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Attorney for the Commission Staff

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-96-20COMMENTS OF THECOMMISSION STAFF |

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Brad Purdy, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure filed on November 1, 1996 submits the following comments.

On September 27,1996, Idaho Power Company (Idaho Power, Company) filed an application for approval of an extension of its contract with the US Department of Energy (DOE) which was due to expire 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 contract rates are based.  On October 27, 1996, however, Idaho Power filed an Amended Application.  In its Amended Application the Company seeks only to extend the DOE contract,

without modification, through October 31, 1998.  On October 31, 1996, the Commission issued Order No. 26664 which approved the contract extension on an interim basis and established a time period for interested parties to file written comments.

RECOMMENDATION

The Commission Staff (Staff) has reviewed the Company’s filing and supports the extension of the DOE contract through October 31,1998, as requested by the Company.  The DOE 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.  At the conclusion of that case the Commission issued Order No. 25880, dated January 31, 1995, which set the Department of Energy’s rates at full cost-of-service.  At this time, Staff has no reason to believe that those rates are no longer fair, just and reasonable.

Staff notes that Order No. 25880, at page 35, requires Idaho Power to file an updated cost-of-service study no later than April 1, 1997.  That filing will provide another imminent opportunity for review of all of the Company’s rates.  If DOE’s rates, or any other customer’s rates, are found to be out of line, the Commission can make appropriate adjustments at that time.

DATED  at Boise, Idaho, this            day of November 1996.

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Brad Purdy

Deputy Attorney General

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Keith Hessing

Staff Engineer

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