



IDAHO POWER COMPANY
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BOISE, IDAHO 83707
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BARTON L. KLINE
Senior Attorney

IDAHO PUBLIC
UTILITIES COMMISSION
August 17, 2001

Ms. Jean D. Jewell, Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, Idaho 83720-0074

Re: Case No. IPC-E-01-16
Idaho Power Company's Joint Motion and
Memorandum In Support of Joint Motion

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of the Company's (1) Joint Motion For Bifurcation of Proceeding, and (2) Report of Settlement Conference and Motion In Support of Joint Motion for Bifurcation regarding the above-described case.

I would appreciate it if you would return a stamped copy of this transmittal letter for our file.

Very truly yours,

Barton L. Kline

BLK:jb
Enclosures

BARTON L. KLINE ISB #1526
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
Telephone: (208) 388-2682
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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 IDAHO POWER)	CASE NO. IPC-E-01-16
COMPANY'S INTERIM AND)	
PROSPECTIVE HEDGING, RESOURCE)	JOINT MOTION FOR
PLANNING, TRANSACTION PRICING,)	BIFURCATION OF
AND IDACORP ENERGY SOLUTIONS)	PROCEEDING
(IES) AGREEMENT.)	
_____)	

COMES NOW, Idaho Power Company, with the consent of all of the parties in this proceeding, the Idaho Public Utilities Commission Staff, the Irrigation Pumpers Association of Idaho, the Industrial Customers of Idaho Power, the U.S. Department of Energy, and Astaris, LLC, hereinafter collectively referred to as "the Parties, and hereby moves the Commission for an Order bifurcating this proceeding as follows:

1. The Parties request that the hearing in this case be divided into two phases. In the first phase, to be conducted during the hearing currently scheduled for August 28-30, 2001, the issues to be considered and decided by the Commission would

be limited to determining which rules, including transfer prices, have and will govern transactions between Idaho Power and IDACORP Energy ("IE") during the period from March 1, 2001 until the Commission issues an order superseding those rules and transfer prices.

2. Phase two of the proceeding would consist of a collaborative process in which the Parties would make a good faith effort to reach a consensus on the Agreement and the remaining issues identified by the Commission, including the IE-Idaho Power Agreement and the policies, procedures, and safeguards that should be instituted by Idaho Power to manage market risk in the future. While some of the Parties have expressed skepticism that the collaborative process will succeed, all of the Parties have agreed to give the process a fair chance to succeed. Hopefully, at the conclusion of the collaborative process in phase two, the Parties will be able to present to the Commission a stipulation for settlement of the issues in this proceeding for the Commission's review and approval in a public hearing.

3. The Parties have preliminarily discussed procedural dates for commencing the phase two process. On or before September 13, 2001, Idaho Power will provide an initial proposal outlining those actions it has or will take immediately to address the concerns raised by the Parties. The September 13 distribution will also include a proposed framework for addressing the longer-term issues that need to be resolved regardless of whether the Idaho Power-IE Agreement continues in the future. The Parties have further agreed to convene a workshop on September 20, 2001, to discuss the materials provided by Idaho Power and to discuss a schedule to further workshops. Depending on the Commission's preference, the Parties could present the

schedule they adopt at the September 20 workshop to the Commission for review and approval or the Commission could convene a formal prehearing conference soon after the September 20 workshop.

4. The Parties have reviewed this Motion and the Memorandum in Support which accompanies this Motion, and Idaho Power is authorized to represent to the Commission that the Parties request that the Commission grant this Motion.

5. Because all of the Parties to this case participated in the settlement conference that led up to the filing of this Motion, and they are all aware that the Commission may consider this Motion on August 20, 2001, Idaho Power requests that the Commission waive the fourteen (14) day notice period provided in RP 241.

Respectfully submitted this 17th day of August, 2001.



BARTON L. KLINE
On Behalf of Idaho Power Company

With the Concurrence of the Idaho Public Utilities Commission Staff, the Irrigation Pumpers Association of Idaho, the Industrial Customers of Idaho Power, the U.S. Department of Energy and Astaris, LLC

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 17th day of August, 2001, I served a true and correct copy of the within and foregoing JOINT MOTION FOR BIFURCATION OF PROCEEDING upon the following named parties by the method indicated below, and addressed to the following:

Lisa D. Nordstrom	<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		

Randall C. Budge	<u> </u>	Hand Delivered
Racine, Olson, Nye, Budge & Bailey	<u> x </u>	U.S. Mail
Center Plaza-Corner First & Center	<u> </u>	Overnight Mail
P.O. Box 1391	<u> </u>	FAX
Pocatello, Idaho 83204-1391		

Anthony Yankel	<u> </u>	Hand Delivered
29814 Lake Road	<u> x </u>	U.S. Mail
Bay Village, Ohio 44140	<u> </u>	Overnight Mail
	<u> </u>	FAX

Peter J. Richardson	<u> </u>	Hand Delivered
Molly O'Leary	<u> x </u>	U.S. Mail
Richardson & O'Leary	<u> </u>	Overnight Mail
99 E. State Street, Suite 200	<u> </u>	FAX
P.O. Box 1849		
Eagle, Idaho 83616		

Stuart Trippel	<u> </u>	Hand Delivered
Trippel Mast Consulting LLC	<u> x </u>	U.S. Mail
506 Second Avenue, Suite 1001	<u> </u>	Overnight Mail
Seattle, Washington 98104-2328	<u> </u>	FAX

Lawrence A. Gollomp	<u> </u>	Hand Delivered
U.S. Department of Energy, Room 6D-003	<u> x </u>	U.S. Mail
1000 Independence Avenue S.W.	<u> </u>	Overnight Mail
Washington, D.C. 20585	<u> </u>	FAX

Dr. Dale Swan
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12510 Prosperity Drive, Suite 350
Silver Springs, Maryland 20904

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Overnight Mail
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277 North 6th Street, Suite 200
P. O. Box 2720
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Hand Delivered
U.S. Mail
Overnight Mail
FAX

Ken Tandy
Astaris LLC
P. O. Box 4111
Highway 30, West of City
Pocatello, Idaho 83202

Hand Delivered
U.S. Mail
Overnight Mail
FAX



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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	CASE NO. IPC-E-01-16
COMPANY'S INTERIM AND)	
PROSPECTIVE HEDGING, RESOURCE)	REPORT OF SETTLEMENT
PLANNING, TRANSACTION PRICING,)	CONFERENCE
AND IDACORP ENERGY SOLUTIONS)	AND MEMORANDUM IN
(IES) AGREEMENT.)	SUPPORT OF JOINT MOTION
_____)	FOR BIFURCATION

Pursuant to notice duly given, a settlement conference was held at the Commission's Offices on August 16, 2001. All of the parties to this proceeding participated in the settlement conference. At the conclusion of the settlement conference, all of the Parties agreed that it would be desirable for the Commission to enter an order bifurcating the hearing in this case. The Parties agreed that the bifurcation would be desirable for the following reasons:

1. The Parties recognize that the adversarial hearing process is not well suited to achieve a resolution of the types of issues presented in this case.

At the settlement conference, all of the Parties agreed that there are a number of issues relating to how Idaho Power Company will deal with market risk in the future that need to be expeditiously resolved. This resolution is needed *regardless* of whether or not the existing agreement between Idaho Power and IDACORP Energy (IE) continues beyond the current term. The same issues must be confronted even if Idaho Power decides to establish a trading operation that is totally separate from IE. Examples of the kinds of issues that need to be resolved, regardless of the future of this Idaho Power-IE agreement, include the development of policy and procedure manuals, methods to ascertain the risk appetite of Idaho Power's customers, the role that price view and speculation should play in Idaho Power's risk management process, and the best ways to involve Staff and customers in this process. The Parties recognized that a collaborative process, undertaken over a period of time, is much more likely to achieve mutually acceptable results than is the adversarial hearing process.

While some Parties have expressed skepticism concerning the ultimate likelihood of achieving consensus, all Parties have agreed that it is worthwhile to give the collaborative process an opportunity to succeed.

2. The Parties acknowledge that Idaho Power needs to know which rules were applicable to Idaho Power-IE transactions since March 2, 2001.

In the settlement meeting the Parties acknowledged that while the collaborative process was proceeding, Idaho Power needed to continue to operate its business and engage in market transactions. The Parties further acknowledged that Idaho Power was entitled to know which rules, including transfer prices, were applicable to transactions between Idaho Power and IE under the Agreement during the period

from March 1, 2001 until this case is concluded or a superseding order revising the rules is issued by the Commission. To address this concern and to facilitate the collaborative process, the Parties agreed to ask the Commission to bifurcate the hearing in this case. With the bifurcation, the only issue in this case to be considered in the currently scheduled hearing would be the rules, including the appropriate transfer prices, that would apply to transactions between IE and Idaho Power under the Agreement from March 1, 2001 until the date the Commission issued its final order in this case, or until the Commission issues a superseding order modifying the rules. With this in mind, the Parties agreed to an initial procedural schedule to initiate the collaborative process. That procedural process is described in the Motion. Acceptance of this bifurcation proposal by the Commission would mean that Idaho Power could continue to operate its business and make market purchases and sales within the rules established by the Commission without running the risk that at the conclusion of this case, Idaho Power would be subject to a repricing on a retroactive basis.

3. Conclusion.

The Parties still hold divergent views regarding the ultimate benefits and detriments of the existing Idaho Power-IE relationship. At the conclusion of the IPC-E-00-13 case, the majority of the Parties to this proceeding signed a stipulation supporting the agreement between Idaho Power and IE. It is now apparent that additional steps need to be taken to re-establish the confidence of the Parties that the Idaho Power-IE agreement can work to the benefit of all Parties. Idaho Power has acknowledged that it can see ways in which the Idaho Power-IE Agreement can be improved. Regardless of the future status of the Idaho Power-IE Agreement, this

process must be undertaken to address Idaho Power's management of market risk in the future. The bifurcation and collaborative process described in the Joint Motion and this Report and Memorandum in Support represents the best process for efficiently resolving all of these issues. For all of these reasons, Idaho Power, with the consent of all of the Parties, respectfully request that the Commission grant the Joint Motion to Bifurcate.

Respectfully submitted this 17th day of August, 2001.

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 17th day of August, 2001, I served a true and correct copy of the within and foregoing REPORT OF SETTLEMENT CONFERENCE AND MEMORANDUM IN SUPPORT OF JOINT MOTION FOR BIFURCATION upon the following named parties by the method indicated below, and addressed to the following:

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Deputy Attorney General	<input type="checkbox"/>	U.S. Mail
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1000 Independence Avenue S.W.	<input type="checkbox"/>	Overnight Mail
Washington, D.C. 20585	<input type="checkbox"/>	FAX

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