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IDAHO PUBLIC UTILITIES COMMISSION

Attorneys for Idaho Power Company

Express Mail Address

1221 West Idaho Street
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

| | |
|--|-----------------------|
| IN THE MATTER OF THE APPLICATION) | |
| OF IDAHO POWER COMPANY FOR) | CASE NO. IPC-E-03-05 |
| AUTHORITY TO IMPLEMENT POWER COST) | |
| ADJUSTMENT RATES FOR ELECTRIC) | MOTION FOR ACCEPTANCE |
| SERVICE TO CUSTOMERS IN THE STATE) | OF SETTLEMENT |
| OF IDAHO FOR THE PERIOD MAY 16, 2003) | |
| THROUGH MAY 15, 2004) | |
| _____) | |

COMES NOW, Idaho Power Company ("Idaho Power") on behalf of itself, the staff of the Idaho Public Utilities Commission ("Staff"), the Industrial Customers of Idaho Power ("ICIP"), and the Idaho Irrigation Users Association ("Irrigators"), all of whom are hereinafter collectively referred to as the "Parties", and in accordance with RP 056 and RP 271-280 hereby moves the Commission for an order accepting the settlement negotiated by the Parties and embodied in the Stipulation which has been filed with the Commission under separate cover. A copy of the Stipulation as filed is attached to this Motion as Exhibit 1. This Motion is based on the following:

1. On April 15, 2003, Idaho Power filed an Application for Approval of Power Cost Adjustment ("PCA") Rates for the period May 16, 2003 through May 15, 2004. In Order No. 29243 issued on May 15, 2003, the Commission authorized Idaho Power to implement, subject to refund, PCA rates that would generate approximately \$81.3 million in additional revenues based upon the methodologies specified in prior Commission Orders. In Order No. 29243, the Commission identified several issues it intended to examine further. The Commission set a prehearing conference for May 30, 2003 to allow the Parties to propose a schedule for an evidentiary hearing to address the remaining issues.

2. On June 5, 2003 following the prehearing conference, the Commission issued Order No. 29258 in which the Commission accepted the proposal presented by the Parties at the May 30, 2003 prehearing conference to transfer some of the issues identified by the Commission in Order No. 29243 to Case No. IPC-E-01-16 for processing in that case. In Order No. 29258, the Commission also found that during the prehearing conference the Parties discussed possible settlement alternatives and agreed to make a good faith effort to settle the issues that had not been transferred to IPC-E-01-16. Since the issuance of Order No. 29258, the Parties have undertaken several settlement discussions. The product of those discussions is Exhibit 1, the Stipulation.

3. All of the Parties agree that the Stipulation is in the public interest and that all of the terms of the Stipulation are fair, just and reasonable. The Parties support adoption of the Stipulation and acceptance of the Stipulation by the Commission as a resolution to all of the issues remaining in the case.

4. The Parties negotiated the Stipulation as an integrated settlement document. All of the parties to this case are signatories to the Stipulation. The Parties request that the Stipulation be entered into the record as evidence in this proceeding. As a result, in accordance with RP 274, the Parties respectfully submit that an evidentiary hearing is not required.

NOW, THEREFORE, Idaho Power Company, on behalf itself and of the Parties requests that the Commission issue its Order accepting the Stipulation in settlement of all of the remaining issues in this case.

RESPECTFULLY SUBMITTED This 20th day of August, 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

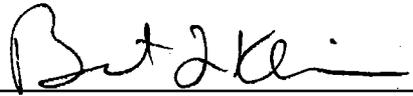
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 20th day of August, 2003, I served a true and correct copy of the within and foregoing STIPULATION upon the following named parties by the method indicated below, and addressed to the following:

| | | |
|-----------------------------------|---------------|----------------|
| Lisa 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 | | |

| | | |
|------------------------------------|---------------|----------------|
| Eric L. Olsen | <u> </u> | Hand Delivered |
| Racine, Olson, Nye, Budge & Bailey | <u> x </u> | U.S. Mail |
| P.O. Box 1391 | <u> </u> | Overnight Mail |
| Pocatello, Idaho 83204-1391 | <u> </u> | FAX |

| | | |
|----------------------|---------------|----------------|
| Peter J. Richardson | <u> </u> | Hand Delivered |
| Richardson & O'Leary | <u> x </u> | U.S. Mail |
| P.O. Box 1849 | <u> </u> | Overnight Mail |
| Eagle, Idaho 83616 | <u> </u> | FAX |



BARTON L. KLINE

EXHIBIT 1

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Express Mail Address

1221 West Idaho Street
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION |) | |
| OF IDAHO POWER COMPANY FOR |) | CASE NO. IPC-E-03-05 |
| AUTHORITY TO IMPLEMENT POWER COST |) | |
| ADJUSTMENT RATES FOR ELECTRIC |) | STIPULATION |
| SERVICE TO CUSTOMERS IN THE STATE |) | |
| OF IDAHO FOR THE PERIOD MAY 16, 2003 |) | |
| THROUGH MAY 15, 2004 |) | |
| _____ |) | |

This Stipulation is entered into among Idaho Power Company ("Idaho Power"), the Staff of the Idaho Public Utilities Commission ("Staff") and the other Parties in this proceeding as their signatures appear at the end of this Stipulation. Idaho Power and the other signing Parties are hereinafter together referred to as "the Parties."

The purpose of this Stipulation is to settle all of the remaining issues in this proceeding.

I.

PROCEDURAL HISTORY

On April 15, 2003, Idaho Power filed an Application for approval of power cost adjustment ("PCA") rates for the period May 16, 2003 through May 15, 2004. In Order No. 29243 issued on May 15, 2003, the Commission authorized Idaho Power to implement, subject to refund, PCA rates that would generate approximately \$81.3 million in additional revenues based upon the methodology specified in prior Commission orders. In Order No. 29243, the Commission identified several issues that it intended to examine further. Some of the issues identified for further review relate to the Consent Agreement between Idaho Power and the Federal Energy Regulatory Commission ("FERC") Staff recently approved by the FERC ("FERC Issues"). The other issues arose out of comments filed by Staff and the Idaho Irrigation Pumpers Association ("Irrigators"), including comments relating to using 1993 normalized sales levels in computing the true-up rates (collectively, "True-Up Issues"). The Commission set a prehearing conference for May 30, 2003 to allow the Parties to propose a schedule for an evidentiary hearing to address both the FERC Issues and the True-Up Issues.

On June 5, 2003, following the prehearing conference, the Commission issued Order No. 29258 in which the Commission accepted the proposal presented by the Parties at the May 30, 2003 prehearing conference to transfer four issues, including the FERC Issues, to Case No. IPC-E-01-16 for processing in that case.

In Order No. 29258, the Commission also found that at the prehearing conference the Parties had discussed possible settlement alternatives and agreed to

make a good faith effort to settle the True-Up Issues. On June 5, 2003, the Commission issued a Notice of Settlement Conference to take place on Friday, June 13, 2003.

Representatives from Idaho Power, the Staff, the Industrial Customers of Idaho Power ("ICIP"), and the Irrigators attended the settlement conference. At the settlement conference, Idaho Power presented a written settlement proposal. In its settlement proposal, Idaho Power described its understanding and its position on the True-Up Issues as follows:

Issue 1. The current IPUC-approved PCA methodology uses the 1993 normalized kWh sales level as the denominator for computing the true-up rate. Staff and Irrigators argue for using more recent normalized sales data. Actual sales to Idaho jurisdictional customers during any PCA year will always be either higher or lower than the Commission-approved 1993 denominator of 10,802,636 MWh and will also be higher or lower than any other firm sales constant that would be used in the computation of the true-up component rate. As a settlement position, Commission Staff proposed a change to the current PCA methodology to eliminate under-collection, over-collection, under-refunding and over-refunding of authorized true-up amounts. Commission Staff proposed that any under-collection, over-collection, under-refunding or over-refunding be identified and further trued up. This procedure has been termed a "true-up of the true-up."

Issue 2. Current IPUC-approved PCA true-up computations do not allow for the computation of carrying charges during the period of true-up collection or true-up refund. At the time the PCA was first developed, the Parties agreed that over time the

true-up collections and refunds would be offsetting and, therefore, the computation of carrying charges during the term of actual rate recovery would be symmetrical and therefore unnecessary. This has not proven to be the case. True-up collections in recent years have not been offset by large true-up refunds. Idaho Power proposed including a carrying charge on the unamortized balance during the true-up collection and on the unamortized balance on true-up refunds.

Issue 3. As a result of postponement of payment of prior true-up amounts, customers receiving service under Schedule 7 (Small General Service), Schedule 19 (Large Power Service), and Schedule 24 (Irrigation Service) have class-specific adders still to be recovered during the 2003-2004 PCA year. As a result and, unlike most PCA years, these classes have a different PCA true-up rate than do the remainder of the classes. The Irrigators and ICIP have concerns that collection of their allocated true-up amounts may be too great because of the use of 1993 normalized sales levels rather than the 2000 normalized sales levels initially used to compute the deferral amount.

II.

AGREEMENTS

To settle the True-Up Issues identified above, the Parties agree as follows:

1. The currently-approved PCA rates will remain in effect through May 15, 2004, i.e., the remainder of this 2003-2004 PCA year.
2. The PCA methodology will be modified to include a true-up of the true-up. At the time the Company makes its April 15, 2004 filing for the PCA rates to be

implemented from May 16, 2004 through May 15, 2005, the Company will compute the amount of any under-collection or over-collection of the \$38.7 million true-up amount approved by the Commission in Order No. 29243. This amount will then be applied as a credit (or a debit) against the 2004-2005 PCA ("True-Up of the True-Up"). The approved PCA methodology will thereafter include a True-Up of the True-Up for each succeeding PCA year.

3. Carrying charges on the unamortized balance at the rate of 2% per annum (the currently approved rate for the true-up deferral balance accumulation) will be included during the 2004-2005 True-Up of the True-Up refund period. Thereafter, carrying charges will be determined for either the true-up collection period or true-up refund period, whichever occurs from year to year. Idaho Power will compute the carrying charges using the same interest rate the Commission annually determines to be appropriate for the true-up deferral balance accumulation. The methodology for computing carrying costs is more particularly described in the attached Appendix 1.

4. For Schedule 7, Schedule 19, and Schedule 24 customers, the True-Up of the True-Up will not be applied to the \$16 million total of class-specific adders from the 2002-2003 PCA year. Instead, the customers in those classes will receive a credit during the 2004-2005 PCA year which will be computed based on the difference between the true-up rate credit computed under the currently-approved PCA rate (using 1993 sales data) and the rate credit that would have been computed using 2000 normalized kilowatt-hour sales for each of the three classes. The attached Appendix 2 describes this process in more detail and shows the 2004-2005 rate credit on a cents per kilowatt-hour for Schedule 7, Schedule 19 and Schedule 24 customers.

5. Beginning with the April 2004 PCA application, the Company will make its annual PCA application utilizing its best estimate of the total Idaho jurisdictional sales that will be made during the ensuing PCA year rather than a sales constant set in a general revenue requirement case. The intent of this change to the approved PCA methodology is to set a firm sales denominator that will minimize the magnitude of subsequent True-Ups of the True-Up.

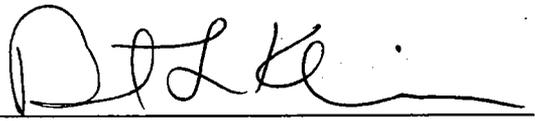
6. The Parties agree that this Stipulation is in the public interest with respect to the issues covered by it and that all of the terms of the Stipulation are fair, just and reasonable.

7. This Stipulation will be entered into the record as evidence in this proceeding. The Parties shall support adoption of the Stipulation and acceptance of the Stipulation as a reasonable resolution to the issues identified previously. If the Idaho Commission rejects all or any part of this Stipulation, any Party disadvantaged by such action, including Idaho Power, shall have the right, upon written notice to the Commission and all Parties to the proceeding, within seven (7) days of the Commission's Order, to withdraw from the Stipulation. No withdrawing Party shall be bound by the terms of this Stipulation and any withdrawing Party may seek reconsideration of the Commission's Order. Withdrawal from the Stipulation would not prevent the withdrawing Party from subsequently requesting that the Commission hold a hearing in this case to resolve the True-Up Issues identified above.

8. The Parties have negotiated this Stipulation as an integrated settlement document. The Parties recommend that the Commission accept this Stipulation without material change or condition.

9. This Stipulation may be executed in counterparts, and each signed counterpart shall constitute an original document.

08/14/03
Date


BARTON L. KLINE
Attorney for Idaho Power Company

Date

LISA D. NORDSTROM
Attorney for Idaho Public Utilities
Commission

Date

PETER J. RICHARDSON
Attorney for Industrial Customers of
Idaho Power Company

Date

ERIC L. OLSEN
Attorney for Idaho Irrigation Pumpers
Association, Inc.

Pages 2 and 3 of this appendix contain spreadsheet examples of the computation of interest on the true-up of the true-up. The computation of the true-up of the true-up would be provided as additional lines to the monthly true-up report. The last line in that report currently shows the deferral balance. The examples provided begin at that point and show the additional lines required.

Page 2 of this exhibit begins with a hypothetical Deferral Balance 2003-2004 line. April and May values are as have actually occurred so far this year. Five million has been added to the balance in July, but all other months suggest no deviation from projected levels.

The new lines begin with the true-up of the true-up balance. The Commission authorized the collection of \$38,658,298.01 true-up dollars. This becomes the starting balance. Monthly interest using PCA methodology (assuming a 2% rate) is equal to the interest rate divided by 12 multiplied by the beginning monthly balance.

$$(\$38,658,298.01 * 0.02 / 12 = \$64,430.50)$$

The new PCA rate was not effective in April, so no revenue collection was made and therefore no revenue collection could be applied to either the interest or balance.

Beginning on May 16 and thereafter the monthly revenue collection would be first applied to the interest and the remainder of the collection would be applied to the true-up of the true-up balance. Monthly collection amounts shown are hypothetical.

Page 3 of this exhibit provides similar computations assuming that the beginning true-up of the true-up balance is negative and benefits are flowing back to customers.

| | April | May | June | July | August | September | October | November | December | January | February | March | Total |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|------------------|
| Power Cost Adjustment Summary April 2003 thru March 2004 | | | | | | | | | | | | | |
| Incremental Deferral | \$ 0 | \$ 0 | \$ 0 | \$ 5,000.00 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Deferral Balance 2003-2004 | \$ (874,333.45) | \$ (818,288.56) | \$ (818,288.56) | \$ 4,181,711.44 | \$ 4,181,711.44 | \$ 4,181,711.44 | \$ 4,181,711.44 | \$ 4,181,711.44 | \$ 4,181,711.44 | \$ 4,181,711.44 | \$ 4,181,711.44 | \$ 4,181,711.44 | \$ 4,181,711.44 |
| Beginning True-Up of True-Up Balance | \$ 38,658,298.01 | \$ 38,658,298.01 | \$ 37,124,436.51 | \$ 33,964,785.74 | \$ 30,799,868.89 | \$ 27,629,677.16 | \$ 24,454,201.79 | \$ 21,273,433.95 | \$ 18,087,364.84 | \$ 14,895,985.62 | \$ 11,699,287.42 | \$ 8,497,261.40 | \$ 8,497,261.40 |
| Monthly Interest Rate | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% |
| Monthly Interest | \$ 64,430.50 | \$ 64,430.50 | \$ 61,874.06 | \$ 56,607.98 | \$ 51,333.11 | \$ 46,049.46 | \$ 40,757.00 | \$ 35,455.72 | \$ 30,145.61 | \$ 24,826.64 | \$ 19,498.81 | \$ 14,162.10 | \$ 509,571.49 |
| Monthly Collection | \$ 0.00 | \$ 1,662,722.50 | \$ 3,221,524.83 | \$ 3,221,524.83 | \$ 3,221,524.83 | \$ 3,221,524.83 | \$ 3,221,524.83 | \$ 3,221,524.83 | \$ 3,221,524.83 | \$ 3,221,524.83 | \$ 3,221,524.83 | \$ 3,221,524.83 | \$ 33,877,970.84 |
| Monthly Collection Applied To Interest | \$ 0.00 | \$ 128,861.00 | \$ 61,874.06 | \$ 56,607.98 | \$ 51,333.11 | \$ 46,049.46 | \$ 40,757.00 | \$ 35,455.72 | \$ 30,145.61 | \$ 24,826.64 | \$ 19,498.81 | \$ 14,162.10 | \$ 14,162.10 |
| Monthly Collection Applied To Balance | \$ 0.00 | \$ 1,533,861.50 | \$ 3,159,650.77 | \$ 3,164,916.85 | \$ 3,170,191.72 | \$ 3,175,475.37 | \$ 3,180,767.83 | \$ 3,186,069.11 | \$ 3,191,379.22 | \$ 3,196,698.19 | \$ 3,202,026.02 | \$ 3,207,362.73 | \$ 33,368,399.35 |
| Ending True-Up of the True-Up Balance | \$ 38,658,298.01 | \$ 37,124,436.51 | \$ 33,964,785.74 | \$ 30,799,868.89 | \$ 27,629,677.16 | \$ 24,454,201.79 | \$ 21,273,433.95 | \$ 18,087,364.84 | \$ 14,895,985.62 | \$ 11,699,287.42 | \$ 8,497,261.40 | \$ 5,289,898.66 | \$ 5,289,898.66 |

| | April | May | June | July | August | September | October | November | December | January | February | March | Total |
|---|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Power Cost Adjustment Summary April 2003 thru March 2004 | | | | | | | | | | | | | |
| Incremental Deferral | | | | 5,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deferral Balance, 2003-2004 | (874,333.45) | (818,288.56) | (818,288.56) | 4,181,711.44 | 4,181,711.44 | 4,181,711.44 | 4,181,711.44 | 4,181,711.44 | 4,181,711.44 | 4,181,711.44 | 4,181,711.44 | 4,181,711.44 | |
| Beginning True-Up of True-Up Balance | (10,000,000.00) | (10,000,000.00) | (9,603,225.81) | (8,785,897.86) | (7,967,207.69) | (7,147,153.03) | (6,325,731.62) | (5,502,941.18) | (4,678,779.41) | (3,853,244.05) | (3,026,332.79) | (2,198,043.34) | |
| Monthly Interest Rate | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% |
| Monthly Interest | (16,666.67) | (16,666.67) | (16,005.38) | (14,643.16) | (13,278.68) | (11,911.92) | (10,542.89) | (9,171.57) | (7,797.97) | (6,422.07) | (5,043.89) | (3,663.41) | (131,814.28) |
| Monthly Collection / Refund | 0.00 | (430,107.53) | (833,333.33) | (833,333.33) | (833,333.33) | (833,333.33) | (833,333.33) | (833,333.33) | (833,333.33) | (833,333.33) | (833,333.33) | (833,333.33) | (8,763,440.86) |
| Monthly Collection / Refund Applied To Interest | 0.00 | (33,333.34) | (16,005.38) | (14,643.16) | (13,278.68) | (11,911.92) | (10,542.89) | (9,171.57) | (7,797.97) | (6,422.07) | (5,043.89) | (3,663.41) | |
| Monthly Collection / Refund Applied To Balance | 0.00 | (396,774.19) | (817,327.95) | (818,690.17) | (820,054.65) | (821,421.41) | (822,790.44) | (824,161.76) | (825,535.36) | (826,911.26) | (828,289.44) | (829,669.92) | (8,631,626.58) |
| Ending True-Up of the True-Up Balance | (10,000,000.00) | (9,603,225.81) | (8,785,897.86) | (7,967,207.69) | (7,147,153.03) | (6,325,731.62) | (5,502,941.18) | (4,678,779.41) | (3,853,244.05) | (3,026,332.79) | (2,198,043.34) | (1,368,373.42) | |

The deferred dollars for the Schedule 7 class of \$611,655 was divided by the re-distributed class sales (MWh) of 250,901 to calculate a 2003 adjustment to the Schedule 7 PCA rate in the amount of 0.2438 ¢ per kWh. When applied to the 2000 kWh sales of 272,036, the rate would have been 0.2248 ¢ per kWh. The 2004 rate credit for the Schedule 7 class is the rate based upon the 1993 sales (0.2438 ¢ per kWh) less the rate based upon the 2000 sales (0.2248 ¢ per kWh) which equals 0.0189 ¢ per kWh.

The deferred dollars for the Schedule 19 class of \$3,798,998 was divided by the re-distributed class sales (MWh) of 1,744,618 to calculate a 2003 adjustment to the Schedule 19 PCA rate in the amount of 0.2178 ¢ per kWh. When applied to the 2000 kWh sales of 1,943,133, the rate would have been 0.1955 ¢ per kWh. The 2004 rate credit for the Schedule 19 class is the rate based upon the 1993 sales (0.2178 ¢ per kWh) less the rate based upon the 2000 sales (0.1955 ¢ per kWh) which equals 0.0222 ¢ per kWh.

The deferred dollars for the Schedule 24 class of \$11,617,880 was divided by the re-distributed class sales (MWh) of 1,631,722 to calculate a 2003 adjustment to the Schedule 19 PCA rate in the amount of 0.7120 ¢ per kWh. When applied to the 2000 kWh sales of 1,841,555, the rate would have been 0.6309 ¢ per kWh. The 2004 rate credit for the Schedule 24 class is the rate based upon the 1993 sales (0.7120 ¢ per kWh) less the rate based upon the 2000 sales (0.6309 ¢ per kWh) which equals 0.0811 ¢ per kWh.

| 2002 Norm. | | Estimated | |
|-------------|---------------|-----------|-----------|
| Sales (kWh) | | Dollars | |
| | 267,241,060 | \$ | 50,615 |
| | 1,928,629,241 | \$ | 429,049 |
| | 1,559,672,387 | \$ | 1,265,327 |

| 2004 Rate Credit | |
|------------------|--------|
| ¢/kWh | |
| | 0.0189 |
| | 0.0222 |
| | 0.0811 |

| Rate w/ 2000 | |
|--------------|--------|
| kWh (¢/kWh) | |
| | 0.2248 |
| | 0.1955 |
| | 0.6309 |

| 2003 Rate Adj. | | 2000 norm. sales | |
|----------------|--------|------------------|--|
| ¢/kWh | | kWh | |
| | 0.2438 | 272,035,964 | |
| | 0.2178 | 1,943,132,521 | |
| | 0.7120 | 1,841,554,689 | |

| 1993 re-dist. | |
|---------------|---------------|
| class (kWh) | |
| | 250,901,000 |
| | 1,744,618,000 |
| | 1,631,722,000 |

| Deferred (\$) | |
|---------------|---------------|
| Schedule 7 | \$ 611,655 |
| Schedule 19 | \$ 3,798,998 |
| Schedule 24 | \$ 11,617,880 |

\$7,534 class-specific intervenor funding is included.