Barton L. Kline ISB #1526
Monica B. Moen ISB #5734
Idaho Power Company
P O Box 70
Boise ID 83707
(208) 388-2682

RECEIVED [X]
FILED [ ]
2003 MAY -6 AM 8: 14
IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Idaho Power Company

Street Address for Express Mail:

1221 West Idaho Street
Boise ID 83702

FAX Telephone No. (208) 388-6936

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR AUTHORITY TO INSTITUTE REVISED DEPRECIATION RATES FOR ELECTRIC PLANT IN SERVICE	CASE NO. IPC-E-03-07 APPLICATION

Idaho Power Company (Idaho Power or Company), pursuant to I.C. § 61-525 applies to the Idaho Public Utilities Commission (Commission) for authority to institute revised depreciation rates for the Company's electric plant in service. The last major changes to the Company's depreciation rates occurred March 18, 1993 as a result of Order No. 24739 issued in Case No. IPU-E-92-23. The Company seeks to revise depreciation rates applicable to its electric plant in service. In support of this Application, Idaho Power presents the following:

I.

Idaho Power is an Idaho Corporation, whose principal place of business is 1221 West Idaho Street, Boise, Idaho 83702

II.

Idaho Power operates a public utility supplying electric service in Southern Idaho, and Eastern Oregon. Idaho Power is subject to the jurisdiction of this Commission in Idaho and in Oregon is subject to the jurisdiction of the Oregon Public Utility Commission. Idaho Power is also subject to the jurisdiction of the Federal Energy Regulatory Commission (the "FERC").

III.

The Company is not requesting a change in its electric rates. This request is for an accounting order approving the revised depreciation rates for the Company to apply prospectively to its depreciable plant in service.

IV.

The revised depreciation rates are based on the results of a detailed depreciation study authorized by the Company and conducted by Gannett Fleming, Inc. relative to Idaho Power's electric plant in service as of December 31, 2001. The study updates net salvage percents and service life estimates for all plant assets. The study is Exhibit 1 to the testimony of Gannett Fleming Inc.'s Vice President, John Spanos.

V.

The current depreciation rates for Idaho Power have been applied to the investment in each primary and sub plant accounts. These depreciation rates are based on the straight line, remaining life method, location life basis (life span technique)

for production plant and the straight line, remaining life method for transmission and distribution plant and amortization of certain general plant accounts. A summary schedule detailing the December 31, 2001 original plant cost, depreciation accrual amount and rate is set forth in Attachment 1.

VI.

The proposed depreciation rates for Idaho Power (Attachment 1) are based on plant accounting data available as of December 31, 2001. Gannett Fleming was responsible for identifying and measuring changes, and recommending depreciation rates. The proposed depreciation rates are based on the straight line, remaining life method, average service life procedure for all electric plant.

VII.

Based on depreciable electric plant in service at December 31, 2001 of $2,900,657,420, the requested changes in depreciation rates would result in a $6,994,021 increase in the total annual depreciation expense. The Company believes the proposed depreciation changes using the average service life procedure are reasonable and appropriate.

VIII.

Gannett Fleming, in conducting the depreciation study recommended the use of the Equal Life Group Procedure (ELG). The Company requested that Gannett Fleming prepare an alternative to its recommendation due to the impact on revenue requirement of the Company utilizing the ELG procedure. That alternative recommendation developed depreciation rates based on the Average Service Life Procedure. While the

Company is proposing Average Service Life Procedure in this proceeding it concurs that the preferred procedure is ELG.

IX.

Simultaneous with the filing of this Application, the Company has filed its direct case consisting of the testimony and exhibits of witness John J. Spanos. The Company stands ready for immediate consideration of this Application, if it is the Commission's determination that a hearing should be held.

X.

Service of pleading, exhibits, orders and other documents relating to this proceeding should be served on the following:

Barton L. Kline
Monica B. Moen
Idaho Power Company
P.O. Box 70
Boise, ID 83707
bkline@idahopower.com
mmoen@idahopower.com

John R. Gale
Vice President, Regulatory Affairs
Idaho Power Company
P.O. Box 70
Boise, ID 83707
rgale@idahopower.com

XI.

MODIFIED PROCEDURE

Idaho Power requests that this application be processed under RP 201 et. seq, allowing for consideration of issues to be processed under Modified Procedure, i.e., by written submissions rather than by hearing.

WHEREFORE, Idaho Power Company respectfully requests that the Commission issue an Order approving the revised depreciation rates, with such revised depreciation rates to become effective December 1, 2003.

DATED at Boise, Idaho this 5th day of May, 2003.

BARTON L. KLINE

ATTACHMENT 1

IDAHO POWER COMPANY
COMPARISON OF PROPOSED CALCULATED ANNUAL DEPRECIATION ACCRUALS VS. PRESENT ANNUAL DEPRECIATION ACCRUALS
CALCULATED ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2001
AVERAGE SERVICE LIFE PROCEDURE AND GENERAL PLANT AMORTIZATION

	ACCOUNT	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	CURRENT ANNUAL ACCRUAL AMOUNT	CURRENT ANNUAL ACCRUAL RATE
	(1)	(2)	(3)	(4)	(7)	(8)=(7)/(4)		
	DEPRECIABLE PLANT							
	STEAM PRODUCTION PLANT							
310.20	LAND AND WATER RIGHTS	75-R4 *	0	196,144.64	4,459	2.27	4,314	2.20
311.00	STRUCTURES AND IMPROVEMENTS	90-S1 *	(10)	128,563,965.41	3,492,475	2.72	3,813,837	2.97
312.10	BOILER PLANT EQUIPMENT - SCRUBBERS	55-R3 *	(10)	80,724,722.49	2,392,347	2.96	2,782,991	3.44
312.20	BOILER PLANT EQUIPMENT - OTHER	70-R1.5 *	(10)	358,766,095.01	10,944,878	3.05	10,584,205	3.00
312.30	BOILER PLANT EQUIPMENT - RAILCARS	25-R3	20	4,116,372.94	113,479	2.76	159,933	3.91
314.00	TURBOGENERATOR UNITS	50-S0.5 *	(10)	109,330,890.85	3,978,504	3.64	3,495,803	3.24
315.00	ACCESSORY ELECTRIC EQUIPMENT	65-S1.5 *	0	61,467,796.93	1,329,069	2.16	1,850,874	3.01
316.00	MISCELLANEOUS POWER PLANT EQUIPMENT	45-R0.5 *	0	10,224,247.74	321,042	3.14	424,643	4.19
316.40	MISCELLANEOUS POWER PLANT EQUIPMENT	9-L3	25	215,428.25	3,335	1.55	22,875	11.03
316.50	MISCELLANEOUS POWER PLANT EQUIPMENT	9-L3	25	17,334.61	618	3.57	1,774	12.53
316.70	MISCELLANEOUS POWER PLANT EQUIPMENT	17-S2.5	25	21,497.67	742	3.45	1,086	5.05
316.80	MISCELLANEOUS POWER PLANT EQUIPMENT	14-L0.5	35	2,131,591.02	91,848	4.31	65,493	3.05
	TOTAL STEAM PRODUCTION PLANT			**755,776,087.56**	**22,672,796**		**23,207,828**	
	HYDRAULIC PRODUCTION PLANT							
331.00	STRUCTURES AND IMPROVEMENTS	100-S1 *	(25)	126,853,320.12	3,182,528	2.51	2,377,278	1.84
332.10	RESERVOIRS, DAMS AND WATERWAYS - RELOCATION	85-S4 *	(20)	19,460,506.20	438,338	2.25	303,535	1.56
332.20	RESERVOIRS, DAMS AND WATERWAYS	85-S4 *	(20)	217,522,511.63	4,916,572	2.26	5,417,385	2.55
332.30	RESERVOIRS, DAMS AND WATERWAYS -NEZ PERCE	Square *	0	5,599,934.61	152,690	2.73	134,825	
333.00	WATER WHEELS, TURBINES AND GENERATORS	80-R3 *	(5)	181,422,884.16	3,324,062	1.83	2,813,696	1.43
334.00	ACCESSORY ELECTRIC EQUIPMENT	47-R1.5 *	(5)	34,459,140.20	1,046,470	3.04	665,608	1.86
335.00	MISCELLANEOUS POWER PLANT EQUIPMENT	100-S0 *	0	13,588,424.13	249,670	1.84	213,850	1.47
336.00	ROADS, RAILROADS AND BRIDGES	75-R3 *	0	6,933,691.08	134,973	1.95	106,093	1.76
	TOTAL HYDRAULIC PRODUCTION PLANT			**605,840,412.13**	**13,445,303**		**12,032,270**	

*Live Span Procedure is used. Curve shown is interim survivor curve.

IDAHO POWER COMPANY
COMPARISON OF PROPOSED CALCULATED ANNUAL DEPRECIATION ACCRUALS VS. PRESENT ANNUAL DEPRECIATION ACCRUALS
CALCULATED ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2001
AVERAGE SERVICE LIFE PROCEDURE AND GENERAL PLANT AMORTIZATION

	ACCOUNT	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	CURRENT ANNUAL ACCRUAL AMOUNT	CURRENT ANNUAL ACCRUAL RATE
	(1)	(2)	(3)	(4)	(7)	(8)=(7)/(4)		
	OTHER PRODUCTION PLANT							
341.00	STRUCTURES AND IMPROVEMENTS	Square *	0	852,849.63	24,206	2.84	23,180	3.33
342.00	FUEL HOLDERS	Square *	0	1,637,976.17	46,378	2.83	65,332	3.33
343.00	PRIME MOVERS	Square *	0	747,458.26	21,516	2.88	20,604	3.33
344.00	GENERATORS	Square *	0	40,868,665.91	1,161,478	2.84	1,115,184	3.33
345.00	ACCESSORY ELECTRIC EQUIPMENT	Square *	0	1,193,280.04	33,283	2.79	31,868	3.33
346.00	MISCELLANEOUS POWER PLANT EQUIPMENT	Square *	0	2,419,086.63	69,631	2.88	66,640	3.33
	TOTAL OTHER PRODUCTION PLANT			**47,719,316.64**	**1,356,492**		**1,322,808**	
	TRANSMISSION PLANT							
350.20	LAND RIGHTS AND EASEMENTS	65-R3	0	12,814,639.05	197,074	1.54	174,097	1.45
352.00	STRUCTURES AND IMPROVEMENTS	60-R3	(20)	27,241,837.88	352,556	1.29	744,575	3.23
353.00	STATION EQUIPMENT	45-S0.5	(5)	184,645,276.92	3,906,396	2.12	4,261,469	2.43
354.00	TOWERS AND FIXTURES	60-S4	(50)	55,140,863.00	1,669,169	3.03	893,580	1.69
355.00	POLES AND FIXTURES	55-R2	(75)	80,179,114.20	2,693,810	3.36	2,167,389	2.85
356.00	OVERHEAD CONDUCTORS AND DEVICES	60-R2	(20)	96,912,093.19	1,895,456	1.96	1,709,801	1.85
359.00	ROADS AND TRAILS	65-R3	0	318,351.06	3,399	1.07	4,854	1.52
	TOTAL TRANSMISSION PLANT			**457,252,175.30**	**10,717,860**		**9,955,765**	
	DISTRIBUTION PLANT							
361.00	STRUCTURES AND IMPROVEMENTS	55-R2.5	(20)	13,306,974.14	272,237	2.05	351,080	2.83
362.00	STATION EQUIPMENT	50-O1	0	102,170,691.39	1,679,401	1.64	2,405,079	2.43
364.00	POLES, TOWERS AND FIXTURES	41-R1.5	(50)	166,092,612.41	6,090,876	3.67	5,445,759	3.35
365.00	OVERHEAD CONDUCTORS AND DEVICES	46-R2	(30)	86,633,411.78	2,811,631	3.25	2,114,193	2.48
366.00	UNDERGROUND CONDUIT	60-R2	(25)	28,582,949.30	582,854	2.04	543,757	2.02
367.00	UNDERGROUND CONDUCTORS AND DEVICES	37-S1.5	(10)	119,073,666.85	3,256,624	2.73	3,872,996	3.38
368.00	LINE TRANSFORMERS	35-R2	5	248,883,110.69	4,300,852	1.73	9,631,275	3.92
369.00	SERVICES	30-S2	(30)	42,622,542.09	1,571,629	3.69	1,981,870	4.94
370.00	METERS	30-L2	0	37,736,793.14	1,530,909	4.06	1,084,051	2.90
371.10	PHOTOVOLTAIC INSTALLATIONS	8-S5	0	359,317.71	102,116	28.42	25,311	7.00
371.20	INSTALLATION ON CUSTOMER PREMISES	11-R0.5	(20)	1,726,825.33	204,641	11.85	134,154	7.89
373.20	STREET LIGHTING AND SIGNAL SYSTEMS	20-R1	(20)	3,818,844.04	219,509	5.75	176,225	4.70
	TOTAL DISTRIBUTION PLANT			**851,007,738.87**	**22,623,279**		**27,765,750**	

*Live Span Procedure is used. Curve shown is interim survivor curve.

IDAHO POWER COMPANY
COMPARISON OF PROPOSED CALCULATED ANNUAL DEPRECIATION ACCRUALS VS. PRESENT ANNUAL DEPRECIATION ACCRUALS
CALCULATED ANNUAL DEPRECIATION RATES AS OF DECEMBER 31, 2001
AVERAGE SERVICE LIFE PROCEDURE AND GENERAL PLANT AMORTIZATION

	ACCOUNT	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST	CALCULATED ANNUAL ACCRUAL AMOUNT	CALCULATED ANNUAL ACCRUAL RATE	CURRENT ANNUAL ACCRUAL AMOUNT	CURRENT ANNUAL ACCRUAL RATE
	(1)	(2)	(3)	(4)	(7)	(8)=(7)/(4)		
	GENERAL PLANT							
390.11	STRUCTURES AND IMPROVEMENTS - CHQ BUILDING	100-S1.5 *	(5)	24,025,167.72	544,177	2.27	400,961	1.68
390.12	STRUCTURES AND IMPROVEMENTS - EXCL. CHQ BLDG	50-R3	(5)	26,402,838.20	573,315	2.17	571,605	2.22
390.20	LEASEHOLD IMPROVEMENTS	25-S3	0	5,909,147.47	227,423	3.85	242,777	5.37
391.10	OFFICE FURNITURE & EQUIPMENT - FURNITURE	20-SQ	0	10,620,849.57	1,026,268	9.66	505,535	4.82
391.20	OFFICE FURNITURE & EQUIPMENT - EDP EQUIP.	5-SQ	0	32,450,427.39	11,189,362	34.48	3,590,992	12.21
391.21	OFFICE FURNITURE & EQUIPMENT - EDP EQUIP.	6-S5	0	6,040,091.11	1,931,348	31.98	618,461	12.21
392.10	TRANSPORTATION EQUIPMENT - AUTOMOBILES	9-L3	25	186,379.98	3,320	1.78	19,855	10.76
392.40	TRANSPORTATION EQUIPMENT - SMALL TRUCKS	9-L3	25	12,968,421.87	447,995	3.45	1,389,063	11.03
392.50	TRANSPORTATION EQUIPMENT - MISC.	9-L3	25	240,910.77	0	-	33,799	12.53
392.60	TRANSPORTATION EQUIPMENT - LARGE TRUCKS (HYD)	17-S2.5	25	17,837,896.65	841,956	4.72	828,503	5.12
392.70	TRANSPORTATION EQUIP. - LARGE TRUCKS (NON-HYD)	17-S2.5	25	3,172,154.30	135,122	4.26	153,993	5.05
392.90	TRANSPORTATION EQUIPMENT - TRAILERS	30-S1	25	2,765,626.25	53,401	1.93	116,198	4.2
393.00	STORES EQUIPMENT	25-SQ	0	881,754.63	69,586	7.89	30,216	3.44
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT	20-SQ	0	3,443,757.72	286,266	8.31	150,663	4.6
395.00	LABORATORY EQUIPMENT	20-SQ	0	8,699,229.26	568,169	6.53	375,431	4.83
396.00	POWER OPERATED EQUIPMENT	14-L0.5	35	6,224,273.71	435,313	6.99	177,597	3.05
397.10	COMMUNICATION EQUIPMENT - TELEPHONES	15-SQ	0	6,469,836.72	751,085	11.61	259,339	4.46
397.20	COMMUNICATION EQUIPMENT - MICROWAVES	15-SQ	0	8,968,939.62	896,442	9.99	354,509	5.14
397.30	COMMUNICATION EQUIPMENT - RADIO	15-SQ	0	3,127,433.14	312,435	9.99	145,721	5.16
397.40	COMMUNICATION EQUIPMENT - FIBER OPTIC	10-SQ	0	761,737.83	125,343	16.45	37,521	5.5
398.00	MISCELLANEOUS EQUIPMENT	15-SQ	0	1,864,815.85	158,450	8.50	111,325	5.72
	TOTAL GENERAL PLANT			**183,061,689.76**	**20,576,776**		**10,114,064**	
	TOTAL DEPRECIABLE PLANT			**2,900,657,420.26**	**91,392,506**		**84,398,485**	
	NONDEPRECIABLE PLANT							
330.00	LAND			13,935,723.31				
340.00	LAND			213,791.05				
360.00	LAND			3,437,393.66				
389.00	LAND			8,750,595.09				
	TOTAL NONDEPRECIABLE PLANT			26,337,503.11				
	TOTAL ELECTRIC PLANT			**2,926,994,923.37**				

*Live Span Procedure is used. Curve shown is interim survivor curve.