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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Idaho Power Company

Express Mail Address

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF IDAHO POWER COMPANY FOR)	CASE NO. IPC-E-04-9
AUTHORITY TO IMPLEMENT POWER COST)	
ADJUSTMENT RATES FOR ELECTRIC)	IDAHO POWER'S REPLY
SERVICE TO CUSTOMERS IN THE STATE)	TO THE COMMENTS OF
OF IDAHO FOR THE PERIOD MAY 16, 2004)	COMMISSION STAFF
THROUGH MAY 31, 2005)	
_____)	

COMES NOW Idaho Power Company ("Idaho Power" or "the Company"), by and through its attorneys, and hereby replies to the Comments of the Commission Staff filed on May 14, 2004.

In reviewing Staff's Comments, Idaho Power has identified two areas where it believes additional information may be useful to the Commission in making its final determination in this case.

1. Additional Credit for Schedules 7, 19 and 24.

As Staff notes, as a result of the Settlement Stipulation which concluded last year's PCA, three rate classes are scheduled to receive a credit. Staff in its Comments proposes that those customer classes should receive an additional credit. Staff states in its Comments on p. 4 that its recommendation for additional credits for Schedule 7, 19 and 24 customers is based on its computation of an overcollection based on May 2003 actual sales. Discussions between the Company and Staff have confirmed that only the Schedule 7 computations were based on May 2003 actual sales. The Company has recomputed the additional credits based on the Staff's methodology and using actual May 2003 sales and the results of that recomputation are shown on Attachment 1 to these Reply Comments.

2. Valmy Unit 2 Outage.

In its Comments Staff discusses at some length the outage of the second unit at the Valmy Plant that occurred last summer. Idaho Power generally concurs with Staff's summary of the events associated with the outage. However, Idaho Power questions whether Staff's statement on p. 8 of its Comments that "the PCA was established to adjust for changes in water conditions and energy market prices. In other words, weather-related conditions and power supply costs beyond the control of the company" correctly characterizes the PCA methodology in its entirety. Idaho Power respectfully submits that Staff's characterization of the PCA methodology unduly narrows the scope of the PCA, and in so doing, fails to acknowledge that the Company's generating units often perform with a reliability that exceeds industry norms. The

Company believes that the PCA methodology as adopted intended to balance above-average and below-average performance.

In any event, Idaho Power stands ready to provide the Commission with additional information regarding last summer's outage of the Valmy #2 unit either informally or formally as a part of a new docket.

Respectfully submitted this 18th day of May, 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

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 18th day of May, 2004, I served a true and correct copy of the within and foregoing IDAHO POWER'S REPLY TO THE COMMENTS OF THE COMMISSION STAFF upon the following named parties by the method indicated below, and addressed to the following:

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BARTON L. KLINE

ATTACHMENT 1

