



An IDACORP Company

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

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Lisa D. Nordstrom
Attorney
IDAHO PUBLIC
UTILITIES COMMISSION

September 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-06-20
In the Matter of the Application of Idaho Power Company for an Accounting
Order Regarding Treatment of the Demand-Side Application Management
Programs

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of Idaho Power Company's Application for 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,

A handwritten signature in black ink that reads "Lisa D. Nordstrom".
Lisa D. Nordstrom

LDN:sh
Enclosures

LISA D. NORDSTROM, ISB # 5733
BARTON L. KLINE ISB #1526
Idaho Power Company
1221 West Idaho Street
P. O. Box 70
Boise, Idaho 83707
Telephone: (208) 388-2682
FAX Telephone: (208) 388-6936
Email: Lnordstrom@idahopower.com

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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
IDAHO POWER COMPANY FOR AN) CASE NO. IPC-E-06-20
ACCOUNTING ORDER REGARDING)
TREATMENT OF THE DEMAND-SIDE) APPLICATION
MANAGEMENT PROGRAMS)
_____)

COMES NOW, Idaho Power Company ("Idaho Power" or the "Company"), and In accordance with the provisions of *Idaho Code* § 61-524, RP 052 and RP 201, *et. seq.*, hereby applies to the Idaho Public Utilities Commission ("Commission") for an accounting order authorizing the Company to track its transactions for Demand-Side Management (DSM) Programs as set forth herein. In support of this Application Idaho Power represents as follows:

I. BACKGROUND

Since the adoption of the Energy Efficiency Rider ("Rider") in Order No. 29026 in 2002, DSM programs have been an integral part of the Company's operations. On May 13, 2005, in Order No. 29784, the Commission approved an increase in the funding and program expenditures associated with the Rider by authorizing the collection of 1.5

percent of customers' base revenues. As a result, DSM programs are becoming an even larger portion of the Company's operating business.

According to Generally Accepted Accounting Principles (GAAP), Statement of Financial Accounting Concept (SFAC) No. 6, ¶ 70, 78-81, 215, money collected and expended as part of a company's standard business needs to be reflected on the company's income statement. Therefore, to be consistent with GAAP standards and to reduce potential auditing complications, the Company is proposing supplemental accounting treatment for its Energy Efficiency Rider.

II. CURRENT ACCOUNTING PROCEDURES

Idaho Power has not requested, nor has the Idaho Public Utilities Commission yet required, a specific method of accounting for these regulatory liabilities. Since the inception of the Energy Efficiency Rider in 2002, the Company has been utilizing the following accounting entries to track the funds:

1. As funding is received from customers, the following transaction is made to record cash received and set up the obligation to spend the money in the future on specific programs funded through the Energy Efficiency Rider:

Dr. 131000 – Cash
Cr. 254201 – Regulatory Liability

2. As DSM program expenditures are made, the following transaction is made to record cash paid and reduces the liability account:

Dr. 254201 – Regulatory Liability
Cr. 131000 – Cash

These accounting entries accurately track DSM-related regulatory liabilities by recording all transaction activity exclusively through the Company's balance sheet accounts.

III. REQUESTED ACCOUNTING PROCEDURES

The Company proposes to continue the above-mentioned balance sheet accounting entries. However, to be consistent with GAAP standards, the Company also proposes an automatic “monthly voucher” be created to parallel the balance sheet activity in the Company’s income statement. At the end of each month, the Company would make a set of accounting entries to recognize the expenditures made in serving the regulatory obligation along with an equal, offsetting entry to recognize the proceeds from Energy Efficiency Rider funds. To accomplish this objective, the proposed accounting entries are:

Dr. Account #908.XXX – Customer Service Operating Expense
Cr. Account #456.XXX – Other Operating Revenue

Because the incoming and outgoing dollars recognized in the income statement subaccounts will be of equal amounts, the net result to the Company’s net income will be zero. Therefore, there are no current income tax liability changes or any other net financial effects from the inclusion of these income statement accounting entries. However, for external reporting purposes, the accounting trail of specific DSM-related funding and expenditures will be much easier to track through income statement detail rather than relying solely on cumulative balance sheet activity.

IV. CONCLUSION

In summary, the Company does not propose to change its current balance sheet accounting procedures regarding Energy Efficiency Rider funding. The Company seeks only to make parallel accounting entries to the income statement in an attempt to more closely comply with GAAP standards and auditing efficiencies. If the Company’s proposed accounting entries are approved, there will be no effect on the Company’s net

income. Importantly, there will be no rate making implications associated with the Company's proposal.

Adoption of the Company's accounting proposals will not diminish its capability to provide complete DSM reporting. All the details concerning Energy Efficiency Rider activity will continue to be easily and readily available for audit and review.

V. MODIFIED PROCEDURE

The Company requests that this Application be processed under RP 201, *et seq.*, allowing for consideration of issues to be processed under Modified Procedure, i.e., by written submissions rather than by an evidentiary hearing.

VI. SERVICE OF PROCESS

Communications with respect to this Application should be sent to the following:

Lisa D. Nordstrom
Barton L. Kline
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707-0070
(208) 388-2682
lnordstrom@idahopower.com

Jeannette C. Bowman, Sr. Analyst
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707-0070
(208) 388-2718
jb Bowman@idahopower.com

NOW, THEREFORE, Idaho Power respectfully requests that the Commission issue its order authorizing Idaho Power to implement the accounting procedures described above.

DATED at Boise, Idaho, this 11th day of September, 2006.



LISA D. NORDSTROM
Attorney for Idaho Power Company