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Attorney

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IDAHO PUBLIC
UTILITIES COMMISSION

September 29, 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-06-24
IN THE MATTER OF IDAHO POWER COMPANY'S 2006
INTEGRATED RESOURCE PLAN (IRP)

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. Compact discs containing the complete filing will be hand-delivered to the Commission early next week. Idaho Power also will send copies of the 2006 IRP to the members of the Integrated Resource Plan Advisory Council on the attached list.

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,

Lisa D. Nordstrom

LDN:sh
Enclosures

**Idaho Power Company
2006 Integrated Resource Plan Advisory Council Members**

Customer Participants

Micron – Dale Eldridge
Simplot – David Hawk
INL – Tom Moriarty
Heinz Frozen Foods – Steve Munn
AARP – Joe Gallegos
Idaho Retailers – Pam Eaton
Agricultural Representative – Sid Erwin
Meridian Joint School District #2 – Wayne Hanners

Commission Participants

Idaho PUC – Rick Sterling
Oregon PUC – Bill McNamee

Environmental Participants

Natural Resource Defense Council - Devra Wang, Audrey Chang or Ralph Cavanagh
Advocates for the West - Bill Eddie

Other Participants

IDEQ – Larry Koenig
Governor's Office – Jim Yost
Idaho State Legislature – Representative Steve Smylie
Northwest Power and Conservation Council – Jim Kempton or Shirley Lindstrom
Consultant – Dan Violette – Summit Blue Consulting, LLC

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UTILITIES COMMISSION

Attorneys for Idaho Power Company

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Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)
COMPANY'S 2006 INTEGRATED) CASE NO. IPC-E-06- 24
RESOURCE PLAN (IRP)) APPLICATION
_____)

COMES NOW Idaho Power Company ("Idaho Power" or "Company"), and in accordance with Idaho Public Utilities Commission ("IPUC" or "Commission") Order No. 22299, hereby requests that the Commission issue its order accepting the Company's 2006 Integrated Resource Plan ("IRP" or "Plan"). In support of this request, Idaho Power states as follows:

I. BACKGROUND

As required by IPUC Order No. 22299 and Oregon Public Utility Commission ("OPUC") Order No. 89-507, the Company prepares and files a biennial Integrated Resource Plan with both the IPUC and the OPUC setting forth how Idaho Power intends to serve the electric requirements of its customers. Although Idaho Power's recent IRPs

utilized a 10-year planning horizon, the Company and the Integrated Resource Plan Advisory Council ("Advisory Council") decided to extend the IRP planning period to 20 years to better reflect the lengthy lead times necessary to construct base load resources and provide a 20-year resource plan to support Public Utility Regulatory Policies Act ("PURPA") contract negotiations. Idaho Power's 2006 IRP addresses its available resource options, planning period forecasts, future requirements, potential resource portfolios, a risk analysis, a 10-year resource plan, and a near-term action plan.

The complete 2006 IRP consists of five (5) separate documents: (1) 2006 Integrated Resource Plan; (2) Sales and Load Forecast for the 2006 Integrated Resource Plan; (3) 2005 Demand-Side Management Annual Report for the 2006 Integrated Resource Plan; (4) Economic Forecast for the 2006 Integrated Resource Plan; and (5) Technical Appendix for the 2006 Integrated Resource Plan. A copy of the complete 2006 IRP is enclosed as Attachment 1 and can be found on the Company's website at <http://www.idahopower.com/2006irp>. Interested persons may also request a printed copy of the 2006 IRP by contacting Mark Stokes at (208) 388-2483 or MStokes@idahopower.com.

Idaho Power has worked with stakeholders for the last twelve (12) months to develop the 2006 IRP. To incorporate stakeholder and public participation, the Company worked with the Integrated Resource Plan Advisory Council comprised of members of the environmental community, major industrial customers, agricultural interests, an Idaho state legislator, Commission Staff, a representative from the Idaho Governor's Office, and others. The Advisory Council meetings served as an open forum for discussion related to the development of the IRP, and its members have made

significant contributions to the Plan. Idaho Power will also make “live” presentations about the 2006 IRP at community meetings held throughout its Idaho and Oregon service territories during the fall of 2006.

II. IRP GOALS AND ASSUMPTIONS

The two primary goals of Idaho Power’s 2006 IRP are to: 1) identify sufficient resources to reliably serve the growing demand for energy within Idaho Power’s service area throughout the 20-year planning period, and 2) ensure the portfolio of selected resources balances costs, risks, and environmental concerns. The Company also sought to give equal and balanced treatment to both supply-side and demand-side resources, involve the public in the planning process in a meaningful way, explore transmission alternatives, and investigate and evaluate clean-coal technologies.

The 2006 IRP assumes that during the 20-year planning period (2006-2025), Idaho Power will continue to be responsible for acquiring resources sufficient to serve all of its retail customers in its mandated Idaho and Oregon service territories and will continue to operate as a vertically-integrated electric utility.

The number of households in Idaho Power’s service area is expected to increase from around 455,000 in 2005 to over 680,000 by the end of the planning period in 2025. As a result, Idaho Power’s average load is expected to increase by 40 aMW (1.9% annually); summertime peak-hour loads are expected to increase by 80 MW (2.1% annually) per year through 2025. Idaho Power continues to use 70th percentile water conditions and 70th percentile average load for energy planning. For peak-hour capacity planning, Idaho Power uses 90th percentile water conditions and 95th percentile peak-hour load.

III. PREFERRED RESOURCE PORTFOLIO

Idaho Power examined 12 resource portfolios and several variations of the portfolios in preparing the 2006 IRP. Analysis and discussions with the Advisory Council led to the selection of four finalist portfolios for additional risk analysis. Following the final risk analysis, Idaho Power selected a modified version of the 2004 preferred portfolio as the preferred portfolio for the 2006 IRP. The selected portfolio adds supply-side and demand-side resources capable of providing 1,091 MW of average energy, 1,250 MW of capacity to meet peak-hour loads, and 285 MW of additional transmission capacity from the Pacific Northwest. The selected portfolio also includes demand-side management programs estimated to reduce average loads by 90 aMW annually and peak-hour loads by 187 MW.

The 2006 IRP presented by this Application provides the Company's estimate of future loads and sets forth how the Company intends to serve the electrical requirements of its native load customers over the next 20 years. While the proposed resource portfolio represents current resource acquisition targets, it is important to note that the actual resource portfolio may differ from the quantities and types of resources outlined in the IRP depending on responses to Idaho Power's Requests for Proposals, the business plans of any ownership partners, and the changing needs of Idaho Power's system.

IV. EXPANDED IRP ANALYSIS

In Order No. 29762 accepting the Company's 2004 IRP, the Idaho Commission indicated that Idaho Power should expand its 2006 IRP to include an analysis of possible transmission projects, associated costs and potential risks. Furthermore, the

Commission ordered that the Company's plan to add coal generation should include an analysis of adding additions to existing coal plants and an examination of joint venture opportunities. The OPUC made similar findings and in response, Idaho Power has expanded its discussion of these topics in the IRP. The Company believes this additional analysis and discussion has resulted in a more thorough and comprehensive Integrated Resource Plan.

Idaho Power's analysis of possible transmission path upgrades can be found within Section 5, Potential Resource Portfolios, starting on page 57. In order to comply with the Federal Energy Regulatory Commission's Standard of Conduct requirements, Idaho Power contracted with an outside consultant to provide the technical expertise required to evaluate and screen a range of transmission options. After the initial screening, a request was submitted on the OASIS website for Idaho Power's transmission planners to analyze the necessary upgrades for the finalist portfolios. With the consultant's assistance, the following were selected as the most viable transmission alternatives:

- McNary (Columbia River) to the Locust Substation (Boise) via Brownlee,
- Lolo (Lewiston area) to Oxbow,
- Bridger, Wyoming to the Boise Bench Substation via the Midpoint Substation,
- Garrison or Townsend, Montana to the Boise Bench Substation via the Midpoint Substation, and
- White Pine, Nevada to the Boise Bench Substation via the Midpoint Substation.

Also in response to the Commissions' direction, the Company has considered additions to existing coal plants and joint venture opportunities. As discussed in the Company's Near-Term Action Plan, Idaho Power continues to explore development opportunities at Idaho Power's jointly-owned coal-fired facilities at Jim Bridger, Boardman and Valmy.

The 2006 IRP's preferred portfolio includes a nominal 250 MW coal-fired resource addition in 2013 identified as "Wyoming Pulverized Coal." While the exact location of the resource is still unknown, one of Idaho Power's best near-term alternatives for expansion at an existing coal-fired resource is the addition of a fifth unit at the Jim Bridger plant. The fact that this is an expansion at an existing facility, the mine-mouth location, and the availability of low cost coal are significant advantages associated with a Bridger expansion. Idaho Power is currently exploring this expansion alternative with PacifiCorp. Idaho Power and Avista Utilities continue their investigation to identify, assess and screen coal-based joint venture resource power generation opportunities in the northwest region of the United States.

As explained in Table 2-2 and on page 12, Idaho Power has completed, and will continue to look for, cost-effective upgrades at its existing thermal generating stations. The IRP's Risk Analysis section also discusses the potential for Idaho Power to participate in a jointly-owned regional Integrated Gasification Combined Cycle (IGCC) project as a way to share the risk associated with this new clean coal technology.

V. SERVICE OF PROCESS

Idaho Power requests that any notices, inquiries and communications regarding this request be provided to:

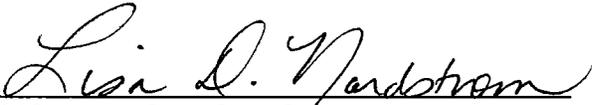
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VI. REQUEST FOR ACCEPTANCE

Idaho Power respectfully requests that the Commission issue its Order accepting and acknowledging the Company's 2006 IRP and finding that the 2006 IRP meets both the procedural and substantive requirements of Order No. 22299.

DATED at Boise, Idaho, this 29th day of September, 2006.


LISA D. NORDSTROM
Attorney for Idaho Power Company