DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

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RANDY LOBB

WORKING FILE

FROM:BRAD PURDY

DATE:APRIL 17, 1998

RE:CASE NO. IPC-E-98-5: IDAHO POWER COMPANY’S APPLICATION FOR APPROVAL OF POWER COST ADJUSTMENT RATES.

On April 15, 1998, the Idaho Power Company (Idaho Power; Company) filed an Application for authority to implement the power cost adjustment rate for electric service to customers in the State of Idaho for the period May 16, 1998 through May 15, 1999.

Idaho Power states that, in compliance with Order No.24806, the PCA for the period May 16, 1998 through May 15, 1999 consists of (1) 90 percent of the difference between the Projected Power Cost and the Commission’s approved Base Power Cost and (2) the True-Up of the 1997/1998 power costs.  The Projected Power Cost was computed in compliance with Order No.  24806 by inserting the National Weather Service Northwest River Forecast Center’s projection of 4.78 million acre feet of April through July Brownlee streamflow runoff into the Commission adopted equation for projecting PCA expenses.  The resulting Projected Power Cost of $75,646,728 equates to a cost of 0.5442 cents per kWh.  This 0.5442 cents is 0.0509 cents per kWh higher than the Commission’s approved base of 0.4933 cents.  By Commission Order No.25880, the Company is authorized to adjust rates by 90 percent of the 0.0509 cents per kWh difference, or 0.0458 cents per kWh.

The True-Up component of the PCA is 0.1439 cents per kWh resulting entirely from increased expenses associated with QF purchases.  The difference between the Projected Power Cost and the Base Power Cost and the True-Up combine to produce a PCA for the period May 16, 1998 through May 15, 1999 of 0.1897 cents per kWh.  The change in the PCA to 0.1897 cents from the existing -0.1552 cents currently in effect results in an increase to existing rates of 0.3449 cents per kWh.

Staff is not yet aware of any unusual circumstances or potential issues concerning this particular PCA filing.  Staff recommends that the Commission issue a Notice of Application/Notice of Modified Procedure soliciting comments through May 8, 1998.  Assuming that no issues arise, the Commission could then issue an Order on or before May 16, 1998 approving the new rates.

Commission Decision:

Does the Commission wish to issue a Notice of Modified procedure as suggested by Staff?

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Brad Purdy