

MEMORANDUM OF UNDERSTANDING

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IDAHO PUBLIC
UTILITIES COMMISSION

Atlanta Power Company, Inc. (Company or Applicant) and the Staff of the Idaho Public Utilities Commission (Staff) agree with the following procedure for the Company to comply with the requirements of Idaho Public Utilities Commission (Commission) Order No. 30704 in Case No. ATL-E-08-02. In this Order dated December 19, 2008, the Commission directed the Company to file its 2007 Annual Report with the Commission no later than December 31, 2008.

At the time Case No. ATL-E-08-02 was being prepared; the Company met with Staff and discussed its proposed test year. The Company proposed the use of calendar year 2006 for the test year rather than the more recent year of 2007 which was not a typical year for the Company. The Company claims it had for a number of years experienced turmoil regarding its ownership, management and record retention. Therefore, the Company also proposed to work with the Staff to establish sound financial reports in compliance with the Commission's financial reporting requirements subsequent to the Staff Audit and the Commission's final Order in Case No. ATL-E-08-02.

With Order No. 30704 being issued on December 19, 2008, the Company cannot meet the December 31, 2008 deadline to file the 2007 Annual Report as directed by the Order.

The Company and Staff agree that the Company will compile its 2007 financial data in a manner acceptable to Staff. The Company will combine that data together with the 2006 data, restated in compliance with Commission Order No. 30704, to prepare 2007 financial statements upon which both parties to this memorandum can agree.

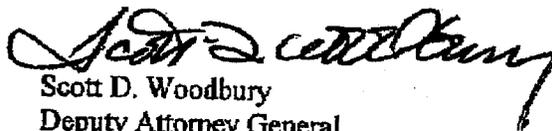
To accomplish this, the Company will compile its information for presentation and discussion with the Staff. The restated 2006 data in compliance with the Commission's Order will be used to compile the 2007 data to produce financial results acceptable to both parties for preparation of the Company's 2007 report to the Commission. The final 2007 Annual Report to the Commission will be filed no later than March 1, 2009. With this beginning point, the Company will be prepared to file its 2008 Report in a timely manner.

DATED this **24** day of December 2008.

ATLANTA POWER COMPANY

**IDAHO PUBLIC UTILITIES
COMMISSION STAFF**


Israel Ray, President
Atlanta Power Company


Scott D. Woodbury
Deputy Attorney General