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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF WASHINGTON WATER POWER COMPANY FOR AUTHORITY TOEXTEND AN EXISTING REBATE UNDER ELECTRIC TARIFF SCHEDULE 66—TEMPORARY POWER COST ADJUSTMENT—IDAHO. | )  )  )  )  )  )  ) | CASE NO. WWP-E-97-6  COMMENTS OF THE  COMMISSION STAFF |

COMES  NOW  the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Scott Woodbury, Deputy Attorney General, and in response to the Notices of Application, Modified Procedure and Comment/Protest Deadline in Case No. WWP-E-97-6 issued on July 31, 1997, submits the following comments.

On June 30, 1997, The Washington Water Power Company filed an Application with the Idaho Public Utilities Commission proposing a twelve month extension of the Power Cost Adjustment rebate approved by Order No. 26533 in Case No. WWP-E-96-4 which is presently scheduled to expire August 31, 1997.  Water Power’s Application addresses two computational errors that were discovered during the processing of Case No. WWP-E-97-3 earlier this year.  The computational errors occurred during the period July 1995 through March 1997 and concerned the PCA treatment of two power supply contracts that either expired or were terminated.  Water Power calculates the error associated with the PCA treatment of the Chelan contract to be $2,924,000 in the rebate direction and the PCA error associated with the WPI contract to be $42,000 in the rebate direction.  The total error is $2,966,000 in the rebate direction.  The booking of the correction caused the deferral account to exceed the $2,200,000 Idaho jurisdictional trigger established in the initial PCA case thus requiring the current filing.  The nature of the error is described accurately and in some detail by Company witness Johnson in pages 2 and 3 of his direct testimony.  To characterize it a little differently, removing the energy from the PCA calculation without removing the associated costs from base rates caused a double counting of the costs of supplying the energy.  Leaving the base case energy associated with the expired contracts in the PCA calculation as proposed by the Company prevents the PCA from calculating the cost of replacing the energy so that it is not double counted when PCA costs and base costs are added together to get rates.

STAFF RECOMMENDATIONS

Staff agrees that the Company’s somewhat counter intuitive proposal to continue to include base case energy in the PCA calculation even though the contracts have expired corrects the error.  Staff also agrees that the Company has correctly calculated the magnitude of the error at $2,966,000.  Staff further agrees with the Company’s proposal to continue the existing rebate scheduled to expire August 31, 1997, for an additional year and then to credit the unrefunded balance back to the PCA deferral account.  Such treatment stabilizes customers rates and is consistent with the concept that no more than two PCA rate increases or decreases be in place at a given time.  (Order No. 26935 issued in Case No. WWP-E-97-3 put a 2.42 percent decrease in effect for the one year period beginning June 1, 1997.)

In its filing the Company suggests that if the Commission accepts its recommendations there is no need to revise Schedule 66 since there would be no change in rates.  Staff agrees that rates would not change, however, for administrative purposes, Staff proposes that Schedule 66 be revised and refiled such that the Commission Secretary can update the effective date and the associated order number.

Respectfully submitted this                  day of August 1997.

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Scott Woodbury

Deputy Attorney General

Technical Staff:Keith Hessing

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