DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

KENT SCHNEIDER

KEITH HESSING

TERRI CARLOCK

DAVID SCOTT

WORKING FILE

FROM:CHERI C. COPSEY

DATE:JANUARY 21, 1998

RE:IDAHO POWER COMPANY’S AND FMC CORPORATION’S APPLICA­TION 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.

On December 31, 1997, Idaho Power Company and FMC Corporation filed a Joint Application requesting that the Commissionapprove a special contract for service to FMCeffective January 1, 1998.  The parties requested approval to revise the power cost adjustment of Idaho Power made necessary by the new FMC contractand to revise schedule 28--FMC tariff.

Idaho Power and FMC state that this negotiated special Contract and tariff schedule are necessary to update the earlier 1973 Contract.  The 1973 Contract was based on a total Idaho Power hydro system.  Since 1973, Idaho Power has become a mixed hydro/thermal system.  Idaho Power and FMC state that these revisions are necessary to account for the new resources makeup of Idaho Power and at the same time to meet the unique operational characteristics of the FMC phosphate plant.  Idaho Power and FMC state this will not adversely affect existing customers.

Idaho Power and FMC also state that the new FMC contract will require the following changes to the Power Cost Adjustment mechanisms of Idaho Power:

1.The normalized energy included as firm system load and as firm Idaho retail load will be changed to reflect the difference between the current primary amount and the new first block amount.

2.The Idaho retail allocation would be adjusted to reflect item 1 adjustments.

3.The first block energy will be considered as actual firm load on an ongoing basis.

4.The normalized secondary revenue offset will be removed from the Power Cost Adjustment base and replaced with the actual second block energy revenue.

5.The actual secondary revenue offset will be removed from the Power Cost Adjustment base and replaced with the actual second block energy revenue.

Idaho Power and FMC request Staff conduct a workshop to determine exactly how Idaho Power’s Power Cost Adjustment should be revised.

Staff Analysis and Recommendation:

This Joint Application was filed with the Commission on December 31, 1997.  Staff recommends that Idaho Power’s and FMC’s Joint Application be processed by Modified Procedure.  However, due to the complexity of the proposed Contract, its possible effect on other customers and Staff’s heavy work load, Staff also recommends that the comment period be sixty (60) days to allow a thorough review of the Contract and its effect and to allow public comment.  The applicants concur with this comment period.

Staff further recommends, pursuant to Idaho Code § 61-622, that the revised contract and schedule 28--FMC tariff be suspended for thirty (30) days plus three (3) monthsfrom the proposed effective date of January 1, 1998, or less, if the Commission acts sooner.  This will allow the Staff and other parties adequate time to review this Joint Application, conduct a workshop, and comment to the Commission.  It also allows the Commission time to receive public comments and determine whether further hearings are necessary as a result of those comments.

Commission Decision:

Does the Commission agree that this matter can be processed under Modified Procedure and that the comment period be 60 days?  Does the Commission agree that the effect of the revised contract and schedule 28--FMC tariff should be suspended thirty (30) days plus three (3) months from the proposed effective date of January 1, 1998, or less, if the Commission acts sooner?

Cheri C. Copsey

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