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PUBLIC UTILITIES COMMISSION

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION ) CASE NO. IPC-E-05-28  
OF IDAHO POWER COMPANY FOR )  
AUTHORITY TO INCREASE ITS BASE ) MOTION FOR APPROVAL OF  
RATES AND CHARGES FOR ELECTRIC ) STIPULATION  
SERVICE IN THE STATE OF IDAHO )  
\_\_\_\_\_ )

COMES NOW, Idaho Power Company ("Idaho Power" or "Company"), the Commission Staff and the other Parties to the settlement Stipulation, and hereby move the Commission for an Order accepting the settlement Stipulation filed herewith. This Motion is based on the following:

1. On October 28, 2005, Idaho Power filed an Application in this case seeking authority to increase the Company's rates an average of 7.8%. If approved, the Company's revenues would increase \$43,948,189 annually. Idaho Power proposed that the rate increase be spread equally among all major customer groups and special

contract customers. The Company requested that new rates become effective on June 1, 2006.

2. Petitions to intervene in this proceeding were filed by the Idaho Irrigation Pumpers Association, Inc. ("IIPA"), the Industrial Customers of Idaho Power ("ICIP"), Micron Technology, Inc. ("Micron"), the United States Department of Energy ("DOE"), the Northwest Energy Coalition ("NWECC") and the Kroger Company ("Kroger"). These entities are collectively referred to as the "Parties." By various orders, the Commission granted these interventions. IPUC Order Nos. 29919, 29926, 29931, 29935.

3. On January 5, 2006, the Parties attended an informal scheduling conference to devise a proposed schedule for holding hearings and completing discovery in this proceeding. During the informal conference, the Parties agreed to engage in settlement discussions in accordance with RP 272 with a view toward resolving the issues in this case. The Parties conducted settlement discussions on February 7, 2006 and February 14, 2006.

4. Based on the settlement discussions, the Parties whose signatures appear on the Stipulation have agreed to resolve and settle all of the issues in the case. A copy of the signed Stipulation evidencing that settlement is enclosed as Attachment 1.

5. The Parties recommend that the Commission grant this Motion and approve the Stipulation in its entirety, without material change or condition, pursuant to RP 274.

6. Staff and intervenor testimony is due March 3, 2006. Rebuttal testimony is due March 27, 2006. Idaho Power and the Commission Staff each intend to

file testimony supporting this Motion and recommending approval of the Stipulation. Other Parties may choose to file supporting testimony as well. As noted in Paragraph 14 of the Stipulation, all of the Parties agree that the Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable. The Parties stand ready to support the Stipulation at the Commission's technical hearings scheduled for April 10-13, 2006.

NOW, THEREFORE, the Parties respectfully request that the Commission issue its Order:

1. Granting this Motion and accepting Attachment 1, the Stipulation, in its entirety, without material change or condition; and
2. Authorizing the Company to implement revised tariff schedules designed to recover \$18.1 million in additional annual revenue from Idaho jurisdictional base rates consistent with the terms of the Stipulation; and
3. Authorizing that the revised tariff schedules be made effective June 1, 2006.

Respectfully submitted this 27<sup>th</sup> day of February, 2006.

  
\_\_\_\_\_  
BARTON L. KLINE  
Attorney for Idaho Power Company

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 27<sup>th</sup> day of February 2006, I served a true and correct copy of the within and foregoing MOTION FOR APPROVAL OF STIPULATION upon the following named parties by the method indicated below, and addressed to the following:

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BARTON L. KLINE

# **ATTACHMENT 1**

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AUTHORITY TO INCREASE ITS BASE )  
RATES AND CHARGES FOR ELECTRIC ) STIPULATION  
SERVICE IN THE STATE OF IDAHO )  
\_\_\_\_\_ )

This stipulation ("Stipulation") is entered into by and among Idaho Power Company ("Idaho Power" or the "Company"), the Staff of the Idaho Public Utilities Commission ("Staff"), the Idaho Irrigation Pumpers Association, Inc. ("IIPA"), the Industrial Customers of Idaho Power ("ICIP"), Micron Technology, Inc. ("Micron"), the United States Department of Energy ("DOE"), the Northwest Energy Coalition ("NWECC") and the Kroger Company ("Kroger"). These entities are collectively referred to as the "Parties."

## I. INTRODUCTION

1. The terms and conditions of this Stipulation are set forth herein. The Parties agree that this Stipulation represents a fair, just and reasonable compromise of the issues raised in this proceeding and that this Stipulation is in the public interest. The Parties maintain that the Stipulation and its acceptance by the Idaho Public Utilities Commission ("IPUC" or the "Commission") represents a reasonable resolution of multiple issues identified in this matter. The Parties, therefore, recommend that the Commission, in accordance with RP 274, approve the Stipulation and all of its terms and conditions without material change or condition.

## II. BACKGROUND

2. On October 28, 2005, Idaho Power filed an Application in this case seeking authority to increase the Company's rates an average of 7.8%. If approved, the Company's revenues would increase \$43,948,189 annually. Idaho Power proposed that the rate increase be spread equally among all major customer groups and special contract customers. The Company requested that new rates become effective on June 1, 2006.

3. Petitions to intervene in this proceeding were filed by IIPA, ICIP, Micron, DOE, NWEA and Kroger. By various orders, the Commission granted these interventions. IPUC Order Nos. 29919, 29926, 29931, 29935.

4. On January 5, 2006, the Parties attended an informal scheduling conference to devise a proposed schedule for holding hearings and completing discovery in this proceeding. During the informal conference, the Parties agreed to engage in settlement discussions in accordance with RP 272 with a view toward

resolving the issues in this case. The Parties conducted settlement discussions on February 7, 2006 and February 14, 2006.

5. Based upon the settlement discussions among the Parties, as a compromise of the positions in this case, and for other consideration as set forth below, the Parties agree to the following terms:

### III. TERMS OF THE STIPULATION

6. Revenue Requirement. The Parties agree that Idaho Power shall be allowed to implement revised tariff schedules designed to recover \$18.1 million in additional annual revenue from Idaho jurisdictional base rates. In determining the \$18.1 million additional revenue requirement, the Parties agreed on certain revenue requirement inputs to be explicitly identified in this Stipulation. These are as follows:

(a) Net Power Supply Costs. The system net power supply cost used to determine the \$18.1 million of additional revenue requirement increase is \$45,279,800. This \$45,279,800 total amount is determined by including power supply benefits associated with the Company's cloud seeding program in the amount of \$1.9 million from the total net power supply costs of \$47,179,800, reflecting the inclusion of the Bennett Mountain Power Plant (Case No. IPC-E-05-10).

(b) In determining the agreed-upon revenue requirement, the Parties agreed to use system 2005 loads in the amount of 14,819,152 MWh as proposed by the Company in this case.

(c) In determining the agreed-upon revenue requirement, the Parties agreed to utilize an overall rate of return of 8.1%.

(d) The Parties discussed the need for further analysis and possible future adjustments to a number of power supply related matters. These include, but are not limited to, power supply cost modeling methodology and the power cost adjustment ("PCA") load growth rate. The Parties agree that the PCA load growth rate issue will be addressed contemporaneously with the Company's upcoming PCA proceeding, which will be filed on or about April 15, 2006. Given the expedited nature of the PCA proceeding, the Parties recognize that conclusion of the PCA load growth rate issue may not occur before June 1, 2006. The Parties further agree that the power supply methodology issue will be addressed in the Company's next general rate case.

(e) The Parties agree conceptually that it is reasonable to include an employee pay-at-risk or employee incentive component in test-year revenue requirements so long as such incentive component is based on goals that benefit customers and the amounts payable for achieving the goals are limited to reasonable "target" or medium goals. Senior management pay-at-risk is appropriately excluded from the test year revenue requirement.

7. Rate Spread. The Parties agree that the above-described \$18.1 million revenue requirement should be recovered by implementing tariffs which increase the rates for each customer class (except Dusk-to-Dawn Lighting and Unmetered Service) and special contracts by a uniform percentage amount of approximately 3.2%. In agreeing to the 3.2% uniform percentage increase, the Parties also agree that the underlying class cost-of-service models as filed by the Company in this proceeding will not constitute precedent in a subsequent general rate case. Moreover, a Party's failure to specifically object to any portion of the class cost-of-service analysis presented by the

Company in this case will not constitute a waiver of a Party's right to challenge future class cost-of-service models and proposals presented by the Company in future general rate case proceedings.

8. Rate Design. Except for those items specifically identified in subsections (a) and (b) below, the Parties agree that the rate design proposals and the rate design relationships presented by the Company in its direct case should be implemented as presented by the Company. The specific, agreed-upon exceptions are as follows:

(a) The service charge for Schedule 1 and Schedule 7 will be \$4.00 per month. Idaho Power agrees not to file for an increase in the \$4.00 service charge for at least two years from the date of the Commission's final Order in this matter if the true-up mechanism proposed by the Company in Case No. IPC-E-04-15 is accepted by the Commission.

(b) Idaho Power will increase Schedule 9 non-energy rate components as proposed in its original application and increase the energy related rate components as necessary to achieve an overall revenue requirement increase of 3.2% for the class.

9. Miscellaneous Provisions. The Parties agree that implementation of the \$10 Continuous Service Reversion Charge as described in the testimony of Company Witness Tatum will be delayed for a period of sixty (60) days following the issuance of the Commission's final Order in this proceeding to allow landlords and property managers to be notified of the change prior to its actual implementation.

10. Idaho Power agrees that no later than November 1, 2006, it will convene a working group to review the current operation and results of the Irrigation

Peak Rewards Program ("Program"), including consideration of suggested modifications to improve the Program. Issues to be considered would include the amount of incentive payments and the size of irrigation facilities eligible for participation in the Program. The working group's participants would include representatives of the IIPA. It is Idaho Power's intention that any proposed modifications to the Program developed by the working group would be presented to the Energy Efficiency Advisory Group and the Commission in time for such modifications to be in effect for the 2007 irrigation season.

11. The Parties agree that this Stipulation represents a compromise of the positions of the Parties in this case. As provided in RP 272, other than any testimony filed in support of the approval of this Stipulation, and except to the extent necessary for a Party to explain before the Commission its own statements and positions with respect to the Stipulation, all statements made and positions taken in negotiations relating to this Stipulation shall be confidential and will not be admissible in evidence in this or any other proceeding.

12. The Parties submit this Stipulation to the Commission and recommend approval in its entirety pursuant to RP 274. Parties shall support this Stipulation before the Commission, and no Party shall appeal a Commission Order approving the Stipulation or an issue resolved by the Stipulation. If this Stipulation is challenged by any person not a party to the Stipulation, the Parties to this Stipulation reserve the right to file testimony, cross-examine witnesses and put on such case as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlements embodied in this Stipulation.

Notwithstanding this reservation of rights, the Parties to this Stipulation agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

13. If the Commission rejects any part or all of this Stipulation, or imposes any additional material conditions on approval of this Stipulation, each Party reserves the right, upon written notice to the Commission and the other Parties to this proceeding, within 14 days of the date of such action by the Commission, to withdraw from this Stipulation. In such case, no Party shall be bound or prejudiced by the terms of this Stipulation, and each Party shall be entitled to seek reconsideration of the Commission's order, file testimony as it chooses, cross-examine witnesses, and do all other things necessary to put on such case as it deems appropriate. In such case, the Parties immediately will request the prompt reconvening of a prehearing conference for purposes of establishing a procedural schedule for the completion of the case. The Parties agree to cooperate in development of a schedule that concludes the proceeding on the earliest possible date, taking into account the needs of the Parties in participating in hearings and preparing briefs.

14. The Parties agree that this Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.

15. No Party shall be bound, benefited or prejudiced by any position asserted in the negotiation of this Stipulation, except to the extent expressly stated herein, nor shall this Stipulation be construed as a waiver of the rights of any Party unless such rights are expressly waived herein. Execution of this Stipulation shall not be deemed to constitute an acknowledgment by any Party of the validity or invalidity of any particular method, theory or principle of regulation or cost recovery. No Party shall

be deemed to have agreed that any method, theory or principle of regulation or cost recovery employed in arriving at this Stipulation is appropriate for resolving any issues in any other proceeding in the future. No findings of fact or conclusions of law other than those stated herein shall be deemed to be implicit in this Stipulation.

16. The obligations of the Parties under this Stipulation are subject to the Commission's approval of this Stipulation in accordance with its terms and conditions and upon such approval being upheld on appeal by a court of competent jurisdiction.

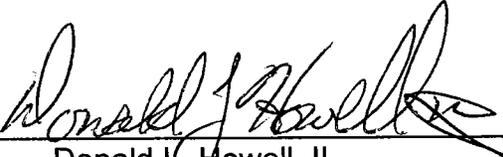
17. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

DATED this 27<sup>th</sup> day of February 2006.

Idaho Power Company

By   
Barton L. Kline  
Attorney for Idaho Power Company

Idaho Public Utilities Commission Staff

By   
Donald L. Howell, II  
Attorney for IPUC Staff

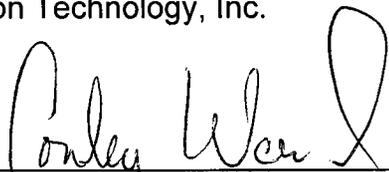
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By \_\_\_\_\_  
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Industrial Customers of Idaho Power

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Peter J. Richardson  
Attorney for Industrial Customers  
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By \_\_\_\_\_  
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Attorney for U.S. Department of  
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Northwest Energy Coalition

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William M. Eddie  
Attorney for NW Energy Coalition

The Kroger Company

By \_\_\_\_\_  
Michael L. Kurtz  
Attorney for the Kroger Company

DATED this \_\_\_\_\_ day of February 2006.

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DATED this 21<sup>st</sup> day of February 2006.

Idaho Power Company

Idaho Public Utilities Commission Staff

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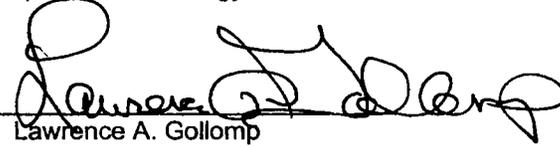
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