

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE IDAHO POWER )  
 COMPANY APPLICATION FOR A ) CASE NO. IPC-E-01-7  
 REFUNDABLE EMERGENCY ENERGY )  
 CHARGE FOR THE RECOVERY OF )  
 EXTRAORDINARY POWER SUPPLY )  
 EXPENSES. )**

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**IN THE MATTER OF THE IDAHO POWER )  
 COMPANY APPLICATION FOR AUTHORITY ) CASE NO. IPC-E-01-11  
 TO IMPLEMENT A POWER COST )  
 ADJUSTMENT (PCA) RATE FOR ELECTRIC )  
 SERVICE FROM MAY 1, 2001 THROUGH MAY ) NOTICE OF SECOND  
 15, 2002. ) PREHEARING CONFERENCE  
 )  
 ) ORDER NO. 28731  
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In February and March 2001, Idaho Power Company filed two Applications seeking to increase its rates under the annual Power Cost Adjustment (PCA) mechanism first approved by the Commission in 1993. In the two applications, the Company requested recovery of a total of \$227.4 million by imposing a uniform 1.8889¢ per kilowatt-hour charge for all its customers over a one-year period.

In Order No. 28722 issued May 1, 2001, the Commission partially granted the Applications and allowed Idaho Power to immediately recover approximately \$168.3 million through the PCA mechanism. The Commission deferred recovery of approximately \$59 million pending further investigation of several issues. In its Order the Commission determined that it is appropriate to initiate an investigation regarding several of the trading practices used to purchase power for the regulated company; whether the purchasing entity failed to execute a timely purchase of power when requested to do so; whether the Company appropriately hedged against market volatility; whether the pricing mechanism used to purchase power should be amended on a prospective basis; and whether the Company's resource plans are adequate to prospectively address current drought and market conditions. The Commission scheduled a prehearing conference for May 10, 2001. To facilitate this investigation and create an evidentiary record, the Commission adopts this initial procedural schedule.

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## THE PREHEARING CONFERENCE

At the prehearing conference, the parties discussed how to proceed on the contested issues identified above. The following parties entered appearances: Idaho Power Company, Commission Staff, Industrial Customers of Idaho Power, Irrigation Pumpers Association, Astaris LLC, U.S. Department of Energy, and Land and Water Fund of the Rockies for Mary McGown, Idaho Rivers United, and Idaho Rural Council.

The participants agreed that this case should be henceforth split into two separate dockets. The first docket will focus on the prudence of Idaho Power's transactions during the months of April 2000 through February 2001, including its past pricing mechanisms, transmission and wheeling charges, the November trading event and hedging activities. Because this first docket is confined to the Company's transactions during the last PCA period, it will continue under Case Nos. IPC-E-01-7 and IPC-E-01-11. The second docket will address interim and prospective issues regarding Idaho Power's future trading practices (to include hedging, transmission and wheeling charges, use of the Mid-C and Palo Verde pricing indexes, and use of weighted-average pricing), the terms of the IES Agreement and Order No. 28596, and the flexibility of the Company's short-term resource planning. Because this second docket examines future issues rather than the 2000-2001 PCA transactions, it will proceed under separate Case No. IPC-E-01-16.

In Case Nos. IPC-E-01-7 and IPC-E-01-11, Idaho Power will submit prefiled testimony and exhibits. Other parties will then respond followed by Idaho Power's reply. The Commission anticipates issuing an Order prior to a second prehearing conference that will address disputed issues from the 2000-2001 PCA that may be resolved without an evidentiary hearing. For any remaining issues, a supplemental hearing schedule will be established at the second prehearing conference.

To facilitate the expedited proceedings desired by the Company and the Commission, the parties have indicated they will conduct a conference call after reviewing the Company's initial filing to determine if the deadlines set at the May 10 Prehearing Conference can be expedited. This conference call shall take place May 31, 2001 at 10 a.m. The Staff shall advise the parties of the telephone number for the conference call. Idaho Power is also encouraged to provide the other parties with the information they request in a timely manner and use a protective agreement, if necessary.

**PROCEDURAL SCHEDULE AND  
NOTICE OF SECOND PREHEARING CONFERENCE**

Based upon the agreement of the parties, the Commission adopts the tentative proceeding schedule outlined below.

**IPC-E-01-7 and IPC-E-01-11 (2000-2001 PCA Transactions)**

| <u>Date</u>   | <u>Action</u>  |
|---------------|--|
| May 24, 2001  | Deadline for Idaho Power to submit prefiled testimony and exhibits regarding the prudence of its 2000-2001 PCA pricing mechanisms, transmission and wheeling charges, weighted-average pricing for real-time purchases, the November trading event and hedging activities.                           |
| May 31, 2001  | After reviewing the Company's filing, the parties shall conduct a conference call to determine if the remaining schedule can be expedited to accommodate a second prehearing conference on June 27, 2001 at 1:30 p.m. If expediting the schedule is not feasible, the following schedule will apply. |
| June 14, 2001 | Deadline for Staff and Intervenors to submit prefiled direct testimony and exhibits.   |
| June 21, 2001 | Deadline for Idaho Power to submit prefiled reply testimony to the parties' filings.   |
| July 5, 2001  | Second prehearing conference to take place in the Commission Hearing Room at 1:30 p.m.   |

**IPC-E-01-16 (Prospective Issues)**

| <u>Date</u>  | <u>Action</u>  |
|--------------|--|
| May 24, 2001 | Deadline for Idaho Power to submit prefiled testimony regarding the reasonableness of its trading practices (to include hedging, transmission and wheeling charges, Mid-C and Palo Verde pricing indexes, and use of weighted-average pricing); the pricing, hedging and transmission terms of the IES Agreement and Order No. 28596; and the flexibility of the Company's short-term resource planning. This filing shall also include the short-term resource planning report for the summer and winter of 2001 that was mandated by Order No. 28722 at page 17. |

May 31, 2001

After reviewing the Company's filing in IPC-E-01-7 and IPC-E-01-11, the parties shall conduct a conference call at 10 a.m. that will determine if a second prehearing conference for both dockets will take place on June 27, 2001 at 1:30 p.m. If expediting the schedule is not feasible, the following schedule will apply.

July 5, 2001

Second prehearing conference to take place in the Commission Hearing Room at 1:30 p.m.

To facilitate the filing of exhibits, the Commission assigns the parties the following exhibit numbers: Idaho Power Company (1-100); Commission Staff (101-200); Astaris LLC (201-300); Irrigation Pumpers Association, Inc. (301-400); U.S. Department of Energy (401-500); Land and Water Fund of the Rockies for Mary McGown, Idaho Rivers United and Idaho Rural Council (501-600); and Industrial Customers of Idaho Power (601-700).

The Commission finds that the schedules set out above are appropriate. The parties shall file their comments in the form of prefiled testimony and exhibits to avoid redundant filings in the event that an evidentiary hearing is later required. The Commission directs that all pleadings and prefiled testimony and exhibits be served via overnight mail no later than the close of business on the deadlines outlined above. Any discovery motions, answers to discovery motions and the prefiled testimony will also be served on the parties by overnight delivery.

YOU ARE FURTHER NOTIFIED that the prepared testimony and exhibits must be served upon the Commission and all other parties as set out in the schedule above. The prepared testimony and exhibits must conform to the requirements of Rules 266 and 267 of the Commission's Rules of Procedure, IDAPA 31.01.01.266-.267.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Titles 61 and 62 of the Idaho Code and that the Commission may enter any final Order consistent with its authority. The Commission has jurisdiction over these matters pursuant to *Idaho Code* §§ 61-307, 61-622, 61-623, and 61-624.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

**ORDER**

IT IS THEREFORE ORDERED that the prudence of Idaho Power's transactions during the months of April 2000 through February 2001, including its past pricing mechanisms, weighted-average pricing for real-time purchases, transmission and wheeling charges; the November trading event; and hedging activities will continue under Case Nos. IPC-E-01-7 and IPC-E-01-11.

IT IS FURTHER ORDERED that interim and prospective issues regarding Idaho Power's trading practices (to include hedging, transmission and wheeling charges, Mid-C or Palo Verde pricing indexes, and use of weight average pricing for real-time purchases); the pricing, hedging and transmission terms of the IES Agreement and Order No. 28596; and the flexibility of the Company's short-term resource planning will proceed separately under Case No. IPC-E-01-16.

IT IS FURTHER ORDERED that the parties comply with the schedules outlined above.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 14<sup>th</sup> day of May 2001.



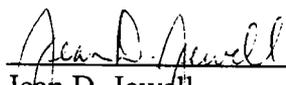
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PAUL KJELLANDER, PRESIDENT



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MARSHA H. SMITH, COMMISSIONER

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Out of the Office on this Date  
DENNIS S. HANSEN, COMMISSIONER

ATTEST:



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Jean D. Jewell  
Commission Secretary

O:IPCE017\_IPCE0111\_In3

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