

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

**REGULAR** \_\_\_\_\_ **CONSENT**  X  **EFFECTIVE DATE** With Meter Readings On  
and After May 29, 2003

**DATE:** May 2, 2003

**TO:** John Savage through Lee Sparling and Jack Breen III

**FROM:** Janet Fairchild

**SUBJECT:** IDAHO POWER COMPANY: (Docket No. UE 150/Advice No. 03-04)  
Revises Schedule 98, BPA Credit Adjustment.

**STAFF RECOMMENDATION:**

Staff recommends the Commission waive OAR 860-022-0032 and allow Idaho Power Company's Fourth Revised Tariff Sheet No. 98-1 to become effective with meter readings on and after May 29, 2003.

**DISCUSSION:**

On April 21, 2003, Idaho Power Company (Idaho Power or the Company) filed Advice 03-04 to become effective for meter readings on and after May 29, 2003. 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 29, 2003. 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 \$.002005/kWh to \$.002454/kWh.<sup>1</sup>

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.

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

The current filing is being made to adjust the energy credit rate for Idaho Power's residential customers. The overall rate benefit projected for the six-month period from April 2003, to September 2003, is \$254,570, approximately \$69,000 more than the \$185,864 credit applied in the prior six-month period. To calculate the new credit for residential customers, Idaho Power makes two adjustments. First, Idaho Power includes the \$48,518 difference between the benefit actually paid in the prior six-month period and the benefit that had been projected for that six-month period. 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, 72.85% of the credit is allocated to residential customers as opposed to 96.08% of the credit in the prior six-month period. As a result of the BPA rate change, the prior period "true-up," and the change in the ratio of residential to farm demand, the credit rate for residential customers will increase from \$0.002005 to \$0.002454.<sup>2</sup>

Customer/Revenue Impact: As a result of this filing, the average Idaho Power residential customer will pay \$0.449 less per month because the energy credit they are currently receiving will be increased.<sup>3</sup>

Staff Review: Staff reviewed Idaho Power's filing and supporting documentation as well as prior filings made to establish and adjust Schedule 98. Staff found that assumptions used by Idaho Power were reasonable and consistent with those used to establish prior credit rate changes. Idaho Power's calculations were 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 29, 2003 is reasonable and consistent with past Commission precedent. Given the size and on-going nature of the credit, Staff believes this approach is preferable to the administrative burden associated with prorating customer bills.

Idaho Power's proposed credit rate adjustment appears adequately supported and reasonable. Staff concluded that Idaho Power's filing should be allowed to become effective with meter readings on and after May 29, 2003.

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<sup>2</sup> The actual residential sales ratio during the October 2002 to March 2003 averaged 93.16%. Based on prior years experience, Idaho Power projects the ratio will be 72.85% from April 2003 to October 2003. The shift is attributable to farming irrigation.

<sup>3</sup> The average customer is assumed to use 1,000 kWh per month. At the prior credit rate the average customer received \$2.005 credit per month. Under the proposed rate, the average customer will receive \$2.454 credit per month.

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**PROPOSED COMMISSION MOTION:**

OAR 860-022-0032 be waived and Idaho Power's Fourth Revision of Sheet No. 98-1 be allowed into effect with meter readings on and after May 29, 2003.

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