

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) NOTICE OF APPLICATION
ELECTRIC SERVICE FROM JUNE 1, 2008)
THROUGH MAY 31, 2009) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 30521**

YOU ARE HEREBY NOTIFIED that on March 14, 2008, Idaho Power Company filed an Application requesting authority to implement fixed cost adjustment (FCA) rates for electric service from June 1, 2008 through May 31, 2009. In Case No. IPC-E-04-15, Order No. 30267 issued March 12, 2007, the Commission approved a stipulation to implement a three-year FCA pilot program for residential and small general service customers. The Company is nearing the end of the first year of the pilot program approved by the Commission.

BACKGROUND

YOU ARE FURTHER NOTIFIED that the FCA is a mechanism to separate Idaho Power's fixed costs from its energy sales, and establish a rate to allow the Company to recover its fixed costs separate from energy sales. The rationale for an FCA is that traditional rate design discourages energy conservation programs; that is, utilities that recover fixed costs through energy sales have no incentive to reduce their sales volume by encouraging energy efficiency and demand-side management programs.

YOU ARE FURTHER NOTIFIED that the FCA implemented last year for the pilot program works the same for residential and small general service customers. For each class, the number of customers is multiplied by a fixed-cost-per-customer rate that is determined through the Company's revenue requirement in a general rate case. This produces an authorized fixed-cost recovery amount, which is then compared to the amount of fixed costs actually recovered by the Company. The difference between the authorized fixed-cost recovery amount and the actual amount collected by the Company is the fixed-cost adjustment for each customer class.

THE APPLICATION

YOU ARE FURTHER NOTIFIED that for the residential customer class during 2007, the rate of growth in energy sales exceeded the rate of growth and number of residential customers; that is, the average energy use per residential customer increased. Accordingly, the Company collected more for its fixed costs (approximately \$3.5 million more) than as established in the residential FCA formula. The FCA thus results in a credit balance for residential customers for the additional fixed costs recovered during the year. If the credit is incorporated into residential rates, it represents a 1.17% decrease.

YOU ARE FURTHER NOTIFIED that the small general service class, however, saw a decrease in per-customer energy use during 2007, which means the Company under-collected its fixed costs. For the small general service class, Idaho Power proposes an FCA to recover a portion of the \$1,187,033 the Company under-collected for its fixed costs. Recovery of the full amount would result in a 7.3% increase in the FCA for the small general service customers. Because the stipulation approved by the Commission to implement the pilot program calls for a 3% cap on any increase in the FCA, the Company proposes a 3% increase in the FCA for the small general service class.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. IPC-E-08-04. The Commission has preliminarily found that the public interest in this matter may not require a hearing to consider the issues presented and that issues raised by the Company's filing may be processed under **Modified Procedure**, pursuant to Commission Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments or protests** with respect to Idaho Power's Application and the use of Modified Procedure in Case No. IPC-E-08-04 is **Friday, May 9, 2008**.

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

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. IPC-E-08-04 should be mailed to the Commission and Idaho Power 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 83702-5918

Lisa D. Nordstrom
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All 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 home page located at 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.

YOU ARE FURTHER NOTIFIED that the Application and supporting testimony have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices or on the Commission's Website at www.puc.idaho.gov under the "File Room" and then "Electric Cases."

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 et seq.

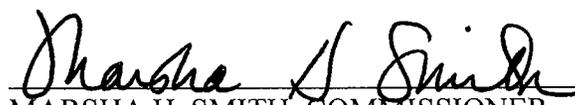
ORDER

IT IS HEREBY ORDERED that the Application of Idaho Power for approval to implement fixed-cost adjustment rates for electric service from June 1, 2008 through May 31, 2009 be processed by Modified Procedure, IDAPA 31.01.01.201-.204. Persons interested in submitting written comments in this matter must do so no later than May 9, 2008.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *2nd* day of April 2008.



MACK A. REDFORD, PRESIDENT



MARSHA H. SMITH, COMMISSIONER



JIM D. KEMPTON, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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