

LAW OFFICES OF

**RACINE OLSON NYE BUDGE & BAILEY
CHARTERED**

201 EAST CENTER STREET
POST OFFICE BOX 1391
POCATELLO, IDAHO 83204-1391

TELEPHONE (208) 232-6101
FACSIMILE (208) 232-6109

www.racinelaw.net

SENDER'S E-MAIL ADDRESS: elo@racinelaw.net

W. MARCUS W. NYE
RANDALL C. BUDGE
JOHN A. BAILEY, JR.
JOHN R. GOODELL
JOHN B. INGELSTROM
DANIEL C. GREEN
BRENT O. ROCHE
KIRK B. HADLEY
FRED J. LEWIS
ERIC L. OLSEN
CONRAD J. AIKEN
RICHARD A. HEARN, M.D.
DAVID E. ALEXANDER
LANE V. ERICKSON
PATRICK N. GEORGE
SCOTT J. SMITH
STEPHEN J. MUHONEN
BRENT L. WHITING
JUSTIN R. ELLIS
JOSHUA D. JOHNSON
JONATHAN S. BYINGTON
DAVE BAGLEY
CAROL TIPPI VOLYN
THOMAS J. BUDGE
CANDICE M. MCHUGH
JONATHAN M. VOLYN
MARK A. SHAFFER

BOISE OFFICE
101 SOUTH CAPITOL
BOULEVARD, SUITE 208
BOISE, IDAHO 83702
TELEPHONE: (208) 395-0011
FACSIMILE: (208) 433-0167

IDAHO FALLS OFFICE
477 SHOUP AVENUE
SUITE 203A
IDAHO FALLS, ID 83402
TELEPHONE: (208) 528-6101
FACSIMILE: (208) 528-6109

COEUR D'ALENE OFFICE
250 NORTHWEST
BOULEVARD, SUITE 106A
COEUR D'ALENE, ID 83814
TELEPHONE: (208) 765-6888

ALL OFFICES TOLL FREE
(877) 232-6101

LOUIS F. RACINE (1917-2005)
WILLIAM D. OLSON, OF COUNSEL

May 14, 2009

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

Re: Case No. IPC-E-09-11

Dear Ms. Jewell:

Enclosed for filing in the captioned matter, please find the original and seven (7) copies of *Idaho Irrigation Pumpers Association, Inc.'s Comments* in the above matter.

Sincerely,



ERIC L. OLSEN

ELO:nj
Enclosures
cc: Service List

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ORIGINAL

Eric L. Olsen, ISB #4811
RACINE, OLSON, NYE, BUDGE &
BAILEY, CHARTERED
P.O. Box 1391; 201 E. Center
Pocatello, Idaho 83204-1391
Telephone: (208) 232-6101
Fax: (208) 232-6109

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Attorneys for Idaho Irrigation Pumpers Association, Inc.

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)
FOR ELECTRIC SERVICE FROM JUNE 1,)
2009 THROUGH MAY 31, 2010)
_____)

IDAHO IRRIGATION PUMPERS ASSOCIATION, INC.'S COMMENTS

IDAHO IRRIGATION PUMPERS ASSOCIATION, INC. ("IIPA"), by and through its attorneys, hereby respectfully submits the following comments with regard to Idaho Power Company's ("IPC") annual Power Cost Adjustment ("PCA") filing.

COMMENTS

This is one of the largest requests for a PCA increase ever filed by IPC. It amounts to an approximate 11.4% rate increase for system customers. This is far larger than any general rate increase granted by the Commission in recent years. This increase is being requested in a time of severe financial conditions that are impacting all customer classes across IPC's whole service territory.

Combining all of the relevant inputs and calculations, the PCA filings have been set up by the Commission to be processed very quickly under modified procedure. On a normal basis, there is very little time provided between the filing of a PCA case and the

deadline for interested parties to file comments. Generally speaking, this condensed timeframe is appropriate because, in most cases, the PCA filing is little more than a pass-through of prudently incurred costs or projections of future costs that IPC will incur to serve its customers. However, given the magnitude of the requested increase, the limited time for review, and the concerns that have arisen during the course of IIPA's limited review with respect to IPC's actual power costs for a portion of the PCA period, the IIPA believes that this is an appropriate case to request under Rule of Procedure 203 that the Commission order that a workshop or some other forum be convened to allow the IIPA and other interested parties more time to review the prudence of IPC's actual power costs incurred between April 2008 and March 2009.

The basis for this request arises from the IIPA's limited review of the power cost data which IIPA had from the IPC-E-08-10 rate case for a portion of the PCA period from April through June of 2008. The IIPA believed that it would be wise to review these power costs given the unusual size of the PCA and the fact that actual power costs make up a significant portion of the PCA. IIPA's review of the April through June 2008 time period generated 87 data requests focusing on the prudence of the transactions. The IIPA also asked to get the actual power cost data from July of 2008 through March of 2009. These data requests have been filed with the Commission.

Given the looming deadline for comments and the time it would take IPC to respond to the data requests, IIPA and IPC arranged a meeting to discuss the IIPA's questions on May 12, 2009. This meeting was also attended by members of the Commission Staff. IPC's verbal responses have been very helpful and cleared up a number of questions and concerns which the IIPA had. IPC has subsequently provided

the IIPA with the power cost data for the remaining nine months of the PCA period at issue. However, the time limitations associated with the comment period and the vast amount of data to be reviewed have precluded a full review of all data requests and the concerns raised thereby. Likewise, the additional nine months of power cost data provided yesterday has not been reviewed, let alone questions raised and reviewed with IPC representatives.

The IIPA's concerns primarily relate to prudence of the actual power costs incurred. Although, many of these concerns have been eased through the informal workshop, not all questions have been satisfactorily answered. For example, in Data Request No. 15, IPC was asked:

15. On May 19, 2008 the Company began on-peak "Balance of the Month" purchases from eight different Sources. The daily purchase amounted to 3,200 MWH at a price of \$194,600 or an average cost of \$60.81 per MWH. On May 23, 2008 the Company began on-peak "Balance of the Month" sales to eight different Sources. The daily sales also amounted to 3,200 MWH and were sold at a price of \$118,660. This relationship continued for the rest of the month. What caused the Company to enter into these "Balance of the Month" purchases and subsequent "Balance of the Month" sales at such different prices?

The basic question is why would the company start purchasing 3,200 MWH per day on May 19th and then 4 days later sell that same power at a loss of \$75,940 per day for each day of the rest of the month. In this regard, IPC has indicated that it's "water forecast" had changed, but the magnitude of this change in just a 4-day period is of concern.

Another example of the IIPA's concerns can be found in Data Request No. 56:

56. On June 9, 2008, why was the Company operating Danskin after HR16 when it appears that the hydro generation appeared to be backed-off?

Additionally, the Company's natural gas fuel costs for its peaking units seem to have been much higher in some months than found in the Company's forecast (base case). For example, Exhibit 1 of the Company's filing lists a base cost for April 2008 gas costs as \$293,778 (\$201,811 for Danskin and \$91,967 for Bennett Mountain) while it lists an actual cost of \$1,140,840 (\$795,176 for Danskin and \$345,664 for Bennett Mountain).

The IIPA does not have a strong basis at this time for taking a position that these representative transactions were imprudent, but neither can it be said that what appears to be inappropriate actions were in fact prudent without further inquiry. The inability to resolve these issues is due to time constraints in processing PCA cases. Given the unprecedented 11.4% increase, the IIPA believes that further review of the actual power costs is warranted in this case.

In conclusion, IIPA has concerns about the prudence of IPC 2008 through 2009 power costs that have not been resolved in the compressed time frame for PCA review. The IIPA requests pursuant to Rule of Procedure 203 that the Commission order that a workshop or some other forum be convened to allow the IIPA and other interested parties more time to review the prudence of IPC's actual power costs for this PCA period. In making this request, the IIPA is not seeking to delay or postpone implementation of the new PCA rate. Rather, the IIPA wants to continue to have a forum to review the power costs included in this PCA filing in order to verify IPC's requested PCA increase. If some of these costs are ultimately found to be imprudent, an adjustment could be made to reflect this in the next PCA filing.

DATED this 14th day of May, 2009.

RACINE, OLSON, NYE, BUDGE &
BAILEY, CHARTERED

By *Eric L. Olsen* for
ERIC L. OLSEN, Attorney for
Idaho Irrigation Pumpers Assn., Inc.

CERTIFICATE OF MAILING

I HEREBY CERTIFY that on this 14th day of May, 2009, I served a true, correct and complete copy of the foregoing document, to each of the following, via the method so indicated:

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
P.O. Box 83720
472 W. Washington Street
Boise, Idaho 83720-0074
jjewell@puc.state.id.us

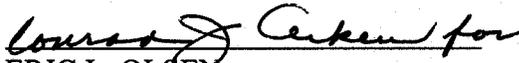
Via Hand Delivery

Donovan E. Walker
Barton L. Kline
Idaho Power Company
P.O. Box 70
Boise, Idaho 83720-0070
dwalker@idahopower.com
bkline@idahopower.com

Via E-Mail

Scott Wright
Gregory W. Said
Idaho Power Company
P.O. Box 70
Boise, Idaho 83720-0070
swright@idahopower.com
gsaid@idahopower.com

Via E-Mail


ERIC L. OLSEN