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IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for Idaho Power Company

Street Address for Express Mail:

1221 West Idaho Street
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE ANNUAL)
REVISION AND UPDATED)
CALCULATION OF THE ADJUSTABLE)
PORTION OF THE AVOIDED COST)
RATES FOR AVISTA CORPORATION)
DBA AVISTA UTILITIES FOR EXISTING)
PURPA CONTRACTS, FOR IDAHO)
POWER COMPANY, AND FOR)
PACIFICORP DBA UTAH POWER &)
LIGHT COMPANY.)

CASE NO. GNR-E-03-2

IDAHO POWER COMPANY'S
ACCEPTANCE OF UPDATED
CALCULATION OF PUBLISHED
AVOIDED COST RATES

COMES NOW Idaho Power Company ("Idaho Power" or "the Company"),
and hereby accepts the annual revisions and updated calculation of the adjustable
portion of avoided cost rates as proposed by IPUC Staff in the May 29, 2003 letter from
Scott Woodbury. Idaho Power Company's acceptance in this case is based on the
following:

1. **Rate Adjustments Based On Colstrip Costs.**

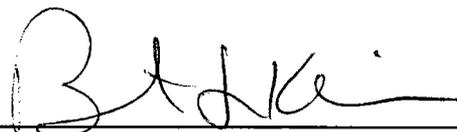
The proposal presented by Staff in its May 29, 2003 letter revises the variable cost components of the rates paid under certain contracts signed by Idaho Power during the late 1980's and early 1990's. These contracts provide that a portion of the rate paid by Idaho Power will be adjusted annually based on changes in fuel and variable operating costs at the Colstrip coal-fired generating plant in Montana. As a result, the discussion and computation of the Colstrip-related fuel costs and variable O&M costs described in the May 29, 2003 letter only apply to a specific group of existing contracts. No new contracts containing rates tied to Colstrip operating costs are being signed. For contracts of that vintage, Idaho Power accepts the computation of the revised Colstrip-related fuel costs and variable O&M costs as specified in the May 29, 2003 letter.

2. **Changes To Variable Rates Based On Gas Prices At Sumas, Washington.**

The second part of the May 29, 2003 letter addresses changes in certain QF purchase rates based on changes in gas prices as measured at Sumas, Washington. As in the case of the Colstrip-related variable cost component, there is a group of QF contracts where a portion of the rate paid to the QFs will be adjusted annually based on changes in the cost of natural gas as measured at Sumas, Washington. Idaho Power has only one contract that utilizes the changes in the Sumas gas price to adjust a portion of the price paid to the existing QF seller. For purposes of adjusting the rates in that one contract, Idaho Power accepts the changes in the cost

component based on changes in gas prices at Sumas as presented in the May 29, 2003 Letter.

DATED This 16th day of June, 2003.

A handwritten signature in black ink, appearing to read 'B. L. Kline', written over a horizontal line.

BARTON L. KLINE
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 16th day of June, 2003, I caused a true and correct copy of the within and foregoing IDAHO POWER COMPANY'S ACCEPTANCE OF UPDATED CALCULATION OF PUBLISHED AVOIDED COST RATES to be served upon the following named parties by the method indicated below, and addressed to the following:

Scott D. Woodbury	<u> x </u>	Hand Delivered
Deputy Attorney General	<u> </u>	U.S. Mail
Idaho Public Utilities Commission	<u> </u>	Overnight Mail
472 W. Washington Street	<u> </u>	FAX
P.O. Box 83720		
Boise, Idaho 83720-0074		
Blair Strong	<u> </u>	Hand Delivered
Paine, Hamblen, et al	<u> x </u>	U.S. Mail
717 W. Sprague Avenue, Suite 1200	<u> </u>	Overnight Mail
Spokane, WA 99201-3505	<u> </u>	FAX
Doug Young	<u> </u>	Hand Delivered
Avista Utilities-WWP	<u> x </u>	U.S. Mail
1411 E. Mission, P.O. Box 3727	<u> </u>	Overnight Mail
Spokane, WA 99220-3727	<u> </u>	FAX
John M. Eriksson	<u> </u>	Hand Delivered
Stoel Rives LLP	<u> x </u>	U.S. Mail
One Utah Center	<u> </u>	Overnight Mail
201 S. Main Street, Suite 1100	<u> </u>	FAX
Salt Lake City, UT 84111-4904		
Rodger Weaver	<u> </u>	Hand Delivered
PacifiCorp	<u> x </u>	U.S. Mail
825 N.E. Multnomah, Suite 600	<u> </u>	Overnight Mail
Portland, OR 97232	<u> </u>	FAX
Mark Widmer	<u> </u>	Hand Delivered
PacifiCorp	<u> x </u>	U.S. Mail
825 N.E. Multnomah Street	<u> </u>	Overnight Mail
Portland, OR 97232	<u> </u>	FAX



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