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:NOVEMBER 25, 1996

RE:CASE NO. IPC-E-96-20

IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR APPROVAL OF AN EXTENSION OF THE U.S. DEPARTMENT OF ENERGY SPECIAL CONTRACT

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 November 1st 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, and that filing will provide another opportunity for review of all the Company’s rates including DOE’s.

Commission Decision

Does the Commission wish to grant final approval of Idaho Power’s Application for authority to extend the DOE contract through October 31, 1998?

Brad Purdy

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