DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

GARY RICHARDSON

WORKING FILE

FROM:BRAD PURDY

DATE:October 22, 1996

RE:IPC-E-96-20.  IDAHO POWER’S REQUEST FOR AN EXTENSION OF ITS SPECIAL CONTRACT WITH THE U. S. DEPARTMENT OF ENERGY.

On September 27, 1996, the Idaho Power Company filed an application for approval of an extension of its contract with the U. S. Department of Energy (DOE) which expires November 1, 1996.  The application 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 contracts rates are based.  Such modification would have affected those rates.  On October 7, 1996, Idaho Power filed an amended application.  The Company now seeks to simply extend the DOE contract, without modification, through October 31, 1998.

Because there are no changes to the rates, terms or conditions of the DOE contract, Idaho Power requests that its application be handled as a tariff advice.  Staff has reviewed the application and contract and does not object to the Company’s requested extension.  Staff notes that Idaho Power will complete a cost of service study, pursuant to Order No. 25880, some time during early 1997.  Idaho Power’s Schedule 9 (small commercial) customers have advocated that the Company’s revenue allocation should be reassessed following completion of the cost of service study.  Because the DOE contract is reviewed under the “tariff” standard, the rates contain therein are subject to modification by the Commission in the event it determines that it would be reasonable to adjust the DOE’s class revenue allocation.

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Rule 134 (01) of the Commission’s rules of procedure (IDAPA 31.01.01) provides that “Public utilities may file tariffs adding new or modifying existing services, providing for new or modified rules, or otherwise making minor changes to existing schedules by tariff advice.”  Notice of the Company’s application has not yet been issued by the Commission.  Rule 134 (02) provides:

No tariff advice can be effective unless notice is given to the Commission and the public pursuant to §61-307, 61-622 or 61-623 Idaho Code.  If the tariff advice purposes an effective date fewer than thirty days after it is filed, the effective date of the tariff is delayed, until thirty days after the tariff advice is filed by operation of §61-307, 61-622 or 61-623, Idaho Code, unless the Commission by order approves an earlier effective date for good cause shown.

Because the contract expires November 1, 1996, it is not possible to issue notice and provide any meaningful time period for parties to respond to the Company’s application prior to that date.  Staff proposes, and Idaho Power agrees, that the Commission could issue a Notice/Order prior to November 1 soliciting comments in response to the application and granting interim approval to the contract extension.  A subsequent Order would be issued after receipt of the comments granting final approval assuming nothing in the comments received prompted the Commission to change its mind.  Staff believes that because the contract rates will continue unchanged and because those rates are subject to review and modification in early 1997, along with the rates of all customer classes, no other Idaho Power customer(s) would be prejudiced by this procedure.

How does the Commission wish to proceed?

Brad Purdy

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