

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
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WORKING FILE**

FROM: SCOTT WOODBURY

DATE: OCTOBER 16, 2001

**RE: CASE NO. IPC-E-01-30 (Idaho Power)
BPA RESIDENTIAL AND SMALL FARM ENERGY RATE ADJUSTMENT
CREDIT
STAFF ACCOUNTING AND PCA RECOMMENDATIONS**

On August 31, 2001, Idaho Power Company (Idaho Power; Company) filed an Application with the Idaho Public Utilities Commission (Commission) requesting approval of a new tariff Schedule 98 and Schedule EC (Prairie Service Territory), to implement a Bonneville Power Administration (BPA) Residential and Small Farm Energy Credit (BPA Credit). The Company also requested approval of proposed accounting entries to track the BPA calculations and related modifications to the Power Cost Adjustment (PCA) calculation.

On October 1, 2001, the Commission issued Order No. 28868 approving the underlying BPA credit and tariff schedules and establishing a deadline of Friday, October 12, 2001, for Idaho Power to submit Reply Comments regarding Staff's accounting and PCA recommendations.

Commission Staff was the only party to submit comments in the underlying case. Staff recommended that the Company's Application be approved with the following modifications:

1. The cost of delivered BPA power and the quantified benefit of that power that is disbursed by Idaho Power to qualifying customers should be allocated to all jurisdictions within the PCA like any other power supply expense.
2. The cost of delivered BPA power should be shared 90/10 by customers and Idaho Power like any other non-QF power supply expense.
3. Benefits derived and paid by Idaho Power to qualifying customers for BPA power delivered should be excluded from the 90/10 sharing provision of the PCA.
4. The Company should report monthly market prices, monthly energy use subject to the credit and monthly credits paid in conjunction with current reports provided for the PCA.

Staff states that its recommendation does not change the calculation of benefits derived nor the benefits returned to qualifying customers as a result of power purchases from BPA. It simply applies existing PCA methodology to recover expenses associated with power actually delivered. The only exception is that Idaho Power is not required to share the cost of benefits quantified and returned to customers. Moreover, Staff states that its recommendation assures that the FERC jurisdiction shares in the cost of a BPA power purchase program that reduces system power supply costs in other areas such as fuel, other power purchase expenses or increased power sales. Non-qualifying customers in Idaho and Oregon share the BPA purchased power expense and, Staff contends, so should the FERC jurisdiction as would be required for any other non-QF power purchase expense.

Company Reply

On October 12, 2001, Idaho Power Company filed a response to Staff's recommendations stating "the Company, after reviewing the Staff's comments, has no objection to the Staff's modifications to the accounting and PCA treatment."

Commission Decision

Does the Commission wish to approve the accounting and PCA recommendations of Staff in Case No. IPC-E-01-30? The Company has no objection.

Scott Woodbury