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IDAHO PUBLIC UTILITIES COMMISSION

John R. Gale
Vice President
Regulatory Affairs

July 3, 2008

Ms. Jean Jewell
Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, Idaho 83702-0074

RE: General Rate Case Customer Letters
Case No. IPC-E-08-10

Dear Ms. Jewell:

Please find enclosed copies of the residential customer and general business customer letters. These letters are to notify our customers of the General Rate Case (IPC-E-08-10) filed on Friday June 27, 2008. If there are questions, please call (388.2887).

Cordially,

John R. Gale

JRG:MA
Enclosures

c: **Bev Parker, IPUC**
Marilyn Parker, IPUC
P&RS Files
Legal Files



An IDACORP Company

IPC-E-08-10

Dear Residential Customer:

On June 27, our company filed a request with the Idaho Public Utilities Commission (IPUC) for an average increase of 9.9 percent in general rates to reflect the company's current costs to serve its Idaho customers. The new rate will represent a \$67 million annual increase. A general rate case typically takes about seven months to process and the company expects that any rate changes resulting from this request would not take effect until early in 2009.

General rates, also called base rates, pay for all of the costs of doing business required to reliably serve our electric customers, including equipment, labor, and materials used to operate Idaho Power on a day-to-day basis. One component of general rates is the energy costs the company incurs to serve our customers during a "normal" year. The normalization process takes into account such things as stream flows, fuel costs, market prices, and generation plant operations.

Differences between normal energy costs and actual energy costs are forecasted, tracked, and recovered through another rate mechanism call the Power Cost Adjustment or PCA, which is updated annually each spring. The rate proposals discussed in this letter are for base rates only and do not include the current PCA.

Investment Improves Reliability and Supply

Two forces are driving this increase; growth in the number of customers and a growing demand for electricity. We have invested heavily to ensure we can provide a safe and dependable supply of energy for our current and future customers. This request seeks to recover those investments.

Since 2005, we have invested \$578.2 million in the electrical system that serves you. This includes construction of 13 new substations, adding 1,157 pole-miles of distribution line, and 190 pole-miles of transmission lines.

In those same three years, our need to purchase power from others to serve you grew from \$876 million to more than \$2 billion. These purchases include renewable resources such as wind and geothermal. We also invested to increase our generating capacity to 3,267 megawatts compared to 3,087 megawatts in 2005. A single megawatt can power at least 650 homes.

What Does This Mean to Idaho Power Customers?

The proposed increase to residential customers averages 6.3 percent. The monthly bill for a typical residential customer using 1,050 kilowatt-hours (kWh) per month would increase from \$66.06 to \$69.83 during non-summer months and from \$70.21 to \$74.86 per month during June, July and August.

The table to the right shows the proposed changes for all major customer groups:

The rates and overall percentage increases differ among customer groups because the costs of serving different customer groups vary. Costs vary due to differences in the way customer groups receive and use electricity. Idaho Power's specific rate proposals for customer groups seek to align more closely customers' rates with the costs of providing them electrical service.

Customer Group	Average Rate/kWh	Percent Change
Residential	6.67 cents	6.3%
Small General Service	8.80 cents	10.6%
Large General Service	4.88 cents	11.5%
Industrial Service	3.81 cents	15.0%
Irrigation	5.71 cents	15.0%
Special Contract Customers	3.20 cents	15.0%

At The Heart of This Needed Increase Is Growth

Idaho Power has traditionally been a low cost provider of electric service, but now we face some of the same high cost options for new resources, as do other electric utilities.

Our long-range planning process forecasts nearly 13,000 new customers annually for the next 20 years. Each of them means an investment in the infrastructure that provides them power.

However, another kind of growth is affecting our company and the prices you pay--growth in the demand for electricity. Today, homes in Idaho are a third larger than they were 30 years ago. The average home contains 26 power-consuming appliances or devices that use electricity, often when they appear to be off. Central air conditioning is a given with new construction, while the number of flat screen televisions is ever growing. All use more power.

Regulatory Review and Public Comment

This filing is a proposal, subject to a comprehensive IPUC review, which may take up to seven months to complete. During the review of the application, the IPUC will seek public input on the company's request. The process ensures that customers and regulators have the opportunity to review the company's costs.

Copies of the filing are available at Idaho Power's website (www.idahopower.com), at the IPUC website (www.puc.idaho.gov), or at the commission offices 472 W. Washington St., Boise. Copies also are available at Idaho Power's corporate headquarters, 1221 W. Idaho St., Boise or at Idaho Power facilities in Nampa, Payette, McCall, Mountain Home, Gooding, Hailey, Twin Falls, Pocatello, Blackfoot or Salmon.

Efficient Use of Electricity Is Encouraged

You have choices as to how this proposed increase may affect your monthly power bill. Wise use of energy can help reduce your costs and ours. Energy, especially electricity, is becoming more and more valuable; it should be conserved much the way water is conserved here in our state.

From 2004 through 2007, Idaho Power's customers more than quadrupled the annual energy savings realized through the energy efficiency programs offered by the company. In 2007 alone, these efficiency efforts saved 91,143,761 kilowatt-hours of electricity, energy we neither generated nor bought. The energy saved would serve an average 7,233 homes for one year. However, there is still more energy savings to be achieved. I have enclosed a card that offers some useful suggestions as to how you can save money and power.

Cordially,



Ric Gale
Vice President
Regulatory Affairs



An IDACORP Company

IPC E-08-10

Dear Customer:

On June 27, our company filed a request with the Idaho Public Utilities Commission (IPUC) for an average increase of 9.9 percent in general rates to reflect the company's current costs to serve its Idaho customers. The new rate will represent a \$67 million annual increase. A general rate case typically takes about seven months to process and the company expects that any rate changes resulting from this request would not take effect until early in 2009.

Investment Improves Reliability and Supply

Two forces are driving this increase; growth in the number of customers and an increasing demand for electricity. We have invested heavily to ensure we can provide a safe and dependable supply of energy for our current and future customers. This request seeks to recover those investments.

Since 2005, we have invested \$578.2 million in the electrical system that serves you. This includes construction of 13 new substations, adding 1,157 miles of distribution line, and 190 miles of transmission lines. Construction costs have increased dramatically due to global demand on materials such as aluminum, copper, steel, concrete and fuel.

In those same three years, our need to purchase power from others to serve our customers grew from \$876 million to more than \$2 billion. These purchases include renewable resources such as wind and geothermal. We also invested to increase our generating capacity to 3,267 megawatts compared to 3,087 megawatts in 2005. A single megawatt can power at least 650 homes.

What Does This Mean to Idaho Power Customers?

The proposed increase for commercial, industrial and irrigation customers varies from 10.6 to 15 percent. The following table shows the proposed average changes for all major customer groups.

The rates and overall percentage increases differ among customer groups because the costs of serving different customer groups vary. Costs vary due to differences in the way customer groups receive and use electricity. Idaho Power's specific rate proposals for customer groups seek to align more closely customers' rates with the actual costs of providing them electrical service.

Customer Group	Average Rate/kWh	Percent Change
Residential	6.67 cents	6.3%
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Energy Efficiency Can Help Reduce Electricity Bills

Commercial, industrial and irrigation customers can save money and energy by participating in one of our energy efficiency programs. These programs include:

- Customer Efficiency
Provides financial incentives for large commercial and industrial energy users improving efficiency of electrical systems or processes.
- Easy Upgrades
Offers incentives for commercial and business customers retrofitting their buildings and facilities with energy efficiency measures.
- Building Efficiency
Makes incentives available for new construction or remodels encouraging energy efficient building and design. This offsets part of additional capital expense for more efficient lighting designs, cooling systems, controls and building shell in new construction processes.



- Irrigation Peak Rewards

Reduces overall amount of energy required on Idaho Power's system by changing energy use patterns of irrigators.

- Irrigation Efficiency

Offers a menu of options for irrigation customers seeking a reduction in their energy use by increasing efficiency.

To learn more about these programs and how you can participate, visit www.idahopower.com. These programs are designed to help you save money and electricity.

Cordially,



Ric Gale
Vice President
Regulatory Affairs