DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

DON HOWELL

BRAD PURDY

DAVE SCHUNKE

TONYA CLARK

DAVID SCOTT

BEV BARKER

WORKING FILE

FROM:STEPHANIE MILLER

DATE:APRIL 22, 1997

RE:UTAH POWER AND LIGHT APPLICATION FOR TEMPORARY IRRIGATION SURCREDIT FOR QUALIFYING SCHEDULE 10 CUSTOMERS -- CASE NO. UPL-E-97-2.

On April 22, 1997, UP&L filed an application to implement a temporary surcredit for irrigation customers who qualify for the BPA residential exchange program.  The surcredit would, in effect, reduce by approximately one-half the cumulative increase experienced by these customers as a result of BPA’s last rate case.  Rates would be reduced by 8%, or a total of approximately $1,674,000.  The Company asks for expedited approval so that rates may be effective May 1, 1997 through October 31, 1997.

UP&L and BPA recently reached agreement on a settlement of the current UP&L Residential Purchase and Sale Agreement (RPSA) with BPA.  A notice of proposed settlement of the RPSA was issued by BPA for public comment on April 14 with comments due by May 1.

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.

UP&L states that its proposed surcredit resulted from discussions with Idaho legislators and a representative of the Idaho Pumpers’ Association.  The proposed surcredit, if approved, will reduce the period of time over which benefits will be available for irrigators.  The Company plans further discussions with these groups to determine if Schedule 99 should be continued after October 31, 1997.  No change in benefits is proposed for residential customers at this time.

The Company proposes to use a separate tariff schedule (Schedule 99) to pass through the surcredit.  It will be in addition to the Schedule 34 exchange credit approved by the Commission last fall.  Amounts credited under this schedule will be tracked by the Company.  If the settlement agreement is not approved by BPA, the Company will seek to terminate Schedule 99 and ask for recovery of amounts credited through a balancing account established for Schedule 34.

STAFF RECOMMENDATION

The Company asks for a May 1 effective date.  The Company has discussed this with representatives of affected customers; the impact of delay on these customers would be substantial and other customers will not be harmed by the proposal.  Staff recommends that this matter be handled under modified procedure with an abbreviated comment period.

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Stephanie Miller

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