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

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| IN THE MATTER OF THE JOINT APPLICATION OFIDAHO POWER COMPANY AND FMC CORPORATION FOR APPROVAL OF A SPECIAL CONTRACT FOR SERVICE TO FMC CORPORATION AND A REVISED SCHEDULE 28--FMC TARIFF AND FOR APPROVAL OF REVISIONS TO THE POWER COST ADJUSTMENT OF IDAHO POWER COMPANY AS A RESULT OF THE NEW FMC CONTRACT. | )  )  )  )  )  )  )  )  )  ) | CASE NO.  IPC-E-97-13  ORDER NO.  27553 |

On April 27, 1998, the Commission granted FMC Corporation and Idaho Power Company’s Joint Application for approval of a new special contract for electric service to FMC to replace the existing 1973 Contractand for approval of a revised Tariff Schedule 28 (the FMC tariff). Order No. 27463. This was a final order.

On May 18, 1998, Idaho Power Company filed a petition for clarification of Order No. 27463 page 6 to reflect the Commission’s findings in the Power Cost Adjustment case, Case No. IPC-E-98-5.  Staff generally concurred in this clarification in its decision memorandum dated May 29, 1998.

Based on the record before the Commission and on its findings in Case No. IPC-E-98-5, the Commission grants clarification as corrected by the Staff.

BACKGROUND

On December 31, 1997, Idaho Power Company and FMC Corporation filed a Joint Application and a revised Tariff Schedule 28 (the FMC tariff) requesting that the Commissionapprove a new special contract for electric service to FMC Corporation to replace the existing 1973 Contract.  Idaho Power and FMC also sought approval to revise Idaho Power Company’s Power Cost Adjustment (“PCA”).  They claimed the tariff revisions and the revisions to the PCA were necessary if the Commission adopted the new proposed FMC contract.

In response to Idaho Power and FMC requests, Staff conducted a public workshop to discuss how Idaho Power’s PCA should be revised. On February 20, 1998, FMC and Idaho Power modified their Joint Application in response to the workshop.  The proposed special contract and proposed revised tariff were not modified by the February 20, 1998 filing.  However, Idaho Power and FMC withdrew the previously proposed changes to the PCA and proposed other changes in their place.  An amended notice of those proposed changes was issued on February 27, 1998.  Order No.27377.  The Commission did not change the comment deadline.

After comments were received, the Commission granted FMC Corporation and Idaho Power Company’s Joint Application for approval of a new special contract for electric service to FMC to replace the existing 1973 Contractand for approval of a revised Tariff Schedule 28 (the FMC tariff) on April 27, 1998. Order No. 27463.  The Commission also approved the proposed changes to the Power Cost Adjustment method to reflect the new FMC contract.  Those changes were as follows:

1.Treat the change from primary energy to first block energy (51,840 MWh) as load growth.

2.If the change from primary energy to first block energy (51,840 MWh) is treated as load growth (Item 1 proposal), no change to the Idaho retail allocation will be necessary.

3.Although the second block energy revenue is unknown because the price will float with the market, the 16.84 m/kWh rate used for the firm load growth rate will be used for determining a normalized secondary revenue amount.  If FMC’s usage is set at normalized levels, the load growth adjustment for the first block at 16.84 mills per kWh would be offset by the second block energy decrease at 16.84 mills per kWh.

NormalizedNormalizedNormalized

        Energy     Price (mills)   Revenue

Secondary Energy   590,678              23.00$13,585,594

Second Block Energy   538,838        16.84    9,074,032

4.Track the actual second block energy revenues, just as actual secondary revenues are tracked for Power Cost Adjustment true-up purposes.

Since Order No. 27463 was issued, the Commission considered overall changes to the PCA in Case No. IPC-E-98-5 and issued Order No. 27516 re-calculating the rates.

PETITION FOR CLARIFICATION

On May 18, 1998, Idaho Power petitioned the Commission to clarify Order No. 27463 to reflect subsequent changes in the PCA ordered in IPC-E-98-5.  Idaho Power stated that in considering changes to the PCA in IPC-E-98-5, Staff revised its PCA calculation as it relates to the FMC contract and Idaho Power concurred in that revision.  Idaho Power advised the Commission in IPC-E-98-5 that if the Commission accepted the revision to the calculation to reflect the new FMC contract in its final PCA order in that case, Idaho Power would petition for clarification in this case to make the two orders consistent.  Accordingly, Idaho Power filed this Petition.

More specifically, Idaho Power requested the Commission modify the PCA mechanism as it appears on page 6 of Order No. 27463 to read as follows:

1.Adjust from the primary energy level of 999,360 MWh to first block energy level of 1,051,200 MWh (a 51,840 MWh shift to the first block).

2.Assume that the change from primary energy to first block energy (51,840 MWh)  results in a change to the Idaho retail allocation from 84.9 percent to 85.0 percent.

3.Although the second block energy revenue is unknown because the price will float with the market, the 16.84 m/kWh rate used for the firm load growth rate will be used for determining a normalized secondary revenue amount.  Adjust the normalized energy, price and revenue of second block of energy as follows:.

NormalizedNormalizedNormalized

   Energy     Price (mills)   Revenue

Secondary Energy   590,678          23.00$13,585,594

Second Block Energy   538,838         16.84    9,074,032

4.Track the actual second block energy revenues, just as actual secondary revenues are tracked for Power Cost Adjustment true-up purposes.

STAFF RECOMMENDATION

Staff generally concurred in the changes proposed in Idaho Power’s Petition for Clarification.  However, it recommended that in paragraph no. 3, the word “secondary” should be replaced with “second block” to reflect the fact that the new contract is being addressed.  Staff also stated Idaho Power agreed to that revision.

FINDINGS

Idaho Power Company is an electrical corporation subject to the Commission’s regulation under Title 61 of the Idaho Public Utilities Law.  The Commission has authority pursuant to Idaho Code §§ 61-307, 61-502 and 61-503 to approve utility contracts and the rates contained therein.  The  Commission finds that clarification is appropriate to ensure consistency between the PCA mechanism modifications approved in the general PCA case, IPC-E-98-5, in Order No. 27516, and  the Commission’s decision in this case.  The Commission finds that, other than the Staff response, no other response to the Petition for Clarification was filed.  The Commission finds that it is in the public interest to grant the Petition for Clarification as modified by Staff.

O R D E R

IT IS THEREFORE ORDERED that the Petition for Clarification filed by Idaho Power is hereby granted with the Staff modification and the PCA mechanism, as it relates to the FMC contract, found on page 6 of Commission Order No. 27463 now reads as follows:

1.Adjust from the primary energy level of 999,360 MWh to first block energy level of 1,051,200 MWh (a 51,840 MWh shift to the first block).

2.Assume that the change from primary energy to first block energy (51,840 MWh)  results in a change to the Idaho retail allocation from 84.9 percent to 85.0 percent.

3.Although the second block energy revenue is unknown because the price will float with the market, the 16.84 m/kWh rate used for the firm load growth rate will be used for determining a normalized second block revenue amount.  Adjust the normalized energy, price and revenue of second block of energy as follows:.

NormalizedNormalizedNormalized

   Energy     Price (mills)   Revenue

Secondary Energy   590,678        23.00$13,585,594

Second Block Energy   538,838 16.84    9,074,032

4.Track the actual second block energy revenues, just as actual secondary revenues are tracked for Power Cost Adjustment true-up purposes.

THIS IS A FINAL ORDER.  Any person interested in this Order (or in issues finally decided by this Order) may petition for reconsideration of this Order within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order.  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  June 1998.

                                                                                DENNIS S. HANSEN, PRESIDENT

                                                                                RALPH NELSON,  COMMISSIONER

                                                                                MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

O:ipce9713.cc8

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

June 4, 1998