(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR AUTHORITY TO INCLUDE IN ITS POWER COST ADJUST­MENT COMPUTATIONS THE FIRM POWER PURCHASE FROM ARIZONA PUBLIC SERVICE. | )  )  )  )  )  )  ) | CASE NO. IPC-E-96-18  NOTICE OF APPLICATION  NOTICE OF MODIFIED PROCEDURE |

YOU ARE HEREBY NOTIFIED that on August 23, 1996, the Idaho Power Company (Idaho Power; Company) filed an Application for an Order allowing the Company to include a firm power purchase from Arizona Public Service (APS)in its Power Cost Adjustment (PCA) mechanism.

In Case No. IPC-E-92-25, by Order No. 24806, the Commission authorized the implementation of the PCA which tracks variations in the Company’s power supply costs and, accordingly, adjusts rates annually.  Pursuant to Order No. 24806, the Company is required to apply to the Commission for approval to include in its PCA computations, any long-term capacity purchases.  Idaho Power states that it has entered into a five-year capacity purchase with APS.  The Company notes that its integrated resource plan published in June 1995 indicated that the Company could expect capacity and energy deficits to occur in December and January beginning in 1995 and continuing until the expiration of seasonal power exchanges with Seattle City Light and Montana Power Company by the year 2003.  The forecasts included with the 1995 IRP illustrate a need for winter resources, Idaho Power states.  As the IRP indicates, the Company planned to meet these deficits by relying on market purchases.  The Company notes that in Case No. IPC-E-95-9, it argued that the standard length of market purchases does not exceed five years.

Idaho Power states that it has negotiated a five-year firm power supply commitment from APS.  The rate for capacity throughout the term of the contract is $1.50/kW/month.  The energy rate for deliveries in 1996-97 is $18.69 per megawatt hour.  These prices include transmission to Idaho Power’s system at the Borah and/or Brady substations in southern Idaho or at any other point as the parties may agree.

Idaho Power contends that at the time it decided to enter into the purchase agreement with APS, market prices for capacity ranged from 3 to 6 mills and the historical spot market price for non-firm energy was approximately 21 mills.  The Company asserts that these prices were consistent with the Company’s market research at the time which indicated that the long-term price for five year base load contracts in this region was in the 23 to 28 mill range.  The rate of 22.1 mills that Idaho Power was able to negotiate with APS, both for capacity and energy, falls within those parameters, Idaho Power states.  The Company further notes that the APS power will be available to cover the winter deficits forecasted by the IRP and could be marketed off-system when not needed to meet loads or maintain system reliability.  Finally, the Company asserts that the relatively short five-year contract term provides desirable flexibility during a time of uncertainty concerning supply requirements.  Idaho Power notes that it is able to wheel the power to southern Idaho by virtue of APS’s transmission rights to the Borah/Brady substations which APS acquired from PacifiCorp.

YOU ARE FURTHER NOTIFIED that Idaho Power’s Application, together with attachments, have been filed with the commission and are available for public inspection during regular business hours at the Commission offices; 472 W.  Washington Street, Boise, Idaho.

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through -.204.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission within twenty-one (21) days from the date of this Notice.  The comment must contain a statement of reasons supporting the comment.  Persons desiring a hearing must specifically request a hearing in their written comments.  Written comments concerning this application shall be mailed to the Commission and the Company at the addresses reflected below:

COMMISSION SECRETARYLARRY D.  RIPLEY, SENIOR ATTORNEY

IDAHO PUBLIC UTILITIES COMMISSIONJAMES R.  THOMPSON, ATTORNEY

PO BOX 83720IDAHO POWER COMPANY

BOISE, IDAHO  83720-0074PO Box 70

Boise, ID 83707

Street Address for Express Mail:

472 W WASHINGTON ST

BOISE, IDAHO  83702-5983

These comments should contain the case caption and case number shown on the first page of this document.

YOU ARE FURTHER NOTIFIED that if no written comments are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing.  If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 et seq.

DATED at Boise, Idaho this                  day of September  1996.

Myrna J. Walters

Commission Secretary

vld/N:IPC-E-96-18.bp

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

September 19, 1996