



An IDACORP Company

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July 15, 2005

Ms. Jean Jewell  
Commission Secretary  
472 West Washington Street  
Boise, Idaho 83720-0074

*IPC-E-01-16*

Re: The February 17, 2005 System Risk Limit Breach Notification Letter

Dear Ms. Jewell:

On February 17, 2005 the Company notified the Commission of the breach of the Tier One System Risk Limit established for the 2005-2006 PCA Year. The driving force behind the breach was a rapidly deteriorating water forecast and adverse power market movements. Breach of the Tier One limit requires action under the Company's Risk Management Policy. Accordingly throughout the past six months the Company has executed purchases (both power and gas) to cover deficits indicated by the Operation Plan, in an effort to reduce and if possible eliminate the breach. In an effort to inform the Commission Staff and Customer Advisory Group of the breach and describe the actions taken by the Company to address the situation, the Company held a special meeting on February 28, 2005 with the aforementioned parties.

During the most recent Risk Management Committee meeting, the committee was notified that the Tier One variance was once again below the System Risk Limit. The reduction in the variance was primarily due to actual net power supply costs being lower than those forecasted under the low water/ high price scenario for May 2005 and June 2005.

The Company is planning another Customer Advisory Group (CAG) Meeting for August 1, 2005. At this meeting the Company will review the performance of the Risk Management Policy during the current PCA Year as well as establish Risk Guidelines for the 2006-2007 PCA Year

Cordially,

John R. Gale

JRG:ma

c: Terri Carlock, IPUC  
Randy Lobb, IPUC  
Bart Kline  
Betsy Galtney  
CAG Members  
Legal Files  
P&RS Files