

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 13, 2003**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** May 21, 2003

DATE: May 1, 2003

TO: John Savage through Lee Sparling and Jack Breen III

FROM: Bill McNamee

SUBJECT: IDAHO POWER COMPANY: (Advice No. 03-03) Adds City of Huntington franchise fee adjustment.

STAFF RECOMMENDATION:

I recommend that Idaho Power Company's Advice No. 03-03 be allowed to go into effect on May 21, 2003.

DISCUSSION:

On April 16, 2003, Idaho Power Company (IPCo) filed Advice No. 03-03, under ORS 757.205. The purpose of this filing is to accommodate an increase in the franchise fee that the City of Huntington charges IPCo. Consistent with the City of Huntington's Ordinance No. 331 (*adopted by the City Council on February 24, 2003*), IPCo's franchise fee with the City will increase to 4.5 percent.

OAR 860-22-0040 provides that electric franchise fees of up to 3.5 percent shall be allowed as operating expenses for ratemaking purposes. Fees in excess of this amount shall be charged pro rata to users of the utility within the city's boundaries and shall be separately stated on the regular billings to such users.

Schedule 95 provides for billing of the amount of the franchise fee in excess of 3.5 percent to the Company's customers who take service within the boundaries of the City of Huntington. The tariff indicates that the effective date of the increased franchise fee is May 29, 2003, and that the bill adjustment over the 3.5 percent limit is 1.0 percent.

PROPOSED COMMISSION MOTION:

Idaho Power Company's proposed revision to Schedule 95 (*Advice No. 03-03*) be allowed to go into effect on May 21, 2003.