

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: WELDON STUTZMAN

DATE: JUNE 22, 2006

SUBJECT: CASE NOS. AVU-E-06-3, PAC-E-06-3 AND IPC-E-06-6
APPLICATIONS BY AVISTA CORPORATION, PACIFICORP AND
IDAHO POWER COMPANY FOR ORDERS AUTHORIZING THE
DEFERRAL OF COSTS RELATED TO GRID WEST, A REGIONAL
TRANSMISSION ORGANIZATION

The Commission received separate Applications from Avista Corporation, PacifiCorp and Idaho Power Company, requesting Orders from the Commission authorizing the deferral of costs the three companies incurred relating to the development of a regional transmission organization (RTO). Each Company alleges it participated in efforts to develop an RTO, now called Grid West, pursuant to orders issued by the Federal Energy Regulatory Commission (FERC). The Applications state that pacific northwest electric utilities have been involved in the RTO development process since 2000, and that the costs incurred by the utilities were to be repaid through surcharges on customers after the RTO became operational. It now appears the development of an RTO is unlikely, and Avista, PacifiCorp and Idaho Power Company each request authorization to defer the costs they incurred in the RTO development process. The cost information provided by each Company is as follows:

1. Avista Corporation, Case No. AVU-E-06-3. Avista's Petition states it provided startup costs to the RTO to retain experts and facilitators, and that the current balance of Avista's loan to Grid West is \$1,217,499.26, which includes interest of \$188,187.34. Avista estimates that the total amount of the deferred amount would be \$421,620 for the Idaho jurisdiction portion of Avista's loan amount to Grid West.

2. PacifiCorp, Case No. PAC-E-06-3. PacifiCorp's Application states it provided initial funding for the development of the RTO since June 2000, and since that date PacifiCorp has loaned a total of \$2.7 million to Grid West. PacifiCorp estimates that the Idaho jurisdiction portion of the total deferred amount is approximately \$174,000.

3. Idaho Power Company, Case No. IPC-E-06-6. Idaho Power's Application states its expenditures relating to the development of Grid West fall into two categories. The first category is costs incurred in the form of loans to Grid West under a series of funding agreements. The second category of Idaho Power's development costs are internal incremental costs, which consist of the disbursement of cash and a payment of costs in addition to amounts loaned to Grid West. Idaho Power states it has loaned a total of \$1,274,158 to Grid West and expended a total of \$2,594,318 in incremental internal costs. Idaho Power states the Idaho jurisdiction of the total amount loaned and expended is \$3,350,874.

Each Company requests an accounting order authorizing deferral of the amounts identified in its Application. Each Company also asks that its Application be processed by Modified Procedure.

Staff recommends that the Commission issue separate notices in each of the three cases and that each case be processed by Modified Procedure.

COMMISSION DECISION

Should the Commission issue a Notice of Application and Notice of Modified Procedure in Case No. AVU-E-06-3, Case No. PAC-E-06-3 and Case No. IPC-E-06-6 and process each application by Modified Procedure?



Weldon B. Stutzman

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