

DECISION MEMORANDUM

**TO: COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSIONER KEMPTON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: WELDON STUTZMAN
DEPUTY ATTORNEY GENERAL**

DATE: APRIL 10, 2008

**SUBJECT: IDAHO POWER'S APPLICATION TO REVISE DEPRECIATION RATES
CASE NO. IPC-E-08-06**

On April 1, 2008, Idaho Power Company filed an Application for an accounting order authorizing the Company to revise its depreciation rates for electric plant in service effective August 1, 2008. The last significant changes to the Company's depreciation rates was in October 2003. The depreciation rates proposed by the Company in this case are based on a study completed by Gannett Fleming, Inc. and relate to Idaho Power's electric plant in service as of December 31, 2006. The proposed depreciation rates are based on a straight line, remaining life method, average service life procedure for all electric plant.

Based on depreciable electric plant in service at December 31, 2006 of \$3,467,925,739, the proposed changes in depreciation rates would result in a decrease of \$6,713,451 in the Company's total annual depreciation expense. Approximately \$6.2 million of the decrease would be allocated to Idaho Power's Idaho operations.

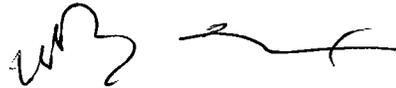
The Company requests that its Application be processed by Modified Procedure.

Staff believes that processing the case by Modified Procedure may be appropriate, but also believes the comment period should come after Staff and other interested parties have an opportunity to review the Company's Application and discuss specific depreciation rates with the Company. Accordingly, Staff recommends the Commission issue a Notice of Application and Notice of Intervention Deadline. After the intervention period, Staff will convene workshops with the Company and other parties, and attempt to reach an agreement on depreciation rates for

Idaho Power. After conclusion of the workshops, a Notice of Modified Procedure can be issued to establish a comment period.

COMMISSION DECISION

Should the Commission issue a Notice of Application and Notice of Intervention Deadline, and then later issue a Notice of Modified Procedure after Staff and the Company have discussed depreciation rates in workshops?



Weldon B. Stutzman
Deputy Attorney General

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