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UTILITIES COMMISSION

LISA D. NORDSTROM  
Senior Counsel

March 18, 2009

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-09-08  
*IN THE MATTER OF THE APPROPRIATE DISPOSITION OF PROCEEDS  
FOR THE SALE OF IDAHO POWER COMPANY'S SO<sub>2</sub> EMISSION  
ALLOWANCES IN CALENDAR YEAR 2009*

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of Idaho Power Company's Initial Report of Proceeds From Sales of SO<sub>2</sub> Emission Allowances in 2009 in the above-referenced matter.

Very truly yours,

*Lisa D. Nordstrom*  
Lisa D. Nordstrom

LDN:csb  
Enclosures

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Attorneys for Idaho Power Company

Street Address for Express Mail:  
1221 West Idaho Street  
Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE )  
APPROPRIATE DISPOSITION OF ) CASE NO. IPC-E-09-08  
PROCEEDS FOR THE SALE OF IDAHO )  
POWER COMPANY'S SO2 EMISSION ) IDAHO POWER COMPANY'S INITIAL  
ALLOWANCES IN CALENDAR YEAR ) REPORT OF PROCEEDS FROM  
2009. ) SALES OF SO2 EMISSION  
) ALLOWANCES IN 2009  
)

1. In 2005, in Order No. 29852 issued in Case No. IPC-E-05-20, the Commission granted Idaho Power Company ("Idaho Power" or "the Company") blanket authority to sell surplus sulfur dioxide ("SO2") emission allowances.

2. In Order No. 29852, the Commission also approved the accounting treatment to be used by the Company to record the sales of surplus sulfur dioxide emission allowances from the time proceeds are received until the Commission determined the appropriate ratemaking treatment of the proceeds.

3. In Order No. 29852, the Company was also directed to file a report with the Commission within sixty (60) days of the receipt of any proceeds from the sale of surplus sulfur dioxide emission allowances.

4. During 2009, conditions in the emission allowances market were such that Idaho Power sold surplus sulfur dioxide emission allowances. Thus far in 2009, the Company has either sold and received payment for, or entered into contracts for, the sale of a total of 16,500 surplus sulfur dioxide emission allowances. The total anticipated net proceeds, after deducting brokerage fees of \$4,125, is \$2,341,375.

5. In Order No. 30041, issued in Case No. IPC-E-05-26, the Commission approved a sharing arrangement in which 90 percent of the state of Idaho's jurisdictional share of the net sale proceeds, including tax effects, was allocated to customers and the remaining 10 percent share was allocated to Idaho Power's shareowners. In Order No. 30041, the Commission directed the Company to include the sulfur dioxide allowance sales proceeds in the PCA to reduce the level of PCA rates. In April 2008, the Commission approved similar treatment for 2007 proceeds in Order No. 30529 but reserved judgment on the use of \$500,000 for energy education and set further proceedings in Case No. IPC-E-08-11.

6. Idaho Power filed an Initial Report of Proceeds from Sales of Sulfur Dioxide Emissions Proceeds on July 24, 2008, in Case No. IPC-E-08-14. The Company did not sell any other emission allowances in 2008.

7. Idaho Power proposes that the same 90/10 percent sharing of benefits be utilized to allocate the proceeds from sales of surplus sulfur dioxide emission allowances transferred in January 2009. In keeping with the terms of the Stipulation

approved by the Commission in Order No. 30715 (Case No. IPC-E-08-19), the new Power Cost Adjustment 95%/5% Sharing Methodology will apply to transactions taking place on or after February 1, 2009 – “the first day of the month following Commission approval of th[e] Stipulation.” Idaho Power also proposes changing jurisdictional percentages resulting from the Company’s most recent Jurisdictional Separation Study included in the 2008 Idaho General Rate Case Order No. 30722 starting on or after February 1, 2009, from 94.7 percent to 94.79 percent. In this pleading, Idaho Power provides the Commission notice of (1) the amounts of proceeds to be received so far and (2) that the Company intends to use the same interim accounting for proceeds that the Commission approved in 2005.

8. In accordance with the accounting approved in the Commission’s Order No. 29852, the Company is utilizing the following accounting entries to record the sales of surplus sulfur dioxide emission allowances made thus far in 2009 as follows:

(1)

To record the sale of emission allowances and establish a reserve for the Idaho and Oregon portions in account 454 with the FERC portion recognized immediately in account 411.8.

143 Other Accounts Receivable	
699 X00001 999 143900	\$XXX.XX
254 Other Regulatory Liabilities	
699 X00001 999 254409	\$XXX.XX
411.8 Gains from Disposition of Allowances	
699 X00001 999 411804	\$XXX.XX

(2)

To record the receipt of cash from the sale of emission allowances.

131 Cash	\$XXX.XX
143 Other Accounts Receivable	\$XXX.XX
699 X0001 999 143900	

(3)

To record Idaho Power's percentage share of the net proceeds from the sale of emission allowances.

254 Other Regulatory Liabilities	
699 X0001 999 254409	\$XXX.XX
411800 Gains from Disposition of Allowance	
699 X0001 999 411804	\$XXX.XX

(4)

To transfer and separate Idaho and Oregon's jurisdictional percentage share of the net proceeds from the sale of emission allowances.

254 Other Regulatory Liabilities	
699 X0001 999 254409	\$XXX.XX
254 Other Regulatory Liabilities - Idaho	
699 X0001 999 254410	\$XXX.XX
254 Other Regulatory Liabilities - Oregon	
699 X0001 999 254411	\$XXX.XX

9. This initial report covers surplus sulfur dioxide emission allowance sales during 2009 as of the date of this filing. Proceeds received after the date of this filing will be included in a subsequent report.

Respectfully submitted this 18<sup>th</sup> day of March 2009.

  
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LISA D. NORDSTROM  
Attorney for Idaho Power Company