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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
IDAHO POWER COMPANY FOR)
AUTHORITY TO INCREASE ITS RATES)
AND CHARGES FOR ELECTRIC SERVICE)
TO ELECTRIC CUSTOMERS IN THE)
STATE OF IDAHO,)

APPLICATION

CASE NO. IPC-E-03-13

ADDITIONALLY, IF THE COMMISSION)
SUSPENDS THE EFFECTIVE DATE OF)
RATES AND CHARGES, THE COMPANY)
REQUESTS,)

AN INTERIM UNIFORM PERCENTAGE)
INCREASE OF 4.16% IN RATES AND)
CHARGES TO RECOVER INCREASED)
COSTS TO THE COMPANY AS A RESULT)
OF THE COMPLETION OF THE DANSKIN)
POWER PLANT, HYDRO RELICENSING,)
INCREASED DEPRECIATION EXPENSE,)
AND THE REALLOCATION OF)
JURISDICTIONAL NET POWER SUPPLY)
COSTS, PENDING A DETERMINATION)
OF IDAHO POWER COMPANY'S NEW)
RATES AND CHARGES IN)
CASE NO. IPC-E-03-13.)

CASE NO. IPC-E-03-13-A

COMES NOW Idaho Power Company, hereinafter referred to as "Applicant," and hereby makes application to the Idaho Public Utilities Commission ("Commission") for an Order approving revisions to the Applicant's schedules of rates and charges for electric service in the State of Idaho to become effective with service provided on and after November 15, 2003. In support of this Application, Idaho Power Company represents as follows:

I

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

II

Applicant is a public utility supplying general electric service in Southern Idaho and Eastern Oregon. Applicant is subject to the jurisdiction of this Commission, the Oregon Public Utility Commission, and the Federal Energy Regulatory Commission ("FERC"). In conducting its utility business, Applicant operates an interconnected and integrated system. Applicant, in addition to supplying general retail electric service to the public, also supplies retail electricity to certain special contract customers in Idaho and wholesale requirements services to FERC jurisdictional customers.

III

Attachment 1, included herewith and made a part hereof, is a copy of Applicant's IPUC No. 26, Tariff No. 101, containing the present Electric Rate Schedules and Electric Service Regulations under which electric service is currently rendered and charges made to Applicant's customers in the State of Idaho.

IV

Attachment 2, included herewith and made a part hereof, is a copy of Applicant's proposed new Electric Rate Schedules and Electric Service Regulations, IPUC No. 27, Tariff No. 101, covering the rendering of electric service and charges to be made to Applicant's customers in the State of Idaho.

V

Attachment 3, included herewith and made a part hereof, shows a comparison of revenues from the various rate schedules in Applicant's IPUC No. 26, Tariff No. 101, and special contract rates (Attachment 1), with the corresponding proposed new rate schedules and proposed special contract rates (Attachment 2). Applicant proposes to increase the Service Charge (currently called the Customer Charge) for residential and small commercial customers to \$10 per month and to implement seasonal energy charges for these customers. For residential customers during the summer months of June, July, and August, the Applicant proposes an Energy Charge of 6.1375¢ per kilowatt-hour. For all other months the Applicant proposes an Energy Charge of 4.9101¢ per kilowatt-hour. For small commercial customers, the Applicant proposes an Energy Charge of 7.2868¢ per kilowatt-hour for summer months and 5.8283¢ per kilowatt-hour for all other months. For large commercial and industrial customers, the Applicant proposes to increase the Service Charge and the Basic Charge and to implement seasonal energy and demand charges as shown on Attachment 2. In addition, for industrial customers only, the Applicant is proposing mandatory time-of-use energy and demand charges. The Applicant proposes to increase the in-season Service Charge and Demand Charge and both the in-season

and out-of-season Energy Charges for irrigation customers as shown on Attachment 2. No changes to the definition of "season" are proposed for irrigation service. The Applicant proposes to increase the rates of its three special contract customers – J. R. Simplot Company, The Department of Energy (INEEL), and Micron Technology, Inc. – by the respective overall percentage increase shown on Attachment 2.

VI

This Application, together with Attachments 1, 2 and 3, is filed with this Commission to be kept open for public inspection as required by law, and the same fully states the changes to be made in the schedules, regulations and contract rates now in force. The new Electric Rate Schedules and Electric Service Regulations in Attachment 2 will become effective as Applicant's IPUC No. 27, Tariff No. 101, for service rendered on and after November 15, 2003, unless otherwise ordered by this Commission, and when effective, will supersede and cancel the Electric Rate Schedules in Attachment 1 now in effect.

VII

On January 31, 1995, this Commission issued Order No. 25880 in Case No. IPC-E-94-5, in which the Commission found a 9.199% return on rate base and a 11% return on common equity to be reasonable for Applicant, and a rate base of \$1,221,624,208 was determined to be appropriate. On November 14, 1995, the Commission issued Order No. 26236 in Case No. IPC-E-95-5 increasing Applicant's revenue requirement by an additional \$3,759,695 to recognize the inclusion of the Twin Falls Project investment and the additional Swan Falls Project investment.

VIII

The overall rate of return and return on equity heretofore allowed Applicant are no longer reasonable and adequate and Applicant has and will continue to experience increased costs, all of which now require immediate adjustment by way of increased revenues if Applicant is to maintain a stable financial condition and continue to render reliable and adequate electric service to its customers.

IX

In this Application the Applicant requests that 2003 be used as the test year. Applicant also requests that the Commission grant it a return on rate base of 8.334% (utilizing an 11% return on common equity) on a \$1,547,443,530 rate base. This results in an additional revenue requirement of \$85,561,910 for the Idaho jurisdiction.

X

Simultaneously with the filing of this Application, Applicant has filed its direct case consisting of the testimony of witnesses LaMont Keen, William Avera, Dennis Gribble, Lori Smith, Phil Obenchain, Gregory W. Said, Maggie Brilz, Theresa Drake, Sue Fullen and John R. Gale, and Exhibits 1 through 61 which more fully describe the relief requested by the Company.

XI

It is in the public interest that this Commission allow Applicant to increase its revenues by approving the rates set out in Attachment 2 and that said rates be allowed to go into effect as filed for electric service rendered on and after November 15, 2003, and that the effective date of said rates not be suspended.

XII

Computer models have been used to represent or simulate processes from which the revenue requirement of Applicant has been derived and upon which Applicant's allocations have been derived. The documentation of the models used by Applicant in this proceeding are on file in the Applicant's office. This documentation fully describes the models.

XIII

This Application has been and will be brought to the attention of Applicant's affected customers by means of news releases in the newspapers of general circulation in the area served by Applicant, by bill stuffers, and in some instances, by means of personal contact with some customers. In addition, the present Electric Rate Schedules, Electric Service Regulations, including rate schedules for the special contracts, together with the proposed Electric Rate Schedules, Electric Service Regulations, including rate schedules for the special contract customers, will be kept open for public inspection at all of Applicant's offices in the State of Idaho. The above-described procedures are deemed by Applicant to satisfy the Rules of Practice and Procedure of this Commission, and Applicant will, in the alternative, bring said Application to the attention of Applicant's affected customers through any other means directed by this Commission.

IF THE COMMISSION DETERMINES THAT IT SHOULD SUSPEND THE EFFECTIVE DATE AND SET FOR HEARING APPLICANT'S PROPOSED RATES

AND CHARGES SET FORTH IN ATTACHMENT 2, THEN APPLICANT REQUESTS THAT THE COMMISSION PROCEED IN CASE NO. IPC-E-03-13-A AS FOLLOWS:

XIV

If the Commission decides to suspend the rates and charges proposed by Applicant in IPUC No. 27, Tariff No. 101, the Commission should authorize a uniform percentage increase of 4.16% on all existing rates contained in IPUC No. 26, Tariff No. 101, effective November 15, 2003, pending a determination of Applicant's new rates and charges in Case No. IPC-E-03-13. This is based on the following:

XV

First, in 2001, in order to meet demonstrated capacity and energy needs and mitigate the potential exposure to high purchase power costs demonstrated by the 2000-2001 energy crisis, Applicant constructed the Danskin Power Plant at a cost of approximately \$49 million. The Danskin Power Plant investment has not been previously included in rate base. The annual revenue requirement associated with the construction of this peaking generating resource is \$7,727,782.

Second, the Applicant is in the process of relicensing its hydro projects. The final steps for relicensing the Mid-Snake projects (Upper Salmon, Lower Salmon and Bliss), the Shoshone Falls Project and the C.J. Strike Project are substantially complete and new licenses for these projects will be issued shortly. The annual revenue requirement associated with the studies and the relicensing process required by the FERC to obtain new licenses for these hydroelectric generating resources is \$1,573,440.

Third, Applicant filed with this Commission an application to revise its depreciation rates for electric plant in service (Case No. IPC-E-03-7). The parties to the 03-7 case have agreed as to the resulting additional expenses that will be associated with the new revised depreciation rates. For purposes of interim rate relief, Applicant requests that additional depreciation in the amount of \$3,816,971 be recognized for additional revenue requirement.

Since the last general rate case, several firm wholesale power supply contracts have expired. These wholesale firm sales were undertaken at a time when Applicant had surplus generating capacity and were timed to expire as Applicant's retail customer loads increased. As a result of the expiration of these contracts, the share of annual revenue requirement attributable to the FERC jurisdiction has declined and the Idaho jurisdictional share has increased. The Idaho jurisdictional share of total system energy grew from 85.5 percent in 1993 to 94.1 percent in 2003. The current annual revenue requirement associated with the reallocation of 1993 power supply costs is \$7,024,145.

XVI

Based upon the test year 2003, holding all other financial and accounting items constant, including the Commission's currently-allowed rate of return on equity of 11%, Applicant has a revenue requirement of \$20,124,165 as a direct result of (1) the construction and operation of the Danskin Power Plant, (2) the costs associated with relicensing Applicant's Mid-Snake hydro projects that are known and measurable and eligible for inclusion in rates, (3) the agreed-upon increase in depreciation expenses in

Case No. IPC-E-03-7, and (4) the increase in Idaho's share of net power supply costs due to reallocation between wholesale and retail jurisdictions.

XVII

It is not in the public interest for Applicant to continue to absorb the additional costs attributable to the completion of the Danskin Power Plant, the relicensing of Applicant's Mid-Snake hydroelectric projects, the revision of the Applicant's depreciation rates for electric plant in service, and the jurisdictional impacts on net power supply costs while the Commission completes the rather lengthy process of considering Applicant's Application for general rate relief. To require Applicant to absorb these financial costs during a regulatory suspension would put the financial viability of Applicant in jeopardy.

XVIII

To reduce the impact on Applicant while the Commission deliberates, the Applicant proposes that the Commission authorize an interim, uniform percentage increase of 4.16% to all tariff schedules. Attachment A, included herewith and made a part hereof, is a copy of the Applicant's proposed electric rate schedules and special contract rates which would revise the current tariff, IPUC No. 26, Tariff 101 (Attachment 1) to reflect the requested uniform percentage increase. The descriptions on the various pages of Attachment A indicating the page revision would be dependent upon current tariff nomenclature, i.e., whether the tariff page was being changed from first revised to second revised, etc.

XIX

Attachment B, included herewith and made a part hereof, shows a comparison of revenues from the various rate schedules in Applicant's current IPUC No. 26, Tariff No. 101, with the corresponding proposed new rate schedules which utilize the 4.16 percent uniform increase. The schedules in Attachment A are proposed to remain in existence until the Commission issues its determination of Applicant's new rates and charges in Case No. IPC-E-03-13. Applicant's general rate application. This Application, together with Attachments A and B, is filed with this Commission to be kept open for public inspection as required by law, and the same fully state the changes to be made in the schedules, regulations and contract rates now in force.

XX

Simultaneously with the filing of this Application, Applicant has filed its direct case in Case No. IPC-E-03-13-A, consisting of the testimony of witnesses LaMont Keen and John R. Gale and Exhibits 1-A through 7-A, which more specifically describe the request of the Company to authorize interim rates and charges in IPC-E-03-13-A if the Commission suspends and sets for hearing Applicant's proposed rates and charges in IPC-E-03-13, Applicant's General Rate Application.

XXI

This Application for an interim uniform percentage increase of 4.16% in rates and charges (to be implemented only in the event of suspension of the proposed rates and charges in Case No. IPC-E-03-13) has been and will be brought to the attention of Applicant's affected customers by means of news releases in the newspapers of general circulation in the area served by Applicant, by bill stuffers and in

some instances, by means of personal communications with some customers. In addition, the present Electric Rate Schedules and Electric Service Regulations, together with the proposed Electric Rate Schedules and Electric Service Regulations, will be kept open for public inspection at all of Applicant's offices in the State of Idaho. The above procedures are deemed by Applicant to satisfy the Rules of Practice and Procedure of this Commission and Applicant will, in the alternative, bring said Application to the attention of Applicant's affected customers through any other means directed by this Commission.

XXII

Communications with reference to this Application should be sent to the following:

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WHEREFORE, Applicant respectfully requests that the Commission issue its Order (1) determining a fair and reasonable return for Applicant, (2) confirming the accuracy of Applicant's increased costs and revenue requirements, and (3) approving the new Electric Rate Schedules, Electric Service Regulations and special contract rates set out in Attachment 2 to become effective for electric service rendered on and

after November 15, 2003, and that the effective date for Applicant's proposed rates not be suspended, **but, if** the Commission suspends Applicant's proposed IPUC No. 27, Tariff No. 101, then Applicant requests that the Commission authorize in Case No. IPC-E-03-13-A a uniform percentage increase of 4.16% on all existing rates and charges to become effective November 15, 2003, pending a determination of new rates and charges in Case No. IPC-E-03-13.

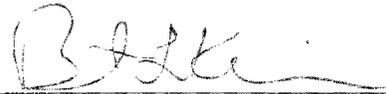
DATED at Boise, Idaho, this 16th day of October, 2003.



BARTON L. KLINE
Attorney for Idaho Power Company

APPLICANT'S STATEMENT OF READINESS FOR HEARING

BARTON L. KLINE, one of the attorneys of record for Applicant, hereby states that the Applicant is prepared to immediately present its case in support of either its general rate application (Case No. IPC-E-03-13), or, if the proposed effective date of the rates in said general rate application is suspended, is prepared for an immediate hearing on its application for interim rates as outlined in Case No. IPC-E-03-13-A.



BARTON L. KLINE

APPLICANT'S STATEMENT OF READINESS FOR HEARING