

Barton L. Kline
Senior Attorney

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IDAHO PUBLIC
UTILITIES COMMISSION

August 27, 2007

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-05-20
In the Matter of Idaho Power's Petition for a Determination of the
Appropriate Ratemaking Treatment of Proceeds from Sales of
Surplus Sulfur Dioxide Emission Allowances 2007

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of Idaho Power Company's Initial Report of Proceeds from Sales of Surplus Sulfur Dioxide Emission Allowances in 2007 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

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

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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER'S)
PETITION FOR A DETERMINATION OF) CASE NO. IPC-E-05-20
THE APPROPRIATE RATEMAKING)
TREATMENT OF PROCEEDS FROM) IDAHO POWER'S INITIAL REPORT OF
SALES OF SURPLUS SULFUR DIOXIDE) PROCEEDS FROM SALES OF
EMISSION ALLOWANCES IN 2007) SURPLUS SULFUR DIOXIDE
EMISSION ALLOWANCES IN 2007)

1. In 2005, in Order No. 29852 issued in Case No. IPC-E-05-20, the Commission granted Idaho Power Company ("Idaho Power" or "the Company") blanket authority to sell surplus sulfur dioxide emission allowances.

2. In Order No. 29852, the Commission also approved the accounting treatment to be used by the Company to record the sales of surplus sulfur dioxide emission allowances from the time proceeds are received until the Commission determined the appropriate ratemaking treatment of the proceeds.

3. In Order No. 29852, the Company was also directed to file a report with the Commission within sixty (60) days of the receipt of any proceeds from the sale of surplus sulfur dioxide emission allowances.

4. During 2007, conditions in the emission allowances market were such that Idaho Power sold surplus sulfur dioxide emission allowances. In 2007, the Company has received, so far, proceeds from the sale of 20,000 surplus sulfur dioxide emission allowances. The total net proceeds amount is \$11,266,500. Net proceeds are total amounts received less broker's fees of \$5,000.

5. In Order No. 30041, issued in Case No. IPC-E-05-26, the Commission approved a sharing arrangement in which 90% of the state of Idaho's 94% jurisdictional share of the net sale proceeds, including tax effects, were allocated to customers and the remaining 10% share was allocated to Idaho Power's shareowners. In Order No. 30041, the Commission directed the Company to include the sulfur dioxide allowance sales proceeds in the PCA to reduce the level of PCA rates.

6. Idaho Power proposes that the same 90%/10% sharing of benefits be utilized to allocate the proceeds from sales of surplus sulfur dioxide emission allowances made in 2007. However, the Company may propose to provide the benefit of the surplus emission sales to customers in a form other than a PCA rate reduction. Idaho Power will make a subsequent filing to propose how the benefits should be provided to customers. In this pleading Idaho Power is providing the Commission notice of (1) the amounts of proceeds received so far and (2) that the Company intends to use the same interim accounting for proceeds that the Commission approved in 2005.

7. In accordance with the accounting approved in the Commission's Order No. 29852, the Company is utilizing the following accounting entries to record the sales

of surplus sulfur dioxide emission allowances made thus far in 2007 as follows:

(1)

143 Other Accounts Receivable 699 X00001 999 143900	\$XXX.XX
254 Other Regulatory Liabilities 699 X00001 999 254409	\$XXX.XX
411.8 Gains from Disposition of Allowances 699 X00001 999 411804	\$XXX.XX

(2)

To record the receipt of cash from the sale of emission allowances.

131 Cash	\$XXX.XX
143 Other Accounts Receivable 699 X00001 999 143900	\$XXX.XX

(3)

To record Idaho Power's 10% share of the net proceeds from the sale of emission allowances.

254 Other Regulatory Liabilities 699 X0001 999 254409	\$XXX.XX
411800 Gains From Disposition of Allowance 699 X0001 999 411804	\$XXX.XX

8. This initial report covers surplus sulfur dioxide emission allowance sales during 2007 as of the date of this filing. Proceeds received after the date of this filing will be included in a subsequent report.

Respectfully submitted this 27th day of August 2007.



BARTON L. KLINE
Attorney for Idaho Power Company