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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF IDAHO POWER COMPANY FOR AN)	CASE NO. IPC-E-09-10
ACCOUNTING ORDER APPROVING)	
AMORTIZATION OF FEDERAL AGENCY)	
ANNUAL FEES.)	COMMENTS OF THE
)	COMMISSION STAFF
)	

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Weldon B. Stutzman, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 30769 on April 8, 2009, submits the following comments.

BACKGROUND

On April 2, 2009, Idaho Power filed an Application for an accounting order approving its proposed accounting for amortization of federal agency fees refunded to the Company in 2006. In the Company's recently concluded rate case, Order No. 30722 issued January 30, 2009, the Commission directed the Company to amortize the approximately \$3.2 million credit it received as reimbursement of Federal Energy Regulatory Commission (FERC) and other federal agency fees. The Commission directed a five-year amortization period. Because Idaho Power received the credit in September 2006, the Company alleges the amortization period should begin as of

October 2006. The Company requests an Order authorizing an amortization period that commenced in October 2006 and will end in September 2011.

STAFF REVIEW

The amortization period of five years (Order No. 30722) for the FERC agency fee overpayments continues to be reasonable. This period is not at issue for these comments. The question presented in the Application for an Accounting Order relates to the starting date of the amortization for accounting purposes and the accounting entries. Idaho Power requests that the amortization period begin October 2006, the month following receipt of the credit.

The Idaho jurisdictional portion of the credit is \$3,104,016 with an amortization of \$51,734 per month. The annual amortization to Idaho customers of \$620,808 (\$653,202 system) reduced the revenue requirement as established in the recent general rate case IPC-E-08-10, Order No. 30722.

Idaho Power must properly reflect a multi-year amortization that will benefit customers as a regulatory liability for financial accounting purposes. Idaho Power will be required to establish a regulatory liability on its books and in this instance fully expense the unamortized portion on its financial books as of February 1, 2009, the effective date of Order No. 30722. If the amortization start date of October 2006 is approved, the following entries (updated from those presented in the Application) to record the unamortized Idaho jurisdictional amount at January 31, 2009 will be made.

401 Operating Expense	\$1,655,475	
254 Other Regulatory Liability		\$1,655,475

The entries for the monthly amortization amount of \$51,734 for February 2009 through September 2011 are unchanged from the Application.

As shown above, the Commission's decision results in a regulatory liability of \$1,655,475. Idaho Power reduced the expense booked in 2006 when the credit was received. Therefore, an expense matching the regulatory liability must now be booked resulting in a financial impact on earnings in 2009. The monthly amortization will reduce the regulatory liability, matching the expense credit with the lower revenues being collected in base rates for this credit.

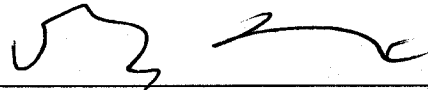
CONCLUSION AND RECOMMENDATIONS

If Staff knew of the credit when it was received, it could have recommended deferred accounting treatment similar to that seen with a deferred expense request. At that time an amortization period beginning October 2006 would have been a reasonable option. When considering the financial impact in 2009, Staff believes the Company's recommendation is reasonable. In future requests for deferred expense treatment and Accounting Orders, the starting date for amortization of those deferred expenses will be closely evaluated for consistent treatment.

Staff recommends the request for an Accounting Order be approved. The requested amortization period of October 2006 through September 2011 should be accepted. The proposed accounting entries with updated numbers should be approved to match the February 1, 2009 effective date of Order No. 30722.

Staff recommends a decision and Order be issued quickly to facilitate the required accounting adjustment to the first quarter (Q1) financial information. The corrected information should be incorporated in the Q1 earnings release making an expedited Order necessary.

Respectfully submitted this 23rd day of April 2009.



Weldon B. Stutzman
Deputy Attorney General

Technical Staff: Terri Carlock

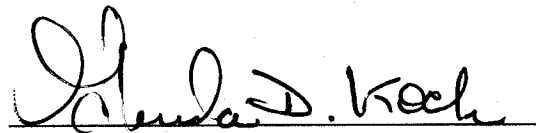
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS **23RD** DAY OF APRIL 2009, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-09-10, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

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