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IDAHO PUBLIC
UTILITIES COMMISSION
November 11, 2006

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
P. O. Box 83720
Boise, Idaho 83720-0074

Re: Case No. IPC-E-06-06
Application of Idaho Power Company for an Accounting Order
Addressing the Deferral of Costs Related to the Development of Grid
West

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of Idaho Power's Petition for Reconsideration of Commission Order No. 30157 in the above-referenced matter.

I would appreciate it if you would return a stamped copy of this transmittal letter in the enclosed self-addressed, stamped envelope.

Very truly yours,

Barton L. Kline

BLK:sh
Enclosures

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Attorneys for Idaho Power Company

Express Mail Address

1221 West Idaho Street
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. IPC-E-06-6
OF IDAHO POWER COMPANY FOR AN)	
ACCOUNTING ORDER ADDRESSING)	IDAHO POWER'S PETITION FOR
THE DEFERRAL OF COSTS RELATED)	RECONSIDERATION OF
TO THE DEVELOPMENT OF GRID WEST)	COMMISSION ORDER NO. 30157
)	

Idaho Power Company (hereinafter referred to as "Idaho Power" or "the Company"), petitioner herein, pursuant to RP 33 and 331, *et seq.*, and Section 61-626 Idaho Code, respectfully petitions the Commission for reconsideration of Order No. 30157 dated October 24, 2006, issued in Case No. IPC-E-06-6 (the "Order"). The Company requests that the Commission reconsider only that portion the Order that prevents the Company from recovering carrying costs on the deferral balance during the period of amortization. The Commission's decision not to allow the Company to recover the carrying costs the Company will incur is unreasonable, arbitrary, capricious, unlawful, erroneous, unduly discriminatory and not in conformity with the facts of record.

and/or the applicable law, resulting in a revenue requirement and rates which are confiscatory. This Petition is based on the following reasons and the following grounds:

I. DENYING IDAHO POWER THE ABILITY TO RECOVER ITS CARRYING COSTS ON AN AUTHORIZED DEFERRAL IS UNREASONABLE, UNLAWFUL, ERRONEOUS, ARBITRARY, CAPRICIOUS AND NOT IN CONFORMITY WITH THE FACTS OF RECORD AND/OR THE APPLICABLE LAW.

Federal Energy Regulatory Commission ("FERC") Order No. 2000 requires every public utility that owns, operates or controls facilities used for the transmission of electric energy in interstate commerce to file a proposal to participate in a regional transmission organization ("RTO") or make an alternative filing explaining the efforts to participate in an RTO, or the reasons why the entity cannot make a filing to participate in an RTO, and the specific plans, if any, the utility has to participate in an RTO. 18 CFR 35.34(d) (2004). Because it meets the above-described criteria, Idaho Power was required to participate in the formation of an RTO, Grid West. (Order No. 30157 p. 3). Grid West was not successfully formed.

When it became apparent that Grid West would probably not move forward, Idaho Power filed an application requesting that the Commission allow it to defer and amortize two (2) categories of costs the Company had incurred to participate in the formation of Grid West. First, the Company requested that it be permitted to defer and amortize the principal amounts and accrued interest associated with loans the Company made to Grid West to cover expenses Grid West incurred in its attempt to form. These expenses including the cost of preparing periodic regulatory filings required by the FERC. Second, Idaho Power requested that the Commission allow it to defer internal incremental costs the Company incurred to participate in the development of Grid West.

These internal expenditures included incremental travel expenses of personnel working on development and regulatory matters, outside counsel's legal fees and carrying costs of the funds associated with these non-loan amounts.

In the Order the Commission allowed the Company to defer for later recovery in rates the principal portion of the loans made to Grid West. The Order denied the Company's request to defer the other expenses the Company had incurred.

In the Order the Commission acknowledged that FERC Order No. 2000 required Idaho Power to participate in the Grid West formation process. (Order No. 30157 p. 3). Based on that regulatory requirement and because Idaho Power participated in the Grid West formation process in good faith, the Commission found that it would be fair to allow Idaho Power to defer the principal portion of the amounts loaned to Grid West. On page 3 of the Order the Commission stated: "We agree that the Company's participation in the RTO discussions was prudent and beneficial. That is why we allow recovery of the loan amounts."

Even though the Commission found that deferral of the loan principal amounts would be fair, just and reasonable and in the public interest, the Commission disallowed the recovery of a carrying charge on the deferral amount. The Order does not include findings of fact or conclusions of law or cite any specific rationale for not allowing Idaho Power to recover its carrying costs on the amount the Commission allowed the Company to defer. The Order only states "On this record . . . we do not authorize a carrying charge on the deferral account." (Order No. 30157 p. 3). The Order does not provide any factual or legal basis on which the Commission relied to make its determination that it is unreasonable for the Company to recover the financing costs the

Company will incur to carry the deferral balance, a balance that was accrued to pursue an activity the Commission has characterized as “prudent and beneficial”. (Order No. 30157 p. 3).

II. IDAHO POWER IS PREPARED TO SUBMIT ADDITIONAL EVIDENCE.

Acknowledging the Commission’s comment in the Order that “*On this record . . .* we do not authorize a carrying charge on the deferral account.” (emphasis added), Idaho Power should be permitted provide additional evidence and/or argument to support the reasonableness of allowing the Company to recover the financing costs it will incur to carry the deferred principal balance of the loans it made to Grid West during the amortization period. In light of the Commission’s holding that the Company’s participation in the RTO formation process was prudent and beneficial, additional evidence supporting the appropriate carrying charge rate would be appropriate.

Because the Commission concluded in the Order that the deferred loan principal amount should be amortized over a five year period beginning in January 1, 2007, a carrying charge rate equal to the Company authorized overall cost of capital would be appropriate. This is the same carrying charge rate the Oregon Public Utilities Commission approved in Order No. 06-483 when the OPUC allowed Idaho Power to defer Grid West loan amounts. At that carrying charge rate, the total amount of financing expense over the five (5) year deferral period would be approximately \$191,000.

III. NATURE AND EXTENT OF EVIDENCE AND ARGUMENT TO BE OFFERED ON RECONSIDERATION.

Commission Rule of Procedure 331 requires that Idaho Power state the nature and extent of evidence and/or argument it will present or offer if reconsideration is granted. The Commission found that the Company was required by FERC Order 2000 to pursue formation of Grid West, and this FERC order provides sufficient evidence to support deferral of the principal amount of the Grid West loan. It seems logical that the same regulatory requirement also provides sufficient evidence to support recovery of the carrying costs on the deferral balance the Company will incur over the term of the amortization period. Nevertheless, the Company is prepared to present additional testimony and/or argument that supports recovery of carrying costs on the deferred loan principal amount equal to the Company's overall rate of return or such other evidence as the Commission desires to review on reconsideration.

The procedure to be followed, including the scope and type of evidence and argument the Commission desires to receive, would be determined by the Commission as part of its granting of this Petition for reconsideration.

Respectfully submitted this 14th day of November, 2006.

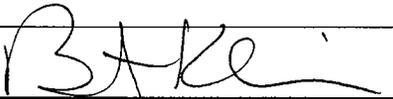


BARTON L. KLINE
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 14th day of November, 2006, I served a true and correct copy of the within and foregoing document upon the following named parties by the method indicated below, and addressed to the following:

<p>Commission Staff Weldon B. Stutzman Deputy Attorney General Idaho Public Utilities Commission 472 W. Washington (83702) P.O. Box 83720 Boise, Idaho 83720-0074</p>	<p><input type="checkbox"/> Hand Delivered <input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> Overnight Mail <input type="checkbox"/> FAX <input checked="" type="checkbox"/> Email weldon.stutzman@puc.idaho.gov</p>
<p>Industrial Customers of Idaho Power Peter J. Richardson, Esq. Richardson & O'Leary 515 N. 27th Street P.O. Box 7218 Boise, Idaho 83702</p> <p>Don Reading Ben Johnson Associates 6070 Hill Road Boise, Idaho 83702</p>	<p><input type="checkbox"/> Hand Delivered <input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> Overnight Mail <input type="checkbox"/> FAX <input checked="" type="checkbox"/> Email peter@richardsonandoleary.com</p> <p><input type="checkbox"/> Hand Delivered <input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> Overnight Mail <input type="checkbox"/> FAX <input checked="" type="checkbox"/> Email dreading@mindspring.com</p>


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