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Attorney for the Commission Staff

BEFORE  THE  IDAHO  PUBLIC  UTILITIES  COMMISSION

IN THE MATTER OF THE ANNUAL)

REVISION AND UPDATED CALCULATION)CASE  NOS.  WWP-E-95-3

OF THE ADJUSTABLE PORTION OF THE)IPC-E-95-7

AVOIDED COST RATES FOR THE)UPL-E-95-2

WASHINGTON WATER POWER COMPANY,)

FOR IDAHO POWER COMPANY, AND )

FOR PACIFICORP DBA UTAH POWER &)COMMENTS OF

LIGHT COMPANY.)THE COMMISSION

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On May 30, 1995, the Washington Water Power Company (Water Power; Company) filed with the Idaho Public Utilities Commission (Commission) annual revised and updated calculations for the adjustable portion of avoided cost rates.  Water power 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 addressed in Order No. 26080.  The Commission has solicited comments on the method of proposed change to the adjustable portion of avoided cost rates which under the new and recently approved avoided cost methodology is based on Sumas gas prices.

COMES  NOW  the Staff of the Idaho Public Utilities Commission (Staff), by and through its Attorney of record, Scott Woodbury, Deputy Attorney General, and submits the

following  comments for the Commission’s consideration in Case Nos. WWP-E-95-3,

IPC-E-95-7, and UPL-E-95-2.

The Commission is advised that Staff consulted with Water Power prior to the Company's submittal of the annual revisions and updated calculations.  The methodology employed in the updated calculations was initially suggested by Staff, and subsequently agreed to by the Company.  Consequently, Staff agrees with the updated calculations, both in terms of the numbers submitted and in terms of the methodology employed.

 One closely related issue which should be separately addressed and resolved is whether updated Sumas gas prices should be used each year in establishing the adjustable portion of rates for non-fueled projects.  Clearly, the adjustable component of avoided costs is intended to capture changes in the cost of natural gas and should be applied to fueled rates.  However, non-fueled rates do not include an adjustable component since a starting gas price is assumed and escalated at an established rate of six percent.  It has never been addressed whether the starting fuel price assumed for non-fueled rates should be re-set annually based on the indexed gas price in each year or left unchanged from the price set in the most recent avoided cost proceedings.  Staff raises this issue as a prelude to a more detailed description that it will separately address and include in proposed adjustments to the avoided cost model.

DATED  at Boise, Idaho, this            day of July 1995.

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Scott Woodbury

Deputy Attorney General

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Rick Sterling

Staff Engineer

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