DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

TONYA CLARK

BILL EASTLAKE

DON HOWELL

STEPHANIE MILLER

LYNN ANDERSON

DAVID SCOTT

WORKING FILE

FROM:BRAD PURDY

DATE:DECEMBER 21, 1998

RE:CASE NO.  IPC-E-98-16; IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR RECOVERY OF ITS REMAINING DEFERRED DEMAND SIDE MANAGEMENT CONSERVATION EXPENDITURES

On December 14, 1998, the Idaho Power Company (Idaho Power; Company) filed an Application for an Order authorizing the Company to use, if available, 1998 revenue sharing amounts to fund the Company’s remaining deferred demand side management (DSM) conservation expenditures attributable to the Idaho jurisdiction which are not yet being amortized.

In Order No. 27660, Case No. IPC-E-97-12, the Commission granted Idaho Power’s Application to increase its rates to allow for the accelerated recovery of the Company’s outstanding DSM expenditures.  The Commission authorized Idaho Power to increase its rates to reflect an amortization of 12 years.  The Commission denied from recovery, however, the Company’s investment in its commercial lighting program (CLP) incurred after the 1995 calendar year.  The Commission based its decision on Idaho Power’s failure to offer proof that the expenditures made by the Company in the CLP were reasonable and that the Company had failed to conduct the impact evaluation that it said it was going to conduct in its 1995 conservation plan filed with the Commission.  The Commission ruled:

Consequently, we find that until Idaho Power demonstrates its deferred expenditures in the CLP program after 1995 were prudently incurred, given that it failed to perform the impact evaluation that it had told the Commission it was planning, then those expenditures will be disallowed as proposed by Staff.

Order No. 27660 at p. 8.

Petitions for Reconsideration of the Commission’s decision to accelerate the amortization of Idaho Power’s DSM were filed and subsequently denied.  That specific aspect of the Commission’s Order is now pending appeal before the Idaho Supreme Court in Docket No. 25055.

Idaho Power now wishes to provide the evidence of prudence for its CLP expenditures that the Commission ruled was lacking in the Company’s 1997 filing.  The remaining Idaho jurisdictional DSM balance for which Idaho Power now seeks recovery is $2,125,800 which includes the CLP expenditures of $274,000, actual expenditures for DSM programs incurred since August 1997 (the cutoff date used in Case No. IPC-E-97-12) and estimated payments for the Company’s final agricultural choices program expenditures.

Idaho Power proposes that the amount of the estimated payments for the agricultural choices program be set aside from the determined 1998 revenue sharing amount.  As payments for the agricultural choices are made, the payments would be credited against the revenue sharing balance.  These payments would be reported to the Commission Staff and any monies that were not required to reimburse the Company for agricultural choices expenditures would then be available for disbursement as the Commission would require.  If the amount set aside is too low, the Company would file a proposal to recover the additional amount required.

Idaho Power has not specifically requested that this matter be processed under Modified Procedure.  The Company’s Application states that, if the Commission determines that a public hearing is required, Idaho Power is “prepared to present its case in support of its Application.”  Staff recommends that, given the concerns expressed by some of the parties involved in Case No. IPC-E-97-12, that the Commission schedule this matter for technical hearing at its earliest convenience.

Commission Decision

Does the Commission wish to schedule a technical hearing in this matter?

Brad Purdy

bp:M:IPC-E-98-16