

ORDER NO. 04-386

ENTERED JUL 13 2004

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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1155

In the Matter of)	
)	ORDER
IDAHO POWER COMPANY)	
)	
Application for approval of regulatory)	
accounting treatment for the Williams)	
settlement funds.)	

DISPOSITION: REGULATORY ACCOUNTING TREATMENT APPROVED

On April 5, 2004, the Oregon Attorney General ordered \$8 million in restitution to be paid by the Williams Companies, Inc. to Oregon utility companies and industrial customers for losses during the electricity price spike of 2000 and 2001. Idaho Power Company (Idaho Power) received a settlement of \$179,709.34. As of April 1, 2004, Idaho Power has a balance of \$13,458,290.72 in its deferred excess net variable power cost account. In its application, Idaho Power proposes to apply its portion of the settlement funds as an offset to the balance of deferred excess net variable power costs. Idaho Power applied the settlement fund to the balance on April 1, 2004, after discussions with Staff. For that reason, Staff recommends an effective date for this application of April 1, 2004. The recommendation is detailed in a Staff Report, attached as Appendix A, and incorporated by reference.

At its Public Meeting on July 6, 2004, the Commission adopted Staff's recommendation and approved Idaho Power's current request.

ORDER

IT IS ORDERED THAT Idaho Power Company's request for accounting treatment for the Williams settlement funds effective April 1, 2004, is approved.

Made, entered and effective _____.

BY THE COMMISSION:

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580.

ORDER NO. 04-386

ITEM NO. CA6

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 6, 2004

REGULAR _____ CONSENT X EFFECTIVE DATE April 1, 2004

DATE: June 22, 2004

TO: Lee Sparling through Ed Busch and Judy Johnson

FROM: Carla Owings

SUBJECT: IDAHO POWER COMPANY: (Docket No. UM 1155) Requests approval of regulatory accounting treatment for the Williams settlement funds.

STAFF RECOMMENDATION:

Staff recommends approval of proposed regulatory accounting treatment for the Williams settlement funds effective April 1, 2004.

DISCUSSION:

On April 5, 2004, Attorney General Hardy Myers announced the distribution of over \$8 million in restitution to be paid by the Williams Companies, Inc. to Oregon utility companies and industrial customers for losses during the electricity price spikes of 2000 and 2001. The Commission devised a distribution plan that resulted in settlement funds to Idaho Power Company (Idaho Power or company) of \$179,709.34.

The Williams settlement documents conditioned the dissemination of the funds upon the requirement that Oregon's investor-owned utilities would place a one-time credit on consumers' monthly bills, adjusted to reflect each customer's usage.

On August 26, 2002, the Commission authorized a deferred accounting mechanism in Order No. 02-584, authorizing Idaho Power to defer a balance of \$14,576,043 in excess net variable power supply costs resulting from the energy spikes in 2000 and 2001. As of April 1, 2004, the balance of Idaho Power's deferred excess net variable power cost account is \$13,458,290.72.

APPENDIX A
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In this application, Idaho Power proposes to apply their portion of the Williams settlement funds as an offset to the deferred balance of their net variable power costs approved in Order No. 02-584. Specifically, the company proposes to debit cash account 131.226 for \$179,709.34 with an offsetting credit to account 182.383, excess power supply cost deferral. This action would result in a shorter recovery period for the net variable power costs and a total savings of approximately \$346,000, including lower interest charges. This increases the benefit to ratepayers by approximately \$167,000, nearly doubling the original settlement amount.

The company received its portion of the distribution in late March of 2004. In order to maximize the benefit to customers, on April 1, 2004, Idaho Power applied the settlement funds to the excess power cost deferral account, after discussions with Staff. For this reason, Staff is recommending an effective date of April 1, 2004, for this application to match the accounting treatment of the funds.

Upon Staff's recommendation, Idaho Power consulted with the Department of Justice requesting authorization from the Attorney General for Idaho Power to use its portion of the funds in the above-described manner. Attorney General Hardy Myers granted the request in a letter dated April 29, 2004.

The company has also agreed with Staff's request to notify its customers in a bill insert explaining how the settlement funds will be applied. A notice will be sent to customers in the next billing cycle, following the Commission's approval of this application.

PROPOSED COMMISSION MOTION:

Idaho Power's request for approval of proposed accounting treatment for the Williams settlement funds effective April 1, 2004, be approved.