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

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| IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR APPROVAL OF AN EXTENSION OF THE U.S. DEPARTMENT OF ENERGY (DOE), IDAHO OPERATIONS OFFICE CONTRACT | ))))))) | CASE NO. IPC-E-96-20ORDER NO.  26711 |

On September 27, 1996, the Idaho Power Company (Idaho Power; Company) filed an Application for approval of an extension of its contract with the U.S. Department of Energy (DOE) which expired on November 1, 1996.  The Application originally proposed to maintain the existing terms and conditions of the contract with a modification to the billing demand and power factor computation on which the contract rates are based.  On October 7, 1996, Idaho Power filed an amended Application seeking to simply extend the DOE contract, without modification, through October 31, 1998.

On November 1, 1996, the Commission issued a Notice of Application/Notice of Modified Procedure soliciting comments in response to the Company’s Application.  At the same time, the Commission issued Order No. 26664 granting interim approval of Idaho Power’s Application because of the short time remaining before the contract expiration date.  The Commission ruled that “depending upon the comments received, we will either grant final approval subsequent to the expiration of the comment period set forth in the Notice of Modified Procedure above or issue some other ruling with respect to the contract.”  Order No. 26664 at p. 2.

The only parties to submit comments were the DOE and the Commission Staff.  The DOE simply filed a one paragraph letter concurring in Idaho Power’s Application.  The Commission Staff also supports extension of the DOE contract.  Staff notes that the contract rates, terms and conditions now in place were subject to review and modification in the Company’s last general rate case; Case No. IPC-E-94-5.  Staff notes that at the conclusion of that case, the Commission issued Order No. 25880 setting the DOE’s rates at full cost of service.  Staff states that it has no reason to believe that those rates are no longer fair, just and reasonable and that an expiration of the contract  is justified.  Staff notes that in Order No. 25880, at page 35, the Commission required Idaho Power to file an updated cost of service study no later than April 1, 1997, which will provide another opportunity for review of all the Company’s rates, including DOE’s.

F I N D I N G S

We hereby give final approval to the extension of the DOE contract through October 31, 1998.  First, we note that no evidence has been presented to suggest that the rates contained in that contract and approved in Order No. 25880 are no longer fair, just and reasonable.  As Staff notes, we set DOE’s rates in that Order to match its cost of service.

Second, because the rates, terms and conditions set forth in the contract are subject to Commission review and change, an extension of that contract will not impair our ability to revise the DOE’s rates the next time we review Idaho Power’s overall revenue allocation.

Finally, we find it significant that no party objected to the extension of the DOE contract.  We further find that based on the foregoing, no other customer or customer class will be harmed or prejudiced by the extension.

O R D E R

IT IS HEREBY ORDERED that Idaho Power’s Application for authority to extend the DOE contract through October 31, 1998, is given final approval.

THIS IS A FINAL ORDER.  Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No.  IPC-E-96-20 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this Case No.  IPC-E-96-20.  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 December 1996.

RALPH NELSON, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

December 6, 1996