(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 INCREASE ITS RATES AND CHARGES TO RECOVER DEMAND SIDE MANAGEMENT/CONSERVATION EXPENDITURES. | ))))))) | CASE NO. IPC-E-97-12NOTICE OF APPLICATION |

YOU ARE HEREBY NOTIFIED that on November 26, 1997, the Idaho Power Company (Idaho Power; Company) filed an Application with the Commission for an Order approving an increase in electric service rates to allow for the accelerated recovery of Idaho Power’s outstanding Demand Side Management/Conservation (DSM) expenditures.  Idaho Power requests that the proposed increase in rates become effective on January 1, 1998.  In its Application, Idaho Power states that as a result of Commission Order No. 25880, issued in Case No. IPC-E-94-5, the Company began amortizing $19,863,300 of deferred DSM program expenditures incurred prior to 1994 at a rate of $68,970 per month for 24 years.  The Company contends that it now believes that a 24 year amortization period for that deferred investment is too long.  The Company proposes to amortize the outstanding DSM investment ($17,449,400 for the Idaho jurisdiction as of December 31, 1997) over five years.  In addition, the Company wishes to begin amortizing all DSM expenditures made after 1993 over five years.  The Idaho jurisdictional amount of these expenditures (as of August 31, 1997) was $16, 239,800.  The Company wishes to also recover carrying charges on deferred DSM amounts and to recover for the income tax impacts on those carrying charges.

Idaho Power states that, based upon changing the amortization period for deferred DSM expenditures made prior to 1994 from 24 years to 5 years, the Idaho jurisdictional revenue requirement to be covered in this five year period is $13, 311,200.  The Company states that the carrying charges for the Idaho jurisdictional revenue requirement associated with the deferral of DSM made after 1993 is $7,794,000.  The Company states that carrying charges during the years 1996 and 1997 have not been shown because of their treatment in the revenue sharing cases.  The Company anticipates that revenue sharing for 1997 will exceed the carrying charges that will accrue on deferred DSM program expenditures in 1997.  If that is correct, Idaho Power states, the Company will request that the Commission offset DSM carrying charges in the 1997 revenue sharing proceeding in the same manner as it offset those costs against shared revenues in 1996.  To the extent that there is carrying charge recovery, there will be an income tax impact on the recovery of those carrying charges.  The income tax impact of the Idaho jurisdictional revenue requirement associated with the carrying charges on deferral of DSM, Idaho Power states, is $5,003,700.

In summary, the Idaho Jurisdictional Revenue Requirement purportedly associated with deferred DSM program expenditures made after 1993 is $16,239,800.  The Idaho Jurisdictional Revenue Requirement associated with carrying charges on deferred DSM amounts is $7,794,000 and the Idaho Jurisdictional Revenue Requirement associated with income taxes on carrying charges is $5,003,700.  The total amount including the accelerated pre 1994 deferred DSM expenditures in the amount of $13,311,200 represents the total amount of $42,348,700 Idaho Power seeks to recover.

The Company is proposing that the Commission treat the five year Idaho Jurisdictional Requirement amount of $42,348,700 as two separate amounts to be allocated to customer classes by separate methods.  The Company recommends that the first amount, $13,311,200, which is the incremental revenue requirement associated with accelerating amortization of deferred DSM expenditures made prior to 1994, be allocated to customer classes using the same allocations used in Case No. IPC-E-94-5; the Company’s last general revenue requirement case.

Idaho Power recommends that the remainder of the revenue requirement, $29,037,500, which includes deferred program expenditures made after 1993, including carrying charges and income taxes, be allocated to customer classes based upon the ability of the customer class to participate in DSM programs.

Idaho Power contends that the proposed tariff Schedule 96 incorporating the foregoing DSM recovery does not constitute a request for a general rate increase pursuant to Rule 122 of the Commission’s Rules of Procedure (IDAPA 31.01.01).  The Company contends, rather, that the Application is for a specific charge, i.e., a charge where the revenues are earmarked for a specific purpose.  Idaho Power notes that under the provisions of Order No. 26216, issued in Case No. IPC-E-95-11, the Company is authorized to file as a specific exception to the settlement stipulation as approved in that Order “an application … requesting changes in the manner in which Demand Side Management charges are recovered.”

YOU ARE FURTHER NOTIFIED that the Application together with supporting workpapers, testimonies and exhibits, have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices.

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 persons desiring to intervene in this matter for the purpose of presenting evidence or cross-examining witnesses at hearing must file a Petition to Intervene with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073 no later than January 6, 1998.  Persons desiring to present their views without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or the parties.

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 December 1997.

Myrna J. Walters

Commission Secretary

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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

December 18, 1997