BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)

PACIFICORP DBA UTAH POWER & LIGHT )CASE NO. UPL-E-95-3

COMPANY FOR APPROVAL OF AN AMEND-)

MENT TO A SERVICE AGREEMENT WITH )

NU-WEST INDUSTRIES, INC. )MINUTE ENTRY

                                                                  )

On August 11, 1995, PacifiCorp dba Utah Power & Light Company (Utah Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) for approval of an amendment (Amendment No. 8 (attached) dated July 31, 1995) to the underlying Service Agreement dated August 17, 1987 (Agreement) between Utah Power and Nu-West Industries, Inc. (Nu-West) and a related fifth revised Sheet No. SC-3A to Utah Power Tariff IPUC No. 28 (attached).  The proposed amendment increases the demand charge from $4.92 to $5.10 per KW of measured demand and extends the contract term three years, i.e., through August 16, 1998.  The energy price for the extended period will remain at the same level established in Amendment No. 7, i.e., 2.50¢/KWh. Nu-West represents an average annual load of 17.5 MW.

The Commission in Order No. 23508 (Case No. UPL-E-90-1) established a target rate for Nu-West of 34.076 mill/KWh (calculated 9.5% rate of return).  The target rate was to be achieved in incremental steps.  The target rate was reached in 1994 with Amendment No. 7.  To maintain the established target rate, the Company maintains that an adjustment is required.  Based on the level of energy usage assumed in establishing the target rate and the incremental steps to reach the target, the Company contends that the rate adjustment in Amendment No. 8 will provide for an average rate of 34.399 mills/KWh.

The Commission has reviewed the Company’s filing and relevant Commission Orders and Minute Entries.  It is the Commission’s understanding that the increase in the demand rate in this case reflect the best efforts of the Company to maintain the Commission’s established target rate and account for changes in Nu-West’s load factor which has increased from 74% in 1989 to 86% in 1994.  The three-year contract term was negotiated and provides both parties with a desired element of certainty.  The Commission finds the proposed increase in the demand rate for Nu-West to be fair, just and reasonable.  The Commission also finds the proposed three-year term to be reasonable.  The Commission therefore finds the submitted Amendment No. 8 to the underlying Utah Power/Nu-West Service Agreement and the related tariff revision to be reasonable and acceptable.

DATED at Boise, Idaho this              day of August 1995.

RALPH NELSON, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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