



IDAHO POWER COMPANY
P.O. BOX 70
BOISE, IDAHO 83707

RECEIVED
BARTON L. KLINE
Senior Attorney
APR 13 2006 PM 4:24
PUBLIC UTILITIES COMMISSION

April 13, 2006

HAND DELIVERED

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-~~00~~
Petition For Modification of Load Growth Adjustment
Rate Within the Power Cost Adjustment Methodology

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of the Company's Petition for modification of the load growth adjustment rate within the Power Cost Adjustment methodology. Also enclosed are nine (9) copies of the testimony of Idaho Power witness Gregory W. Said, with one copy designated as the Reporter's Copy. A computer disk containing Mr. Said's testimony is also enclosed.

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

Very truly yours,

Barton L. Kline

BLK:jb
Enclosures

BARTON L. KLINE ISB #1526
MONICA B. MOEN ISB #5734
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
Phone: (208) 388-2682
FAX: (208) 388-6936
bkline@idahopower.com
mmoen@idahopower.com

FILED
2006 JUN 18 PM 4:2
PUBLIC UTILITIES COMMISSION

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 PETITION OF)
IDAHO POWER COMPANY FOR) CASE NO. IPC-E-06-08
MODIFICATION OF THE LOAD GROWTH)
ADJUSTMENT RATE WITHIN THE POWER) PETITION
COST ADJUSTMENT METHODOLOGY)
_____)

In accordance with RP 053, Idaho Power Company ("Idaho Power" or "Company") hereby requests that the Idaho Public Utilities Commission ("Commission") issue its Order modifying the method for determining the load growth adjustment rate, which is one of the components used to determine Idaho Power's Power Cost Adjustment rate.

This Petition is based on the following:

1. The load growth adjustment rate is one of the components that is used to compute Idaho Power's Power Cost Adjustment ("PCA") rates. The load growth adjustment rate is typically a reduction to power supply expenses within the PCA intended to compensate for additional revenues attributable to load growth that occurs between rate cases. The load growth adjustment rate is a credit during load growth and a debit during load decline that is included in the true-up computations within the PCA.

2. The determination of the load growth adjustment rate has been the subject of discussion in prior Commission rate proceedings. In Order No. 29600 in Case No. IPC-E-04-9, the Company's 2004/2005 PCA case, the Commission accepted the parties' agreement to defer a decision as to whether or not to change the load growth adjustment rate until a subsequent rate case. Consequently, the load growth adjustment rate was raised as an issue during the negotiations leading to the Settlement Stipulation among the parties in Case No. IPC-E-05-28. (See Direct Testimony of Staff Witness Randy Lobb, page 8, line 15.) In Section 6(d) of that Stipulation, the parties agreed 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." This Petition is filed in accordance with the agreement of the parties in the Settlement Stipulation.

3. The current approved load adjustment rate uses predicted marginal costs of serving load rather than embedded costs of serving load. The current approved load growth adjustment rate is \$16.84 per MWh.

4. Idaho Power believes that the currently-approved practice of the predicted marginal costs of serving load to determine the load growth adjustment rate is

unfair and should be changed. It is Idaho Power's position that it is more appropriate to use current embedded PCA-related costs of serving load to determine the load growth adjustment rate. The current embedded PCA-related cost of serving load is \$6.81 per MWh.

5. The use of predicted marginal costs to serve load as the load growth adjustment rate in the PCA credits customers with the higher, marginal PCA-related cost of serving new customer loads, even though Idaho Power is only allowed to recover the lower, embedded PCA-related costs of serving new customer loads. This mismatch automatically penalizes the Company when new customers are added. Because of this built-in penalty, Idaho Power is not afforded a reasonable opportunity to recover its PCA-related expenses associated with serving new customer loads in a timely manner. The optimal way to match the load growth adjustment rate to the Company's actual ability to recover its costs is to use the Company's embedded costs of serving PCA loads in setting the load growth adjustment rate.

6. In support of this Petition, Idaho Power has filed the testimony and exhibits of Witness Gregory W. Said. Mr. Said's testimony explains in detail why the currently-approved method for setting the load growth adjustment rate should be changed.

7. Idaho Power stands ready for immediate consideration of this Petition, if it is the Commission's determination that a hearing should be held.

8. Communications with reference to this Petition should be sent to the following:

Barton L. Kline
Monica B. Moen
Idaho Power Company
P.O. Box 70
Boise, ID 83707
bkline@idahopower.com
mmoen@idahopower.com

Gregory W. Said
Director, Revenue Requirement
Idaho Power Company
P.O. Box 70
Boise, ID 83707
gsaid@idahopower.com

WHEREFORE, Idaho Power Company respectfully requests that the Commission issue its Order changing the computation of the load growth adjustment rate from the currently-approved predicted marginal cost of serving load to the embedded PCA-related cost of serving new customer loads.

DATED this 13th day of April, 2006, at Boise, Idaho.



BARTON L. KLINE
Attorney for Idaho Power Company