DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVID SCHUNKE

TERRI CARLOCK

GARY RICHARDSON

WORKING FILE

FROM:BRAD PURDY

DATE:MAY 9, 1996

RE:CASE NO. IPC-E-95-11; RATE STABILITY AND EARNINGS CAP COMPLIANCE FILING

On April 1, 1996, the Idaho Power Company made a compliance filing with documentation establishing the Company’s earnings for the year 1995.  The compliance filing is the result of Order No. 26216 issued in this case on October 20, 1995, approving the Settlement Agreement entered into between Idaho Power, Staff and various other parties adopting a five-year rate stability moratorium for the Company.  Pursuant to that Stipulation, which was adopted by the Commission, Idaho Power is permitted to accelerate the amortization of Accumulated Deferred Investment Tax Credit (ADITC) in the event the Company’s earnings fall below 11.5% on year end common equity.  In addition, the Company is required to refund 50% of all earnings above an 11.75% return on year end common equity.

According to Staff’s initial review, it appears that Idaho Power earned a return on common equity of 11.74% for the year 1995.  Thus, the Company did not accelerate additional ADITC, nor will it refund earnings.

Idaho Power will continue to make annual compliance filings through the year 1999 which is the expiration of the rate stability period.  Staff recommends that the Commission handle this year’s filing and, as well as subsequent filings, under modified procedure allowing parties an opportunity to review the Company’s earnings calculation and submit comments if they so desire.

COMMISSION DECISION:

Should this matter be handled under modified procedure?

Brad Purdy

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