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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 TO REVISE ELECTRIC TARIFF SCHEDULE 66—TEMPORARY POWER COST ADJUSTMENT—IDAHO AND TO IMPLEMENT A RELATED REBATE. | ))))))) | CASE NO. WWP-E-97-3COMMENTS OF THECOMMISSION 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-97-3 issued on April 11, 1997, submits the following comments.

On April 1, 1997, The Washington Water Power Company filed an Application with the Idaho Public Utilities Commission to reduce rates by $2,639,000 over a one-year period.  This rate reduction is the result of reaching and exceeding the $2.2 million dollar “trigger” in the Company’s Power Cost Adjustment (PCA) deferral account.  Very good water conditions caused this rebate balance to accrue in a ten-month period ending January 31, 1997.

Washington Water Power’s PCA deferral mechanism captures the difference in power supply costs between a normalized base condition, reflected in current rates, and modeled power supply costs incorporating actual hydro generation, 80 % of the difference between base and actual non-firm prices and 100 % of the difference between base and actual PURPA contract costs.  Differences in the Company’s power supply costs are deferred on a monthly basis and rebated or surcharged to customers when a $2.2 million trigger is reached or exceeded.

The Commission Staff (Staff) has audited the Company’s books and reviewed its calculations and workpapers.  Staff finds the Company’s calculations to be accurate, with the exception of one item.  The one excepted item deals with the treatment of expired contracts in the PCA power supply model.  Preliminary results of this review indicate that another rebate trigger will be reached when the appropriate corrections are made.  It is anticipated that the Company will file notice of the next trigger being reached on May 15, 1997, which will start processing of the next rebate.

In the current filing the Company has changed the Idaho jurisdictional allocation factor from .3278 to .3140 after consultation with Staff early in the PCA period.  The change results from removing the Potlatch Special Contract from the Idaho jurisdictional load for purposes of the PCA because the Potlatch Special Contract rates are not subject to PCA adjustment.  Staff agrees that this is an appropriate adjustment.

STAFF RECOMMENDATION

Staff recommends approval of the Power Cost Adjustment rebate as filed by the Company for an effective date of June 1, 1997.  The appropriate rates are contained in the Company’s revised Schedule 66 which was filed with the Commission on May 7, 1997.

DATED  at Boise, Idaho, this              day of May 1997.

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Scott Woodbury

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