BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE ANNUAL RE-)CASE NOS.WWP-E-95-3

VISION AND UPDATED CALCULATION)IPC-E-95-7

OF THE ADJUSTABLE PORTION OF THE)UPL-E-95-2

AVOIDED COST RATES FOR THE WASH-)

INGTON WATER POWER COMPANY, FOR)

IDAHO POWER COMPANY, AND FOR)ORDER NO. 26080

PACIFICORP DBA UTAH POWER & LIGHT)

COMPANY)

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On May 30, 1995, the Washington Water Power Company (Water Power; WWP) filed with the Idaho Public Utilities Commission (Commission) its annual revised and updated calculations for the adjustable portion of avoided cost rates.  The Commission earlier this year revised the surrogate avoided resource (SAR) methodology for administratively determining avoided cost rates.  The Commission changed the choice of the surrogate used in calculating the published rates under the SAR methodology from a coal to a gas-fired combined-cycle combustion turbine (CCCT) resource.  The change in the surrogate was accompanied by a change in the method for calculating the adjustable portion of avoided cost rates.  Water Power has therefore submitted two sets of adjustable rate calculations, one for coal (Colstrip), the other for gas (Sumas).  In this Order, we change the adjustable portion of the avoided cost rate for existing contracts under the previous -170 coal-fired SAR methodology (Case No. U-1006-170).  We have solicited comment on the proposed adjustment method and first annual adjustment under the present methodology in separate Order No. 26079.

Adjustable Rates–Colstrip

The adjustable portion under the previous -170 coal-fired SAR avoided cost methodology is based on the variable costs associated with the operation of Colstrip, a coal-fired generating facility in southeast Montana.  An annual filing is required by Order No. 23349 (WWP), Order No. 23357 (Idaho Power Company; IPCo), and Order No. 23358 (PacifiCorp; PCp).  Pursuant to the Commission’s administrative determination of avoided cost rates, the adjustable portion of avoided cost rates is the same for all of Idaho’s major electric utilities.

By Order No. 23738 in Case Nos. WWP-E-89-6, IPC-E-89-11, and UPL-E-89-5 issued June 17, 1991, the Commission approved the methodology utilized by WWP for use in annual adjustable avoided cost rate submittals.  The Commission indicated that future adjustable rate updates would require only a single filing by Water Power, with copies and party status provided to IPCo and PCp.  The Commission directed that all applications for future or subsequent annual updates be filed by June 1 with the effective date for the new adjustable rate to be July 1.  Under established practice the revised updated calculation set forth in Water Power’s May 30, 1995 filing is recognized as being submitted also for approval for Idaho Power Company and PacifiCorp dba Utah Power & Light Company.

Water Power represents that the Colstrip avoided cost adjustable rate calculated on actual 1994 costs decreased $0.72/MWh from $10.89 to $10.17.  Coal costs increased 33% from $9.8 million to $13 million.  Generation increased 33% from $1.2 million MWh to $1.6 million MWh.  Variable O&M costs increased 6%.

Commission Findings

Based on our analysis of the calculation and supporting documentation, the Commission finds that the methodology utilized by WWP in its Colstrip related filing is the methodology approved in Order Nos. 23349, 23738 and 23967.  We find the methodology approved for determining the variable components of the avoided cost rate to be a relatively simple arithmetic recalculation.  We further find based on our review of the calculation and supporting documentation that the resulting adjustable rate is fair, just and reasonable.

A review of the record and Water Power’s Certificate of Service, reveals that copies of WWP’s calculation and supporting workpapers were served on all participants in the 1991 adjustable rate hearing.  We accordingly find it appropriate to process this essentially administrative matter in an expedited fashion without further notice or public hearing.  We therefore find it reasonable on the basis of the annual revised calculation to update the Colstrip related adjustable rate for existing contracts executed under the previous -170 SAR methodology for WWP, PCp, and IPCo from 10.89 mills/kWh to 10.17 mills/kWh for an approved effective date of July 1, 1995.

O R D E R

In consideration of the foregoing and as more particularly described above IT IS HEREBY ORDERED that the Colstrip related adjustable portion of the avoided cost rate for existing contracts for Water Power, Idaho Power and PacifiCorp be changed from 10.89 mills/kWh to 10.17 mills/kWh for an effective date of July 1, 1995.

THIS IS A FINAL ORDER.  Any person interested in this Order 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.  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 1995.

RALPH NELSON, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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