(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 INCLUDE IN ITS PCA PROJECTION METHOD, COMMENCING WITH THE COMPANY’S 1999 PCA FILING, RECENT EXPENDITURES FOR QF POWER PURCHASE CONTRACTS. | )))))))) | CASE NO. IPC-E-98-13NOTICE OF APPLICATION NOTICE OF MODIFIED PROCEDURE  |

YOU ARE HEREBY NOTIFIED that on November 2, 1998, the Idaho Power Company (Idaho Power; Company) filed an Application with the Commission for an Order authorizing the Company to include in its PCA projection method, commencing with the Company’s 1999 PCA filing, recent expenditures for QF power purchase contracts.

Idaho Power states that the PCA projection method currently consists of a natural logarithmic function which estimates annual net power supply expenditures based upon projected April through July Brownlee runoff.  The net power supply expenditures are a combination of fuel and non-firm purchased power expenditures offset by surplus sales revenues which are further adjusted by adding PURPA QF expenditures and subtracting FMC second block revenues.  The PCA  projection method, as currently devised, has only one variable; projected Brownlee runoff.  QF expenditures and FMC second block revenues are constants in the PCA method.

Idaho Power states that in the Company’s last two annual PCA filings, a significant amount of QF expenditures were recovered in the true-up component of the PCA rates rather than in the projected power cost component.  The primary reason for this, Idaho Power states, is that the QF constant in the PCA projection method has not been updated to reflect additional QF projects that have come on line.  Moreover, the anticipated payments for generation for QF projects that are included has also changed slightly based upon escalation provisions in contracts and minor changes in generation levels.

In support of its contention, Idaho Power notes that on December 31, 1993, the normalized generation from QF projects was 574,710 megawatt hours at a cost of $34,114,190.  With the addition of six new projects and other minor changes, the total normalized generation from QF projects has increased from 830,523 megawatt hours with a cost of $51,882,240 at year 1997.  Consequently, Idaho Power requests that in filing the 1999 projected power costs, it be permitted to include QF expenditures at the 1997 normalized level of $51,882,240 in the PCA projection method.

Idaho Power argues that authorizing implementation of this request will not change the amount of revenue received by the Company under the PCA.  The revision will result in the Company’s projected power costs being higher by $17,768,080 resulting in the true-up component in the subsequent year being closer to zero, given an accurate projection of non-QF PCA expenditures.

Idaho Power points out that in the event that the resulting PCA projection results in a large increase in the PCA rate, Commission Order No. 24806 provides for potential mitigation if the PCA rate increase is in excess of 7% from normalized base revenues.

Idaho Power has requested that its Application be processed under Modified Procedure.  The Commission Staff agrees that this is appropriate.

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 all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 et seq.

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through -.204.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission within twenty-one (21) days from the date of this Notice.  The comment must contain a statement of reasons supporting the comment.  Persons desiring a hearing must specifically request a hearing in their written comments.  Written comments concerning this application shall be mailed to the Commission and the Applicant at the addresses reflected below:

COMMISSION SECRETARYLARRY RIPLEY

IDAHO PUBLIC UTILITIES COMMISSIONGREGORY SAID

PO BOX 83720PO BOX 70

BOISE, IDAHO  83720-0074BOISE, IDAHO 83707

Street Address for Express Mail:

472 W WASHINGTON ST

BOISE, IDAHO  83702-5983

These comments should contain the case caption and case number shown on the first page of this document.

YOU ARE FURTHER NOTIFIED that if no written comments are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing.  If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

DATED at Boise, Idaho this                  day of December 1998.

Myrna J. Walters

Commission Secretary

bp/N:IPC-E-98-13

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

December 10, 1998