.e., by written submission rather than by hearing.  Reference Commission Rules of Procedure, IDAPA 31.01.01.201 through .204; Order No. 26079.  Commission Notices of Application and Modified Procedure were issued regarding the proposed method for revising the adjustable rate under the new methodology (Sumas), the calculated change in the adjustable rate, and the proposed effective date July 1, 1995.  As reflected in the Commission Secretary’s Certificate of Service in this case, all parties to the underlying avoided cost cases received copies of the Commission’s Notices.  The deadline for filing written comments was July 28, 1995.  Commission Staff was the only party to submit written comments.  Staff agrees with the updated calculations, both in terms of the number submitted and in terms of the methodology employed.

Commission Findings

The Commission has reviewed the filings of record and the submitted comments of Staff.  We recognize Water Power’s annual update filing for the adjustable portion of avoided cost rates as being submitted also for approval for Idaho Power and PacifiCorp (Utah Power).  The Commission continues to find it reasonable to process this matter under Modified Procedure.  Based on its review of the filings of record, the Commission finds the proposed method for revising the adjustable rate under the new methodology (Sumas) to be a reasonable and acceptable method.  We further find based on our review of the calculation and supporting documentation that the resulting adjustable rate is fair, just and reasonable.  We also find it reasonable to approve the change in the adjustable rate (Sumas) for effective date July 1, 1995.

Conclusions of Law

The Idaho Public Utilities Commission has jurisdiction over Idaho Power Company, PacifiCorp dba Utah Pacific Light & Company and The Washington Water Power Company, electric utilities, pursuant to the authority and power granted it under Title 61 of the Idaho Code and the Public Utility Regulatory Policies Act of 1978 (PURPA).

The Idaho Public Utilities Commission has authority under PURPA and the implementing regulations of the Federal Energy Regulatory Commission (FERC) to set avoided costs, to order electric utilities to enter into fixed term obligations to purchase energy from small power producers and to implement FERC rules.

O R D E R

In consideration of the foregoing and as more particularly described above, IT IS HEREBY ORDERED that the Sumas related adjustable portion of the avoided cost rate for Washington Water Power Company, Idaho Power Company and PacifiCorp dba Utah Power & Light Company be changed for an effective date of July 1, 1995 as outlined in the attached schedules.

THIS IS A FINAL ORDER.  Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order.  Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration.  See Idaho Code § 61-626.

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

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