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UTILITIES COMMISSION

LISA D. NORDSTROM  
Attorney II

March 26, 2008

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-08-04  
IN THE MATTER OF THE APPLICATION OF IDAHO POWER  
COMPANY FOR AUTHORITY TO IMPLEMENT FIXED COST  
ADJUSTMENT (FCA) RATES FOR ELECTRIC SERVICE FROM  
JUNE 1, 2008 THROUGH MAY 31, 2009

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of the Company's bill insert referenced on page 6 of the Application filed March 14, 2008.

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

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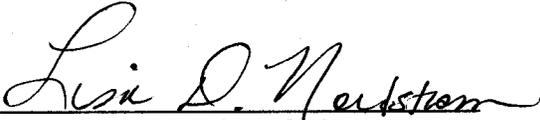
BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION	)	
OF IDAHO POWER COMPANY FOR	)	CASE NO. IPC-E-08-04
AUTHORITY TO IMPLEMENT FIXED	)	
COST ADJUSTMENT (FCA) RATES FOR	)	CUSTOMER NOTICE
ELECTRIC SERVICE FROM JUNE 1, 2008	)	
THROUGH MAY 31, 2009	)	
	)	

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As referenced on page 6 of the Application filed March 14, 2008, Idaho Power Company hereby files the following bill insert that the Company will mail to its customers from March 26, 2008 to April 24, 2008.

DATED this 26th day of March, 2008.

  
LISA D. NORDSTROM  
Attorney for Idaho Power Company



## Information About Your Electricity Bill

Offering programs and information to help our customers save energy and money is part of providing safe, reliable and fair priced electricity. Building power plants to ensure future energy needs are met is another. Meeting these commitments requires periodic filings with the Idaho Public Utilities Commission (IPUC) to adjust the prices you pay for electricity. Idaho Power filed three requests with the IPUC in March which may affect your rates.

### Energy Efficiency Programs

Energy efficiency programs can help you save energy and dollars. They also help Idaho Power meet a growing need for electricity by reducing the amount of electricity we buy or generate. Our energy efficiency programs provide cash incentives, information and services to our residential, commercial, industrial and irrigation customers. To expand these programs we're seeking approval to adjust the amount collected through the existing Conservation Program Funding Charge from 1.5 percent of your monthly energy bill, to 2.5 percent. All of the funds collected by this charge go directly to energy efficiency. None is retained by Idaho Power.

The filing was made March 14, 2008 and proposes to collect \$16 million annually or an increase of \$7 million over the current annual amount. To learn more about these programs or to enroll visit [www.idahopower.com/energycenter](http://www.idahopower.com/energycenter).

### Fixed Cost Adjustment

The purpose of the Fixed Cost Adjustment (FCA) is to encourage utilities to invest in energy efficiency programs and activities. Your electricity rates include a variable cost component that contains the cost of electricity, and a fixed cost component tied to the cost of power lines and infrastructure required to deliver electricity.

Normally utilities recover these two cost components through electricity sales. When recovery of fixed costs is tied to the sale of electricity, utilities have a disincentive to encourage reduced energy usage since it results in the loss of the fixed cost recovery.

The FCA is a three-year pilot program approved last year by the IPUC. It authorizes Idaho Power to separate the recovery of the fixed costs of providing electrical service to its residential and commercial customers from the actual sale of electricity to these customer groups. It is intended to make the company financially neutral when it invests in energy efficiency programs for residential and small business customers.

The FCA provides for an IPUC-determined amount of fixed costs to be recovered from residential and small commercial customers. If, because of reduced electricity use during the year, the company under-collects the authorized fixed cost amount, it can collect the difference through a surcharge. If Idaho Power over-collects the authorized amount, the company refunds the difference through a credit.

During 2007, the company over-collected fixed costs from residential customers and under-collected fixed costs from its commercial customers. Therefore, residential customers are proposed to receive a 1.17 percent credit beginning June 1. Due to under-collection, small commercial customers are proposed to receive a 3.0 percent surcharge beginning June 1.

### **New Power Plant**

Having adequate resources today and tomorrow is another part of our commitment. On March 7, Idaho Power filed an application with the IPUC for approval to place the construction costs for a 170 megawatt natural gas-fired power plant into base rates. Part of the Evander Andrews Power Complex near Mountain Home, Idaho, this plant helps meet energy needs during peak times such as long, hot summer afternoons when energy supplies are low and costs for power are high. If approved, this action will increase all customers' rates uniformly by an average of 1.4 percent and would produce an estimated \$9 million in additional revenue per year.

### **Overall Impact of These Actions**

If approved, these requests collectively will have differing impacts on the rates paid by our customers. The chart below shows the average change:

Customer Group	Overall Percent Change
Residential	1.3%
Small Commercial	5.3%
Large Commercial	2.4%
Irrigation	2.7%
Industrial	2.4%

For an average residential customer using 1,050 kilowatt-hours of electricity each month, the monthly bill would increase by \$1.01 per month during June, July and August and by 78 cents during non-summer months.

Idaho Power's applications are proposals open to public review and comment and subject to IPUC approval. They are available on the company's "Regulatory Information" Web page at [www.idahopower.com/aboutus](http://www.idahopower.com/aboutus). Copies also are available at Idaho Power offices or at the Idaho Public Utilities Commission office in Boise.

Our intention is to keep our customers informed about changes that affect them. We encourage you to learn about energy efficiency and to partner with us to use our resources wisely.