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IDAHO PUBLIC
UTILITIES COMMISSION

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July 8, 2004

Mr. Randy Lobb
Utility Director
Idaho Public Utilities Commission
PO Box 83720
Boise, Idaho 83720-0074

RE: Agreement on Interim EARG

Dear Mr. Lobb:

In a bench ruling, the Commission accepted the joint proposal of the Commission Staff and Idaho Power that the issue of the appropriate value to be used for the expense adjustment rate for growth (EARG) should be removed from Case No. IPC-E-03-13 and a separate docket be established to consider that issue. Order No. 29505 confirmed the Commission's prior bench ruling and directed Idaho Power and the Staff to determine a schedule for workshops and to initiate a docket to address the EARG. Given our respective present workloads, the Company and the Staff have agreed that the initial workshop in this matter will not likely occur until August with resolution occurring some time thereafter.

This letter will confirm the agreement between Commission Staff and Idaho Power with respect to the EARG to be used in the interim period until the workshop process described in Commission Order No. 29505 is completed and a final order on this matter is issued. In order to avoid multiple rate changes and customer confusion, Idaho Power and Staff have agreed that the appropriate EARG rate to use in the interim is the current 1.684 cents per kilowatt-hour EARG rate.

Idaho Power will file a copy of this letter with the Commission and send copies to all of the participants in the IPC-E-03-13 case.

Cordially,


John R. Gale

JRG:ma

c: Keith Hessing, IPUC
Greg Said
Bart Kline
Darrell Tomlinson
Parties of Record (Case No. IPC-E-03-13)