

systemwide costs are reliably estimated to be in the neighborhood of 6.5 mills. During 1961, the company's sales to those three utilities accounted for more than 20% of its total capacity output.³

(b) In 1956 Idaho Power filed rate schedules (FPC No. 24) with this Commission providing for the sale of firm power to the Utah Power & Light Company at rates of 7.5 and 8 mills. They are still in effect. In 1958 Idaho Power filed another rate schedule (FPC No. 26) calling for the sale of additional firm power to the same customer, at the same delivery points, and under the same conditions, at a rate of 4.6 mills—*effective upon the completion of Idaho's Oxbow project* in the latter part of 1961.

This anomaly did not escape the prior members of this Commission. They directed the Secretary to write a letter to the company on June 4, 1958, questioning "the propriety of having rates in the above-designated rate schedule which are different from those contained in your Rate Schedule FPC No. 24, since both agreements provide for essentially the same class of service to the same purchaser at the same delivery points. "In connection therewith," that letter concluded, "the rates and charges contained in your Rate Schedules FPC Nos. 24 and 26 and your company's cost to serve the purchaser may be subject to further scrutiny at the time service is initiated thereunder."

Service thereunder has since been initiated; yet the propriety of the dual rate filings remains unscrutinied.

(c) Inasmuch as certain of Idaho Power's other wholesale customers are paying rates considerably in excess of systemwide average costs, it further appears that the foregoing practices may constitute an illegally preferential and discriminatory situation. Moreover, Idaho Power presently is seeking a 13.6% rate increase from its intrastate retail customers in Idaho. This is developed in full in the Brief of the General Services Administration on behalf of the United States Atomic Energy Commission, dated July 2, 1962, in Case No. U-1006-42 before the Idaho PUC. The question that *should* be determined by this Commission (or by a joint inquiry with the Idaho Commission) is to what extent Idaho Power may be requiring its domestic retail consumers to pay excessive rates to compensate the company for the apparent losses incurred in its interstate sales at wholesale in an effort to dispose of its surplus capacity.

Accordingly, absent at least interim answers to these questions, I am unable to find that the company has made the showing we must require it to make before granting our approval of the security issue here proposed.

II

Company's application makes no reference to its announced intention to cancel all of its expansion plans in the event that the Bonneville Power Administration extends service into southern Idaho. The press has recently quoted the company's President as stating this to be the company's intended course of action in the event low-cost Bonneville power service is extended to Idaho.⁴ Project No. 1971 constitutes by far the largest element in Idaho Power's expansion plans. More recently, the press has also reported that the tentative results of Bonneville's studies indicate that it would be feasible so to extend its service. A decision on this matter will be made by the Secretary of the Interior in the near future.

The announced intention of company to cancel its expansion plans, the financing of which we are here called upon to approve, looms large to me as a question that should be definitively answered as part of the investigation that Section 204 plainly requires us to undertake in such a situation.

III

Exhibit H of company's application in this matter, filed October 10, 1962, states that "Applicant has no known contingent liabilities except items such as damage suits or claims (covered by excess coverage insurance after primary

³ During 1961, a low-water year, those three utilities did not take their full contract entitlements from Idaho Power. As a result, the revenues per kilowatt-hour paid by those companies to Idaho Power were as follows: Pacific, 6.4 mills; Washington, 6.2 mills; and Utah, 5.1 mills. But in 1962 (and other median water years), it is expected that Idaho Power's sales to those three companies will be greater. Accordingly, the revenues per kilowatt-hour that those companies will pay to Idaho Power will be even less than they paid in 1961.

⁴ For example, see the Portland Oregon Reporter of Aug. 17, 1962.