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UTILITIES COMMISSION

**DONOVAN E. WALKER**  
Corporate Counsel

April 29, 2009

**VIA HAND DELIVERY**

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-09-11  
*POWER COST ADJUSTMENT ("PCA") RATES FOR ELECTRIC SERVICE  
FROM JUNE 1, 2009, THROUGH MAY 31, 2010*

Dear Ms. Jewell:

Enclosed for filing please find an original and seven (7) copies of Idaho Power Company's Customer Notice in the above matter.

Very truly yours,

Donovan E. Walker

DEW:csb  
Enclosures

DONOVAN E. WALKER (ISB No. 5921)  
BARTON L. KLINE (ISB No. 1526)  
Idaho Power Company  
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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 APPLICATION	)	
OF IDAHO POWER COMPANY FOR	)	CASE NO. IPC-E-09-11
AUTHORITY TO IMPLEMENT POWER	)	
COST ADJUSTMENT ("PCA") RATES	)	CUSTOMER NOTICE
FOR ELECTRIC SERVICE FROM JUNE 1,	)	
2009, THROUGH MAY 31, 2010.	)	
	)	

As referenced on page 6 of the Application filed in the above-referenced case, Idaho Power Company hereby submits a copy of the Customer Notice for this matter. This Notice will be distributed to the Company's customers as a bill insert from April 24, 2009, to May 22, 2009.

DATED at Boise, Idaho, this 29<sup>th</sup> day of April 2009.



DONOVAN E. WALKER  
Attorney for Idaho Power Company

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 29<sup>th</sup> day of April 2009 I served a true and correct copy of the CUSTOMER NOTICE upon the following named parties by the method indicated below, and addressed to the following:

**Commission Staff**  
Weldon B. Stutzman  
Deputy Attorney General  
Idaho Public Utilities Commission  
472 West Washington  
P.O. Box 83720  
Boise, Idaho 83720-0074

Hand Delivered  
 U.S. Mail  
 Overnight Mail  
 FAX  
 Email Weldon.Stutzman@puc.idaho.gov

  
\_\_\_\_\_  
Donovan E. Walker

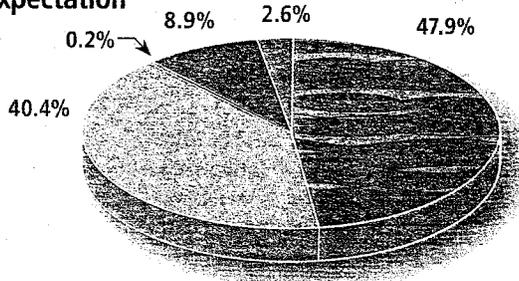
## Where Did Your Electricity Come From Last Year?



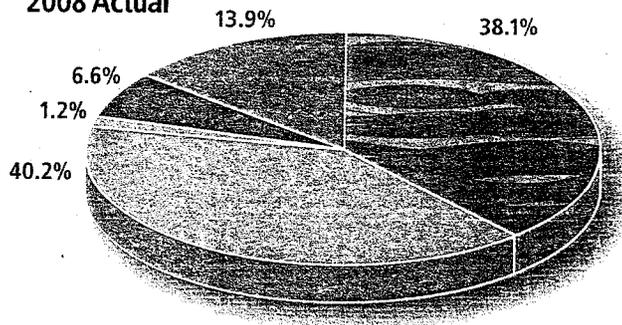
Idaho Power uses a diverse mix of resources to provide its customers with a reliable, low-cost supply of electricity. This mix includes hydroelectricity, power generated by the company's coal or natural gas-fired plants and from purchases from the wholesale energy market.

These charts show the source of your electricity in a normal year and the amount and sources Idaho Power used to meet electrical demand in 2008.

### Normal Expectation



### 2008 Actual



Energy is a finite, precious resource, and Idaho Power encourages its customers to use it wisely. For more information and to sign up for energy efficiency programs that can help conserve electricity and save money, please go to [www.idahopower.com/energyefficiency](http://www.idahopower.com/energyefficiency).

CID# 47088/387.8k/04-09

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April 15, 2009

### PCA Filing Reflects Energy Costs

On April 15, 2009, Idaho Power submitted its annual Power Cost Adjustment (PCA) proposal for approval by the Idaho Public Utilities Commission (IPUC). This filing reflects a true-up of last year's forecasted costs to actual expenses, as well as anticipated fuel costs for generating electricity, power purchases and offsets from the benefit of off-system sales for the coming year.

If approved by the commission, the PCA will increase rates by \$93.8 million, or 11.40% overall. For the typical residential customer using 1,050 kilowatt-hours of electricity each month, the monthly increase will be approximately \$7.20. The actual percentage of change varies by customer group based upon the rate they pay for electricity.

The PCA, an annual filing in place since 1992, is strictly a cost recovery mechanism that passes on both the benefits and costs of supplying energy to Idaho Power customers. It does not contain a profit component.

### Factors Contributing To Higher Power Supply Expenses

A number of factors contribute to this year's PCA and the resulting increase. One factor is the significant increase in last year's actual energy costs compared to those forecast. We also forecast higher-than-normal energy costs for the coming year due to expected below-normal stream flows impacting hydroelectric generation. This impact reduces off-system sales benefits, increases power purchases and results in higher fuel costs to produce electricity with our system's thermal resources.

Customers benefit from our system's surplus energy sales to the wholesale market. Off-system sales revenues are deducted from our power supply costs and reduce the rates our customers pay. However, this coming year, our ability to sell and the revenue generated are projected to be significantly less than the normal benefit derived from these off-system sales.

The company actively manages its system operations to help lower power supply costs without jeopardizing its system reliability, service quality or obligation to serve.

### Water Challenges For Hydroelectric Generation

In years when water is plentiful Idaho Power more fully utilizes its 17-dam hydroelectric system, resulting in lower power production costs and associated benefits passed on to customers. When hydroelectric generating conditions are below average as they have been for nine of the past 10 years, Idaho Power must use more expensive resources to meet customers' need for electricity. The company expects to generate between 6.5 and 8.5 million megawatt-hours (MWh) from its hydroelectric generation resources this year compared to 6.2 and 6.9 million in 2007 and 2008 respectively. The anticipated range for 2009 is below the median annual hydrological generation of 8.5 million MWh.

Although below-normal hydro generation is anticipated for 2009, recent weather conditions may provide customer benefits through reduced power supply expenses. The commission will review the company's application and determine whether any additional changes should be reflected in rates at this time.

### Overall Results Of 2009 Filing

If approved, the PCA filing means a rate increase of \$93.8 million for the company's Idaho customers, or 11.40 percent overall. This chart illustrates the overall percentage increase for each major customer group as a result of the proposed PCA. The varying amount of overall increase reflects the difference that each group pays for electricity.

REVENUE IMPACT BY CLASS				
Percentage Change from Current Rates				
Residential	General Service	Large Power	Irrigation	Overall Change
9.30%	12.05%	16.37%	11.08%	11.40%

Idaho Power's proposal is subject to public review and approval by the IPUC. Copies of the application are available to the public at the IPUC offices (472 W. Washington, Boise ID), Idaho Power offices or on Idaho Power's Web site, [www.idahopower.com](http://www.idahopower.com) or the IPUC Web site [www.puc.idaho.gov](http://www.puc.idaho.gov).

