

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	
<b>OF IDAHO POWER COMPANY FOR</b>	)	<b>CASE NO. IPC-E-05-28</b>
<b>AUTHORITY TO INCREASE ITS BASE</b>	)	
<b>RATES AND CHARGES FOR ELECTRIC</b>	)	<b>NOTICE OF SETTLEMENT</b>
<b>SERVICE IN THE STATE OF IDAHO</b>	)	
	)	<b>REQUEST FOR PUBLIC</b>
	)	<b>COMMENT</b>
	)	
	)	<b>NOTICE OF CHANGE TO</b>
	)	<b>TECHNICAL HEARING</b>
	)	<b>SCHEDULE</b>
	)	
	)	<b>NOTICE OF DEADLINE FOR</b>
	)	<b>INTERVENOR FUNDING</b>
	)	
	)	<b>ORDER NO. 29995</b>

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On October 28, 2005, Idaho Power Company filed an Application seeking authority to increase its base rates for electric service for all customers an average of 7.8%. If approved, the Company's revenues would increase approximately \$44 million annually. The Company requested that new rates become effective on June 1, 2006.

On January 20, 2006, the Commission issued Order No. 29957 establishing the schedule to process this case. The schedule included two settlement conferences for the parties and provided that the technical hearing would begin on Monday, April 10, 2006 in Boise. The Commission granted intervention to: the Idaho Irrigation Pumpers Association, the Industrial Customers of Idaho Power, Micron Technology, the United States Department of Energy, the Northwest Energy Coalition, and the Kroger Company.

As a result of the settlement conferences, the parties entered into a Stipulation that resolved and settled all of the issues in the case. On February 27, 2006, Idaho Power filed a Motion requesting that the Commission approve the settlement Stipulation in its entirety. On March 1 and 2, 2006, respectively, the Commission Staff and the Irrigation Pumpers filed testimony in support of the settlement Stipulation.

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## NOTICE OF SETTLEMENT

On February 27, 2006, the parties executed a Stipulation agreeing to settle all issues in the rate case. The parties assert the settlement Stipulation represents a compromise of their positions in this case. They urge the Commission to approve the Stipulation in its entirety. The parties maintain the settlement Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable. Motion at 3. The parties stand ready to support the Stipulation at the technical hearing. *Id.*

As set out in the Stipulation, the parties agree that Idaho Power should be allowed to increase its Idaho jurisdictional base rates to recover \$18.1 million in additional annual revenue. The parties did not set a return on common equity but agreed to utilize an overall rate of return of 8.1%. Based upon the agreed revenue increase, the parties recommended a uniform rate increase to all customer classes (except dusk-to-dawn lighting and unmetered service)<sup>1</sup> of approximately 3.2%. Stipulation at ¶¶ 6 and 7.

The parties agreed to exclude incentive pay for senior managers from the test year revenue requirement. *Id.* at ¶ 6(e). They also agreed to examine the Power Cost Adjustment (PCA) load-growth rate as part of the Company's upcoming PCA application to be filed on or about April 15, 2006. *Id.* at ¶ 6(d).

The parties recommend that the rate design relationships originally proposed by the Company (albeit with the smaller rate increase) should be implemented. If approved, the service charge for Schedule 1 (residential) and Schedule 7 (small commercial) customers will be \$4.00 per month. Idaho Power will not file for an increase in this service charge for at least two years from the date of the Commission's final Order in this matter. *Id.* at ¶ 8.

The parties stipulate that the 3.2% increase for Schedule 9 (large commercial) customers will first be spread upon the non-energy components and any residual revenue requirement will be spread upon the energy related rate components. *Id.* Idaho Power further agrees to convene a working group to review the current operation and results of its Irrigation Peak Rewards program. Issues to be considered by the working group include the amount of incentive payments and the size of irrigation facilities eligible for participation in the program.

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<sup>1</sup> Rates for Schedules 15 and 40 would remain at their current levels.

Any proposed modifications to the program would become effective for the 2007 irrigation season. *Id.* at ¶ 10.

YOU ARE HEREBY NOTIFIED that the Stipulation and the accompanying Motion for Approval of the Stipulation are available for public inspection during regular business hours at the Commission's office. In addition, the settlement Stipulation is available for viewing on the Commission's website at [www.puc.idaho.gov](http://www.puc.idaho.gov) under "Hot Topics."

### REQUEST FOR WRITTEN COMMENT

YOU ARE FURTHER NOTIFIED that the Commission invites members of the public to provide written comments in support or in opposition to the settlement Stipulation no later than twenty-one (21) days from the service date of this Order. Written comments concerning Case No. IPC-E-05-28 should be mailed to the Commission and to Idaho Power at the addresses reflected below.

Commission Secretary  
Idaho Public Utilities Commission  
PO Box 83720  
Boise, ID 83720-0074

Street Address For Express Mail:

472 W. Washington Street  
Boise, ID 83702-5983

Barton L. Kline  
John R. Gale  
Idaho Power Company  
PO Box 70  
Boise, ID 83707-0070  
E-mail: [bkline@idahopower.com](mailto:bkline@idahopower.com)  
[rgale@idahopower.com](mailto:rgale@idahopower.com)

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's homepage located at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click the "Comment Form" under the "Hot Topic" link, and complete the comment form, using the case number as it appears on the front of this document. Comments submitted via e-mail must also be sent to the Company at the e-mail addresses listed above. Persons desiring to testify at the scheduled public hearings, set out below, may do so.

### PUBLIC HEARINGS

YOU ARE FURTHER NOTIFIED that the Commission shall hold its previously scheduled public hearings per Order No. 29957. The **Boise public hearing** will be held

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**TUESDAY, APRIL 11, 2006 AT 7:00 P.M. IN THE COMMISSION'S HEARING ROOM,  
472 WEST WASHINGTON STREET, BOISE, IDAHO.**

The Pocatello public hearing will be held **MONDAY, APRIL 24, 2006 AT 7:00  
P.M. AT THE POCATELLO CITY HALL, 911 NORTH SEVENTH STREET,  
POCATELLO, IDAHO.**

The Twin Falls public hearing will be held **WEDNESDAY, APRIL 26, 2006 AT  
7:00 P.M. IN THE CITY COUNCIL CHAMBERS, 305 THIRD AVENUE EAST, TWIN  
FALLS, IDAHO.**

**NOTICE OF CHANGE TO THE  
TECHNICAL HEARING SCHEDULE**

YOU ARE FURTHER NOTIFIED that given the proposed settlement, the Commission finds that a four-day hearing is not necessary. Consequently, the Commission vacates the first, third and fourth day of the technical hearing, **APRIL 10, 12-13, 2006.** The technical hearing in this matter will commence at **9:30 A.M. TUESDAY, APRIL 11, 2006 IN  
THE COMMISSION'S HEARING ROOM, 472 WEST WASHINGTON STREET,  
BOISE, IDAHO (208) 334-0300.** Parties intending to present testimony shall do so at the technical hearing.

**NOTICE OF DEADLINE FOR INTERVENOR FUNDING**

YOU ARE FURTHER NOTIFIED that pursuant to Rule 164, petitions requesting intervenor funding must be filed no later than April 19, 2006. IDAPA 31.01.01.164. The petition shall conform to Rule 162, IDAPA 31.01.01.162.

**ORDER**

IT IS HEREBY ORDERED that persons desiring to submit written comments in support or opposition to the settlement Stipulation must do so no later than twenty-one (21) days from the service date of this Order.

IT IS FURTHER ORDERED that the technical hearing shall commence on Tuesday, April 11, 2006. The remaining days of the technical hearing are vacated.

IT IS FURTHER ORDERED that petitions for intervenor funding (if any) be filed no later than April 19, 2006.

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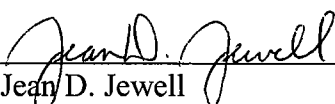
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 9<sup>th</sup>  
day of March 2006.

  
PAUL KJELLANDER, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

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