

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	
COMPANY'S APPLICATION FOR AN)	CASE NO. IPC-E-08-13
ACCOUNTING ORDER AUTHORIZING)	
THE INCLUSION OF POWER SUPPLY)	NOTICE OF APPLICATION
EXPENSES ASSOCIATED WITH THE)	
PURCHASE OF CAPACITY AND ENERGY)	NOTICE OF
FROM PPL ENERGYPLUS, LLC IN THE)	MODIFIED PROCEDURE
POWER COST ADJUSTMENT)	
)	NOTICE OF
)	COMMENT/PROTEST DEADLINE

YOU ARE HEREBY NOTIFIED that on June 16, 2008, Idaho Power Company (Idaho Power; Company) filed an Application with the Commission for an Order approving a firm wholesale Power Purchase Agreement (Agreement) between Idaho Power and PPL EnergyPlus, LLC (EnergyPlus). The Company requests accounting treatment that will allow Idaho Power to include the expenses associated with the purchase of capacity and energy from EnergyPlus in the Company's Power Cost Adjustment (PCA). Included in the Company's filing in this case is the prefiled direct testimony of Karl Bokenkamp, General Manager of Power Supply Operations.

The EnergyPlus Agreement replaces an Idaho Power/PPL Montana contract that will expire at the end of August 2009. Reference Order No. 29286, Case No. IPC-E-03-08. In the spring of 2008, the Company issued a Request for Proposals (RFP) to replace the expiring contract. EnergyPlus was the successful bidder. EnergyPlus is the marketing arm of PPL Montana. As a result, it has access to the generating resources owned and operated by PPL Montana.

Contracting with EnergyPlus is advantageous, the Company contends, because existing constraints on the west side of Idaho Power's system made power purchases on the east side of the Company's system preferable. The principal provisions of the Power Purchase Agreement with EnergyPlus call for a firm power purchase for the heavy load hours, six days a week (Monday through Saturday), 16 hours a day (6 x 16) in the months of June, July and August (except for NERC holidays). These are the time periods identified in the Company's 2006 IRP as critical peak hours. The term of the Agreement is two years, June 1 through August

31 of each year beginning in 2010 and ending in 2011. The quantity of energy purchased is 83 MW per hour. The price to be paid for this energy is \$92.25 per MWh. After adjusting for losses, Idaho Power will actually receive approximately 80 MW per hour under the PPA.

The Company contends that the energy costs of \$92.25/MWh are competitive and favorable when compared to alternative resource options. The Company's heavy load forward price curves for Mid-Columbia (Mid-C) are slightly above the PPA contract price. The limited duration of the PPA reduces the risk by dovetailing with the Company's ongoing efforts to develop energy efficiency programs that target the Company's summer peak loads and with the Company's planned acquisition of new base load resources in 2012 through its current request for proposals. Cost comparisons are detailed in the Company's prefiled testimony. To give the Commission an idea of current market prices, in accordance with the Company's risk management policy, Idaho Power states it has already purchased heavy load energy for August 2008 at prices between \$110 and \$120 per MWh.

As consideration for EnergyPlus's agreement to hold the price in the PPA firm to allow time for Commission review and approval, Idaho Power has paid EnergyPlus a deposit in the amount of \$100,000 that is refundable if the Application is approved by the Commission no later than August 4, 2008. If the Commission does not approve the Agreement by that deadline, the Company will forfeit the deposit and either party may terminate the Agreement.

In addition to power costs under the Agreement, Idaho Power states it will purchase firm monthly transmission service across Northwestern Energy's transmission system to the Jefferson point of delivery. At current rates under Northwestern Energy's open access transmission tariff (OATT), the maximum charge for monthly firm transmission service is \$3.42 per kW of reserved capacity per month. Losses are charged at four percent. After consideration of losses and transmission costs, Idaho Power will incur a total cost of approximately \$101 per MWh under the PPA.

Idaho Power proposes that costs associated with acquiring firm monthly transmission service from Northwestern Energy's transmission system be booked in Book Account 565 Transmission of Electricity by Others. These monthly transmission costs will not flow through the Company's Power Cost Adjustment (PCA). Idaho Power proposes that the cost for power acquired through the EnergyPlus Agreement be booked in FERC Account 555, Purchased Power, and that the costs upon contract approval flow through the Company's PCA. Until the

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costs of the contract are included in a general revenue proceeding, any contract costs associated with the Agreement will be considered deviation from the base and, therefore, only 90% of the Idaho jurisdictional costs will be borne by customers.

Idaho Power requests that the Commission issue an Order approving the Power Purchase Agreement between Idaho Power and EnergyPlus and approving Idaho Power's requested accounting treatment for inclusion of the power purchase expenses associated with the EnergyPlus Agreement in the Company's Power Cost Adjustment.

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. IPC-E-08-13. 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**, i.e., by written submission rather than by hearing. Reference Commission's 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-08-13 is **Thursday, July 24, 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. Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. IPC-E-08-13 should be mailed to the Commission and the Company 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

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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 if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may the set the same for formal hearing.

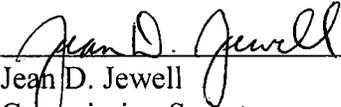
YOU ARE FURTHER NOTIFIED that the Application in Case No. IPC-E-08-13 may be viewed at www.puc.idaho.gov by clicking on "File Room" and "Electric Cases," or can be viewed during regular business hours at the Idaho Public Utilities Commission, 472 W. Washington Street, Boise, Idaho and at the general business office of Idaho Power Company, 1221 West Idaho Street, Boise, Idaho.

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DATED at Boise, Idaho this 25th day of June 2008.



Jean D. Jewell
Commission Secretary

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