(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF PACIFICORP DBA UTAH POWER & LIGHT COMPANY, FOR APPROVAL OF A TEMPOR­ARY SURCREDIT FOR QUALIFYING SCHE­DULE 10 CUSTOMERS.                                                                                         | )))))) | CASE NO. UPL-E-97-2ORDER NO.  26973 |

On April 25, 1997, this Commission issued Interlocutory Order No. 26904 approving PacifiCorp’s (doing business as Utah Power & Light Company (UP&L)) Application for Approval of a Temporary Surcredit for Qualifying Irrigation Customers.  The surcredit is the result of Bonneville Power Administration’s (BPA) last rate case.  UP&L and BPA recently reached agreement on a settlement of the current UP&L residential purchase and sale agreement with BPA.  The settlement provides that BPA will pay UP&L $47.7 million over the period October 1, 1996 through June 30, 2001 and gives UP&L the flexibility to shape the distribution of the exchange payments to help mitigate price increases resulting from the expiration of the exchange program.

In Order No. 26904, we noted that UP&L’s irrigation customers would be substantially harmed if implementation of the rate reduction were delayed.  Consequently, we issued the Order approving the surcredit subject to change in the event that comments subsequently received convinced us that the surcredit should not be approved.  Comments were submitted by Representative Golden C. Linford and Senator Robert R. Lee, the Idaho Irrigation Pumpers Association and the Commission Staff.

Representative Linford and Senator Lee expressed support for the proposed agreement between BPA and UP&L, noting the need to mitigate the price increases faced by eastern Idaho customers of UP&L due to the recent and impending reductions in the residential exchange credit.  The Idaho Irrigation Pumpers Association also supported the proposal noting that it would minimize rate shocks to irrigation customers at a particularly bad time for potato farmers who are financially distressed due to record low potato prices.  The Commission Staff also supported the surcredit under the condition that irrigation customers not be made better off at the expense of residential customers.  Staff notes that the proposal made by UP&L does not address the allocation between residential and irrigation customers of the $47.7 million to be received from BPA.  Staff’s support of the surcredit expressly did not indicate support for any shifting of benefits from residential to irrigation customers.  Staff recommends that the issue of allocation of benefits be resolved as soon as possible after execution of the settlement agreement between BPA and UP&L and certainly no later than October 31, 1997.

F I N D I N G S

Given the unanimity of support for the surcredit, we find that it would be fair, just and reasonable to affirm our Interlocutory Order No.  26904 and give final approval to the surcredit.  We are sensitive to Staff’s concerns regarding the shifting of benefits from residential to irrigation customers and direct UP&L to submit a proposed allocation of benefits before another surcredit is approved.

O R D E R

IT IS HEREBY ORDERED that the Application of UP&L for approval of electric service Schedule No. 99 is hereby approved subject to the terms and conditions set forth herein.

THIS IS A FINAL ORDER.  Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. UPL-E-97-2  may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this Case No. UPL-E-97-2 .  Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration.  See Idaho Code § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of June 1997.

                                                                                                                                       DENNIS S. HANSEN, PRESIDENT

                                                                                            RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

vld/O:UPL-E-97-2.bp2

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

June 6, 1997