

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 174

| | | |
|---------------------------------------|---|-------|
| In the Matter of |) | |
| |) | |
| IDAHO POWER COMPANY |) | ORDER |
| |) | |
| Proposed Tariff for Electric Service. |) | |
| Advice No. 05-02 |) | |

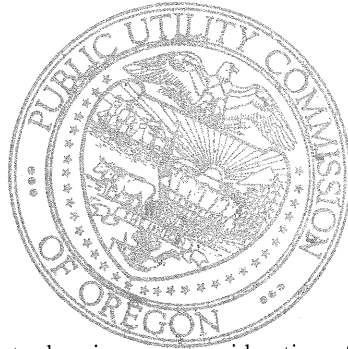
DISPOSITION: TARIFF SHEETS ALLOWED; WAIVER GRANTED

On April 25, 2005, IDAHO POWER COMPANY filed tariff sheets in Advice No. 05-02 to be effective with meter readings on and after May 27, 2005. On May 9, 2005, the company filed a replacement sheet, along with an Application to Waive Statutory Notice. The terms of the proposed tariff sheets are set forth in the Staff Report dated May 9, 2005, attached as the Appendix to this order.

At its May 17, 2005, public meeting, the Public Utility Commission of Oregon allowed the tariff sheets to go into effect. Pursuant to a waiver of OAR 860-022-0032, the Commission finds that the tariff sheets shall be effective with meter readings on and after May 27, 2005.

IT IS ORDERED that Advice No. 05-02 filed by IDAHO POWER COMPANY, is allowed, with less than statutory notice, effective with meter readings on and after May 27, 2005.

Made, entered, and effective MAY 25 2005.



BY THE COMMISSION:

Becky L. Beier
Becky Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.

ITEM NO. CA5

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 17, 2005

REGULAR _____ CONSENT X EFFECTIVE DATE _____ With Meter Readings on and after May 27, 2005

DATE: May 9, 2005

TO: Public Utility Commission

FROM: Jack Breen III *JB III*

THROUGH: *in* Lee Sparling and Ed Busch *EB*

SUBJECT: IDAHO POWER COMPANY: (Docket No. UE 174/Advice No. 05-02)
 Revises the BPA credit adjustment in Schedule 98.

STAFF RECOMMENDATION:

Staff recommends the Commission waive OAR 860-022-0032 and allow Idaho Power Company's Eighth Revised Tariff Sheet No. 98-1 to become effective with meter readings on and after May 27, 2005, with less than statutory notice.

DISCUSSION:

On April 25, 2005, Idaho Power Company (Idaho Power or the Company) filed Advice 05-02 to become effective with meter readings on and after May 27, 2005. On May 9, 2005, the Company revised the rate by filing a revised sheet with a request that it become effective with less than statutory notice. The filing was made in accordance with ORS 757.205, *Filing Rate Schedules with the Commission*. It includes a request that the Commission waive the requirements of OAR 860-022-0032 to allow the tariff revision to be effective with meter readings on and after May 27, 2005. This will allow Idaho Power to implement the credit without prorating the credit on customer billings.

The purpose of the filing is to adjust tariff Schedule 98, Residential and Small Farm Energy Credit. As a result of the amended filing, the residential energy credit will increase from \$.003046/kWh to \$.003139/kWh.

Background: On October 25, 2001, Idaho Power terminated its Firm Power Sales Agreement with the Bonneville Power Administration (BPA). The firm power benefits have been converted to monetary benefits under the Settlement Agreement and are currently being passed through to eligible customers via Schedule 98.

Idaho Power Advice No. 05-02
May 9, 2005
Page 2

The current filing is being made to adjust the energy credit rate for Idaho Power's residential customers.¹ The overall rate benefit for residential and farm customers projected for the six-month period from April 2005 through September 2005 is \$310,486, a decrease from \$352,408 in the prior six-month period. The decrease is primarily related to the cessation of adjustments that were being received in the prior period. To calculate the new credit rate for residential customers, Idaho Power makes three adjustments. First, Idaho Power adds the difference between the benefit actually paid in the prior six-month period and the benefit that had been projected for that six-month period.² This is done to "true-up" the benefit paid during the prior period.

Then, due to the seasonal fluctuation in the amount of demand required by residential versus farm customers, 76.05% of the credit is allocated to residential customers as opposed to 94.60% of the credit in the prior six-month period. Finally, the residential portion of the benefit is allocated to the residential customer classes' projected usage to arrive at a per kWh credit. Projected residential usage for the April 2005 through September 2005 period is 84.7 million kWh, compared to the 116 million kWh estimate used to calculate of the October 2004 through March 2005 credit. Normally, the credit would increase on a per kWh basis in the summer because residential usage as a proportion of the total is lower in the summer. However, this effect was offset by the decline in the overall rate benefit during the current period.

As a result of the BPA rate change, the prior period "true-up," the seasonal change in projected demand and the change in the ratio of residential to farm demand, the credit rate for residential customers will increase from \$0.003046 per kWh to \$0.003139 per kWh.

Staff Review: Staff reviewed Idaho Power's filing and supporting documentation as well as prior filings made to establish and adjust Schedule 98. After consultation and revision, staff finds that the assumptions used by Idaho Power are reasonable and consistent with those used to establish prior credit rate changes. Idaho Power's calculations are accurate. The BPA subscription rate used in Idaho Power's calculations agrees with the rate posted on BPA's web site.

Staff Conclusions: Staff believes that the request to waive OAR 860-022-0032 to allow the fixed credit to become effective with meter readings on and after May 27, 2005, is reasonable and consistent with past Commission precedent. Given the size and on-

¹ The energy credit rate for farm customers is computed on an annual basis and applied to December through November billings.

² A correction was also made for a prior period.

Idaho Power Advice No. 05-02
May 9, 2005
Page 3

going nature of the credit, Staff believes this approach is preferable to the administrative burden associated with prorating customer bills.

The company made a revised filing after consulting with staff and staff recommends that the Commission approve the request that the revised sheet be effective with less than statutory notice.

Idaho Power's proposed credit rate adjustment is supported and reasonable. Staff concludes that Idaho Power's filing should be allowed to become effective with meter readings on and after May 27, 2005.

PROPOSED COMMISSION MOTION:

OAR 860-022-0032 be waived and Idaho Power's Eighth Revised Sheet No. 98-1 be allowed into effect with meter readings on and after May 27, 2005, with less than statutory notice.

Idaho Advice 05-02.doc