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

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| IN THE MATTER OF THE APPLICATION OF THE 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-98-12  NOTICE OF APPLICATION  NOTICE OF MODIFIED          PROCEDURE  NOTICE OF COMMENT/ PROTEST DEADLINE |

YOU ARE HEREBY NOTIFIED that on December 15, 1998, The Washington Water Power Company (Water Power; Company) in Case No. WWP-E-98-12 filed an Application with the Idaho Public Utilities Commission (Commission) proposing a revision to the Company’s electric tariff Schedule 66—temporary Power Cost Adjustment—Idaho.  Water Power requests that the Commission approve a $3,093,000, 2.66% rebate to Water Power’s Idaho customers.  The rebate is being requested as a result of the “trigger” being reached and exceeded in Water Power’s Power Cost Adjustment (PCA) balancing account.  The Company’s PCA mechanism was first established in Case No. WWP-E-88-3, Order No. 22816 issued October 31, 1989, and has been expended, modified and clarified in a number of subsequent cases (WWP-E-93-3, Order No. 24874; WWP-E-94-4, Order No. 25637; WWP-E-97-10, Order No. 27202; and WWP-E-98-4, Order No. 27824).  Since its inception to date of filing, there have been seven rebates totaling $17,678,000 and three surcharges totaling $6,769,000.  The PCA-related rate changes are limited to no more than two consecutive surcharges or rebates during any 12-month period, July 1 to June 30, and the annual rate change during any 12-month period is limited to 5%.

Water Power’s PCA is used to track changes in revenues and costs associated with variations in hydroelectric generation, prices in the secondary market, and changes in power contract revenues and expenses.  The PCA rate adjustment mechanism is designed to recover/rebate variances in power supply expenses incurred by the Company.  The PCA mechanism tracks changes in the Company’s power supply costs associated with abnormal weather and stream flows.  The weather-related portion of the PCA tracks 100% of the variation in hydro generation from the hydro generation authorized, variation in secondary prices from those authorized, and the related variation in thermal generation.  The PCA is also designed to recover contract costs incurred pursuant to the Public Utilities Regulatory Policies Act of 1978 (PURPA) and the related implementing rules and regulations of the Federal Energy Regulatory Commission (FERC) beyond the level included in the Company’s general revenue requirement.  PURPA contract costs are the result of the Company’s federally mandated obligation to purchase the output of qualifying small power and cogeneration facilities and, therefore, are largely outside the control of Water Power.  The PCA tracks 100% of the changes in costs associated with PURPA contracts.  The Company is allowed to record the difference between actual power supply costs and the level of those costs authorized by the Commission.  When the total difference in costs exceed $2.2 million, the Company may request authority to implement a surcharge or rebate.

As reflected in the Company’s Application, the $2.2 million trigger was reached and exceeded in August 1998, based on actual data from the preceding month, July.  In Case No. WWP-E-98-10 the Company filed a request to suspend the required filing of a revised PCA tariff until the Commission made its decision in Case No. WWP-E-98-4 to modify or terminate the PCA.  On October 19, 1998, the Commission issued Order No. 27775 approving the Company’s request to suspend the $3,093,000 rebate.  On December 4, 1998, the Commission issued Order No. 27824 in Case No. WWP-E-98-4 modifying the PCA and directing the Company to file the rebate within 30 days.

Under the Company’s proposal in this case, the monthly energy charges of the individual electric rate schedules are to be decreased by the following amounts:

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| Type of Service | Present  Sch 66 Rebate  Effective 6/1/98; Expires 5/31/99  (2.727%) | Proposed  Sch 66 Rebate  (2.660%) |
| Schedules 1, 71, & 81  (Residential)  Schedules 2, 3, 11, 12, 72, 73, 77, & 82  (General)  Schedules 4, 5, 21, 22, 74, 75, 78 & 83  (Large General)  Schedules 8, 25 & 26  (Extra Large General)  Schedules 31, 32, 76, & 84  (Pumping) | 0.114¢/kWh  0.164¢/kWh  0.112¢/kWh  0.073¢/kWh  0.134¢/kWh | 0.127¢/kWh  0.189¢/kWh  0.132¢/kWh  0.082¢/kWh  0.135¢/kWh |

Flat rate charges for Company-owned or customer-owned street lighting and area lighting service (Schedules 6, 7, 9, 41-49, 70 & 79) under the present rebate are reduced by 2.427% and under the proposed rebate will be reduced by a further 2.660%.  Implementation of the proposed rebate will result in an overall decrease of 2.660% in the Company’s Idaho electric rates or $1.27 in the monthly bill of an average residential customer using 1,000 kWh.  The combined effect of both the existing and proposed rebates is an overall decrease of 5.387%, or $2.41 in the monthly bill of an average residential customer using 1,000 kWh.  The existing rebate, however, will expire on May 31, 1999.

Water Power has requested that its rebate be effective February 1, 1999 and expire January 31, 2000.  The Company, as part of its Application, has filed supporting testimony and exhibits.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. WWP-E-98-12.  The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented and that the issues raised by the Application may be processed under Modified Procedure, i.e., by written submission rather than by hearing.  Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that the deadline for filing written comments or protests with respect to the Application and the Commission’s use of Modified Procedure in Case No. WWP-E-98-12 is Friday, January 15, 1999.  Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that the Commission may not hold a hearing in this proceeding unless it receives written protests or comment opposing the use of Modified Procedure and stating why Modified Procedure should not be used.  Reference IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission will consider the matter on its merits and enter its Order without a formal hearing.  If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order on the basis of the written positions before it.  Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. WWP-E-98-12 should be mailed to the Commission and the Company at the addresses reflected below:

COMMISSION SECRETARYTHOMAS D. DUKICH, MANAGER

IDAHO PUBLIC UTILITIES COMMISSIONRATES AND TARIFF ADMINISTRATION

PO BOX 83720WASHINGTON WATER POWER COMPANY

BOISE, IDAHO  83720-0074PO BOX 3727

SPOKANE, WASHINGTON 99220

Street Address for Express Mail:

DAVID J.  MEYER

472 W WASHINGTON STSR. VICE PRESIDENT & GENERAL COUNSEL

BOISE, IDAHO  83702-5983WASHINGTON WATER POWER COMPANY

PO BOX 3727

SPOKANE, WASHINGTON 99220

All comments should contain the case caption and case number shown on the first page of this document.

YOU ARE FURTHER NOTIFIED that the Application in Case No. WWP-E-98-12 can be reviewed at the Commission’s Office and the Idaho Offices of The Washington Water Power Company during regular business hours.

DATED at Boise, Idaho this                  day of December 1998.

                                                                                                                                      DENNIS S. HANSEN, PRESIDENT

                                                                                           RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

vld/N:WWP-E-98-12.sw

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

December 22, 1998