

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	
<b>OF IDAHO POWER COMPANY FOR AN</b>	)	<b>CASE NO. IPC-E-06-19</b>
<b>ACCOUNTING ORDER REGARDING</b>	)	
<b>AMERICAN FALLS REPLACEMENT DAM</b>	)	<b>NOTICE OF APPLICATION</b>
<b>REFUNDING BONDS</b>	)	
	)	<b>NOTICE OF</b>
	)	<b>MODIFIED PROCEDURE</b>
	)	
	)	<b>ORDER NO. 30142</b>

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On September 7, 2006, Idaho Power Company filed an Application seeking an accounting order for authority to amortize the principal balance owed on American Falls Replacement Dam Refunding Bonds (the Bonds) over the remaining term of the Bonds and operating license of the American Falls Dam. With this Order the Commission issues notice of the Company's Application, authorizes the use of Modified Procedure, and sets a deadline for written comments and/or protests.

**THE APPLICATION**

YOU ARE HEREBY NOTIFIED that according to the Company's Application, in April 2000 the Company refinanced the Bonds to a variable rate, interest-only mode. The principal amount of \$19,885,000 is due in full in February 2025, the same time that the Company's operating license expires at the American Falls Dam. The interest on the Bonds is currently being paid monthly and expensed to Water for Power (Account 536). The principal balance is currently recorded as a liability (Account 224200) with a corresponding deferred debit (Account 186727) in the same account.

YOU ARE FURTHER NOTIFIED that Idaho Power states that since refinancing the Bonds in 2000 it has not amortized the principal amount and has charged only the interest payments to the Water for Power expense. The Company states that as a result, Idaho customers have only been paying the interest portion of the debt since the 2003 general rate case (IPC-E-03-13). While this has resulted in lower overall rates in the short term, the principal balance and carrying charge will come due in the future, affecting rates.

YOU ARE FURTHER NOTIFIED that the Company proposes that the deferred debit be amortized over the remaining life of the Bonds and the license. The Application states that by

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amortizing the deferred asset over the remaining lives of the Bonds and license, i.e., 2025, current retail customers receiving the benefits of this facility would fund the recovery of the principal portion just as they are currently funding the interest portion. The Company proposes amortizing the \$19,885,000 in equal monthly amounts beginning January 1, 2006 through January 31, 2025. This will result in an additional \$1,042,008.72 annual O&M expense for the years 2006 through 2024, and one month's amortization of \$86,834.06 in 2025 before the Bonds mature February 1, 2025. The annual expense would be included in the next general rate case test year.

YOU ARE FURTHER NOTIFIED that the Application, supporting workpapers, testimonies and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and testimonies are also available on the Commission's Website at [www.puc.idaho.gov](http://www.puc.idaho.gov) under the "File Room" icon.

#### **NOTICE OF MODIFIED PROCEDURE**

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filing of record in Case No. IPC-E-06-19. The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented in this case and that issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. IDAPA 31.01.01.201-204. In so doing, the Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that the Commission may not hold a hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used. IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that if no protests or written comments are received within the deadline, the Commission will consider the matter and enter its Order without a hearing. If protests or comments are filed within the deadline, the Commission will consider them and may, in its discretion, set the matter for hearing or decide the matter and issue its Order on the basis of the written positions before it. IDAPA 31.01.01.204.

## NOTICE OF COMMENT/PROTEST DEADLINE

YOU ARE FURTHER NOTIFIED that **the deadline for filing written comments or protests** with respect to the Application and the Commission's use of Modified Procedure in Case No. IPC-E-06-19 is **October 25, 2006**. Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that written comments concerning this case should be mailed to the Commission and to the Company 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  
Lisa D. Nordstrom  
John R. Gale  
Idaho Power Company  
PO Box 70  
Boise, ID 83707-0070  
E-mail: [bkline@idahopower.com](mailto:bkline@idahopower.com)  
[lnordstrom@idahopower.com](mailto:lnordstrom@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 "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to Idaho Power at the e-mail addresses listed above.

## FINDINGS/CONCLUSIONS

The Idaho Public Utilities Commission has jurisdiction over Idaho Power Company, its Application for authority to amortize the principal balance owed on American Falls Replacement Dam Refunding Bonds, and the issues involved in this case by virtue of Title 61, Idaho Code, including *Idaho Code* §§ 61-129, 61-301, 302, 303, and 61-503, and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*


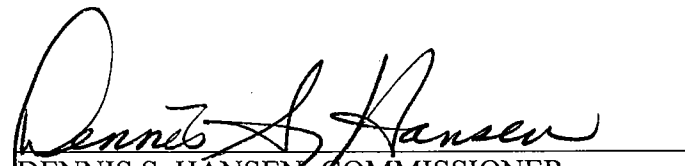
The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented in this case, and that issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. IDAPA 31.01.01.201-204. In so doing, the Commission notes that

Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

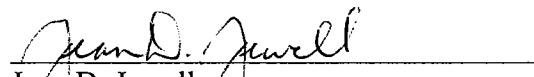
**ORDER**

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Persons interested in submitting written comments regarding this case or protesting the use of Modified Procedure should do so no later than October 25, 2006.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 5<sup>th</sup> day of October 2006.

  
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PAUL KJELLANDER, PRESIDENT  
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MARSHA H. SMITH, COMMISSIONER  
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DENNIS S. HANSEN, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary

O:IPC-E-06-19\_dw