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IPC-E-05-28

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2005 OCT 28 PM 2:43

Notice of Application To Increase Rates

IDAHO PUBLIC
UTILITIES COMMISSION

Dear Idaho Power Customer:

On Oct. 28 Idaho Power filed a request with the Idaho Public Utilities Commission (IPUC) for a 7.8 percent increase in the base rates we charge all of our Idaho customers. There are many reasons for this request and this letter is my opportunity to share some of them with you.

The proposed increase would apply to Idaho customers' base rates, the portion that pays for Idaho Power's actual cost of conducting business such as maintenance and operating expenses and capital investments. The new rate could become effective June 1, 2006 should the IPUC take the maximum amount of time to process the request.

Many of the issues within this case were closely reviewed by the IPUC as part of the company's last general rate request filing two years ago. This filing represents adjustments to the company's operating requirements since that time.

There were several issues that delayed our 2003 general rate filing including an energy crisis here in the Northwest. Not filing for such a prolonged period resulted in our company having to seek a double-digit rate increase. In the wake of our last case, Idaho Power decided that it was in the best interest of its customers to file more frequent but smaller cases, such as the one we filed last month.

With IPUC approval, the proposed price change would result in an annual revenue increase of \$44 million to help offset the company's yearly operating costs of approximately \$606 million to provide electrical service to its customers in Idaho.

The proposed rate changes vary for each customer group, although the same overall increase of 7.8 percent has been requested for each customer group. The chart below shows the average of all rate components for our major customer groups. However, the current and proposed "average base rate" does not include the annual Power Cost Adjustment component, which can increase or decrease the overall rate depending on the company's energy costs through April 2006.

Customer Group	Current Average Base Rate	Proposed Average Base Rate
Residential	5.74 cents	6.19 cents
Small Commercial	7.16 cents	7.72 cents
Large Commercial	3.91 cents	4.22 cents
Industrial	2.99 cents	3.23 cents
Irrigation	4.42 cents	4.76cents

If this request is fully authorized by the IPUC, the additional amount we are seeking would mean an increase of approximately \$5 a month on the power bill of an average Idaho Power residential customer who uses 1,200 kilowatt-hours per month.

It is important to understand that Idaho Power's application is a proposal subject to public review and a Public Utilities Commission decision. Copies of the filing are available on the IPUC website (www.puc.state.id.us), Idaho Power's website (www.idahopower.com) or at the commission office, 472 W. Washington St. Copies also are available at Idaho Power's corporate headquarters, 1221 W. Idaho St., Boise or at Idaho Power offices in Boise, Nampa, Emmett, Payette, McCall, Mountain Home, Gooding, Hailey, Twin Falls, Heyburn, American Falls, Pocatello, Blackfoot or Salmon.

Best wishes

Ric Gale
Vice President, Regulatory Affairs