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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Idaho Power Company

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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 INTERIM)
AND BASE RATES AND CHARGES FOR)
ELECTRIC SERVICE)
_____)

CASE NO. IPC-E-03-13
IDAHO POWER COMPANY'S
NOTIFICATION OF
COMPUTATIONAL ERRORS
IN ESTABLISHING THE COMPANY'S
REVENUE REQUIREMENT

COMES NOW Idaho Power Company (hereinafter referred to as "Idaho Power" or the "Company") and herewith respectfully notifies the Idaho Public Utilities Commission (hereinafter referred to as the "IPUC" or the "Commission") of certain computational errors contained in IPUC Order No. 29505, issued on May 25, 2004, as set forth below. The Company respectfully requests that those computational errors be corrected accordingly.

I.

THE COMMISSION'S CALCULATIONS OF IDAHO POWER'S REVENUE REQUIREMENT AS SET FORTH IN IPUC ORDER NO. 29505 CONTAIN COMPUTATIONAL ERRORS IN THE AMOUNT OF \$2,668,367.

IPUC Order No. 29505 contains computational errors that understate Idaho Power's Idaho jurisdictional revenue requirement by \$2,668,367. Although the Company contends that the Commission's determination of Idaho Power's revenue requirement is based upon certain findings and conclusions that are erroneous, the purpose of this filing is not to discuss the merits of the Company's contentions – the Company will address its contentions in the Petition for Reconsideration of Order No. 29505 it will file next week.

The errors contained in the Commission's findings and conclusions in Order No. 29505 notwithstanding, application of those findings and conclusions resulted in computational errors in Order No. 29505 that understate Idaho Power's Idaho jurisdictional revenue requirement by \$2,668,367. The Idaho jurisdictional revenue requirement should be increased to \$27,997,805 when the Commission's computational errors are corrected ($\$25,329,438 + \$2,668,367 = \$27,997,805$). Thus, the Company respectfully requests that the Commission issue its order on one day's notice adding \$2,668,367 to Idaho Power's revenue requirement authorized in Order No. 29505. The Company also requests that the Commission allow the Company to defer, with interest at the rate of 7.852%, this additional revenue for inclusion in customer rates when any increase in revenue requirement resulting from the Company's Petition For Reconsideration in this case is authorized or when the 2005-2006 Power Cost Adjustment is implemented, whichever may occur first. Deferral of

the \$2,668,367 at this time will minimize customer confusion and eliminate the need to prepare prorated customer bills so soon after the initial implementation of the increased revenue requirement resulting from this order.

In particular, the Company requests that the Commission correct the following computational errors Idaho Power has identified in Order No. 29505: (1) the Company's depreciation adjustment to Rate Base; (2) the Company's budget to actual expense adjustment and (3) the Company's pension expense adjustment, all as described below and as illustrated in Exhibit 1 hereto.

A. The Company's Revenue Requirement Should Be Increased By \$522,228 to Adjust For the Commission's Computational Errors To The Company's Depreciation Adjustment To Rate Base.

With regard to the Company's depreciation, the Commission Staff incorrectly deducted \$2,205,647 from the Company's Electric Plant in Service, Accounts 310-398. Instead, \$2,205,647 should have been deducted from the Company's Accumulated Depreciation Reserve. Correcting this error increases the Company's Rate Base by \$4,411,294 as illustrated on Exhibit 1.

Applying the Return on Rate Base of 7.852% to this figure in conformance with Order No. 29505 results in an increase to the Company's revenue requirement of \$346,375 before application of the net-to-gross multiplier of 1.642. Application of the multiplier results in a total system increase in revenue requirement of \$568,747 and an Idaho jurisdictional revenue requirement impact of \$522,228 as illustrated in Exhibit 1.

B. The Company's Revenue Requirement Should Be Increased By \$371,853 To Adjust For The Commission's Computational Errors To The Company's Budget To Actual Expense Adjustment.

The Commission inadvertently omitted \$379,967 from the Company's budgeted to actual expense adjustment. In particular, this correction must be made to the Company's General Plant Maintenance Account, Account 935. The impact on the Idaho jurisdictional revenue requirement is \$371,853 as shown on Exhibit 1. The Company's revenue requirement should be increased by this amount to adjust for the Commission's computational errors to the Company's budget to actual expense adjustment.

C. The Company's Revenue Requirement Should Be Increased By \$1,774,286 To Adjust For the Commission's Computational Errors To The Company's Pension Expense Adjustment.

The Commission Staff made an adjustment of \$9,188,163 to the Company's Pension Expense, Account No. 926, based on the Commission's determinations in Order No. 29505. Only \$7,053,492 should have been deducted from this Account since part of the test year expense should have been capitalized. The difference between the Staff adjustment and the correct expense adjustment is \$2,134,671 as illustrated on Exhibit 1. The capitalized amount is a deduction to Rate Base in the amount of \$2,014,489, also illustrated on Exhibit 1.

Applying the Return on Rate Base of 7.852% to the capitalized deduction to Rate Base as provided by Order No. 29505 results in a deduction of \$158,178. Application of the net-to-gross multiplier to this figure produces a total system return deduction of \$259,728. Deducting this amount from the \$2,134,671 increase to

expense identified above, results in a pension expense correction of \$1,874,943 to the Company's total system. The resulting impact on the Idaho jurisdictional revenue requirement is \$1,774,286, the amount by which the Company's revenue requirement should be increased to adjust for the Commission's computational errors to the Company's pension expense adjustment.

As a result of these computational corrections, the Company's revenue requirement for the Idaho jurisdiction should be increased by a total of \$2,668,367.00 (\$522,228 from the stipulated depreciation adjustment + \$371,853 for the adjustment to budgeted to actual expenses + \$1,774,286 for the correction to the Company's pension expenses).

II.

CONCLUSION

Idaho Power Company hereby respectfully requests that the Commission issue its order on one day's notice increasing the Company's Idaho jurisdictional revenue requirement by \$2,668,367. Until the Commission issues this order, the Company is not recovering the revenue requirement authorized by Order No. 29505. The Company further requests that the Commission allow the Company to defer this additional revenue for inclusion in customer rates either at the time any increase in revenue requirement resulting from the Company's Petition for Reconsideration in this case is authorized or at the time the 2005-2006 Power Cost Adjustment is implemented.

DATED at Boise, Idaho, this 11th day of June 2004.

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

EXHIBIT 1

CASE NO. IPC-E-03-13 CORRECTION OF COMPUTATIONAL ERRORS AND THE RESULTING REVENUE REQUIREMENT IMPACTS

	Staff Adjustment	Correction	Difference
1) <u>Stipulated Depreciation:</u>			
Electric Plant In Service - Accounts 310-398	(2,205,647)	0	2,205,647
Less: Accumulated Depreciation Reserve	0	(2,205,647)	(2,205,647)
<u>Total Plant</u>	(2,205,647)	2,205,647	4,411,294
Return on Rate Base of 7.852% per Order No. 29505			346,375
Net-to-Gross-Multiplier			<u>1.642</u>
Total System Return			568,747
Idaho Jurisdictional Revenue Requirement Impact =			<u><u>522,228</u></u>
2) <u>Update to Actuals:</u>			
General Plant Maintenance - Account 935	0	379,967	<u>379,967</u>
Idaho Jurisdictional Revenue Requirement Impact =			<u><u>371,853</u></u>
3) <u>Pension Expense:</u>			
Electric Plant In Service - Accounts 310-398	0	(2,014,489)	(2,014,489)
Return on Rate Base of 7.852% per Order No. 29505			(158,178)
Net-to-Gross-Multiplier			<u>1.642</u>
Total System Return			(259,728)
Pension Expense - Account 926	(9,188,163)	(7,053,492)	<u>2,134,671</u>
Total System Impact of Pension Expense Correction =			1,874,943
Idaho Jurisdictional Revenue Requirement Impact =			<u><u>1,774,286</u></u>

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 11th day of June 2004, I served a true and correct copy of the within and foregoing IDAHO POWER COMPANY'S NOTIFICATION OF COMPUTATIONAL ERRORS upon the following named parties by e-mail and by the method indicated below, and addressed to the following:

Lisa D. Nordstrom Weldon B. Stutzman Deputy Attorneys General Idaho Public Utilities Commission 472 W. Washington Street P.O. Box 83720 Boise, Idaho 83720-0074	<input checked="" type="checkbox"/> Hand Delivered <input type="checkbox"/> U.S. Mail <input type="checkbox"/> Overnight Mail <input type="checkbox"/> FAX (208) 334-3762
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