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DONOVAN E. WALKER
Corporate Counsel

May 21, 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-09-15
IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR AN ACCOUNTING ORDER AUTHORIZING THE DEFERRAL OF COSTS RELATED TO REORGANIZATION AND SEVERANCE

Dear Ms. Jewell:

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

Very truly yours,

Donovan E. Walker

DEW:csb
Enclosures

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR AN ACCOUNTING ORDER AUTHORIZING THE DEFERRAL OF COSTS RELATED TO REORGANIZATION AND SEVERANCE.	)	CASE NO. IPC-E-09-15 APPLICATION

Idaho Power Company ("Idaho Power" or the "Company"), in accordance with Idaho Code § 61-524 and RP 52, hereby respectfully makes Application to the Idaho Public Utilities Commission ("IPUC" or the "Commission") for an accounting Order authorizing the deferral of costs related to the Company's reorganization and severance payments.

In support of this Application, Idaho Power represents as follows:

I. INTRODUCTION

1. On May 6, 2009, and May 14, 2009, Idaho Power notified employees of a planned reorganization of certain Delivery Business Unit and Corporate Services

positions in response to the economic downturn and slower customer growth. The Company has initially identified certain job families within the Delivery Business Unit and Corporate Services that support new customer requests for service as having excess positions. Excess positions are those that are no longer needed due to a decline in new business and will not need to be backfilled or replaced. There are approximately 200 employees in the identified job families where the Company has identified 40 excess positions. Additional job families are being reviewed to determine if additional excess positions exist.

2. As part of this reorganization, voluntary severance has been offered to all of the 200 employees within the identified job families. However, the Company does not plan to accept more than 40 requests for voluntary severance. The voluntary severance payment would be equal to one week of pay per year of service with a minimum of eight weeks and a maximum of 40 weeks. Following the voluntary severance process, the Company will reassess workforce needs in the identified job families. The result may be a redeployment of individuals into certain vacated positions in order to align remaining resources with the ongoing needs of the Company. For example, the Company may accept more voluntary requests from one job family in a particular area of the Company than identified as in excess, which would require the Company to redeploy other excess resources to fill those work load needs. The Company will also redeploy individuals into current vacant positions within the Company. After redeployment, if determined necessary, involuntary severance will be offered to any remaining excess employees and is expected to be less than the amount

offered to those who accept voluntary severance. As stated above, this reorganization process is initially seeking to eliminate no more than 40 excess positions.

II. ACCOUNTING TREATMENT

3. Idaho Power currently accounts for payroll expenses in accordance with the Code of Federal Regulations ("CFR") Uniform System of Accounts Prescribed for Public Utilities. The cost of the severance associated with this initial identification of surplus positions is anticipated to be no more than $2 million, although the amount cannot be determined with specificity until the time that the Company receives offers to accept voluntary severance or is required to implement involuntary severances. A payment for severance would require the Company to expense 100 percent of severance costs in the period they are incurred, in this instance June 2009. While there would also be a reduction in salary costs, that salary savings would occur in the capital/construction accounts rather than in expense accounts as the severance costs would under Generally Accepted Accounting Principles ("GAAP"), absent approval of this request. Because of current economic conditions, the Company does not wish to take any actions that would reduce current earnings. A sustained reduction in workforce will ultimately benefit the Company's customers as capital labor costs are reduced, creating a downward force on future rates.

4. In order to better match the costs of the severance package with the resulting benefits received over time, Idaho Power requests authorization to capitalize the severance costs associated with the Delivery Business reorganization, and any subsequent 2009 reorganizations, in accordance with paragraph 9 of Statement of Financial Accounting Standards ("SFAS") No. 71. The costs of the severance package

would then be amortized on a straight-line basis over a 5-year period. Such an amortization is appropriate because reorganization activities will occur during 2009 but the associated benefits would be realized over time. Charging all reorganization costs in the period they are incurred would unfairly burden existing customers (provided the Company received rate relief) or shareholders (provided the Company received no rate relief) for the benefit of future customers (who would pay rates lower than what would be experienced absent a reduction in force). For this reason, the matching principle supports capitalizing reorganization costs and amortizing them over a reasonable period during which the benefits of the reorganization will be realized. Therefore, the Company seeks an accounting order authorizing the deferral of costs associated with the severances through December 2009 and amortization of these costs over a period of 5 years, beginning upon their inclusion in rates.

5. Idaho Power proposes to account for the severance costs by charging them to Account 182.3, Other Regulatory Assets, and amortizing these amounts to Account 930.2, Miscellaneous General Expense, upon their inclusion in rates. Prior to inclusion in rates, Idaho Power proposes to accrue a carrying charge using the Company's most recent return on rate base.

6. Idaho Power does not request a determination of ratemaking treatment of the severance costs with this filing and nothing in this Application will impact the rates Idaho Power charges to customers at this time. Instead, Idaho Power proposes to address the ratemaking treatment and recovery of these costs in the Company's next general rate case application.

III. MODIFIED PROCEDURE

7. Idaho Power believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure; i.e., by written submissions rather than by hearing. RP 201 *et seq*. If, however, the Commission determines that a technical hearing is required, the Company stands ready to present its testimony and support the Application in such hearing.

IV. COMMUNICATIONS AND SERVICE OF PLEADINGS

8. Communications and service of pleadings with reference to this Application should be sent to the following:

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V. REQUEST FOR RELIEF

9. Idaho Power respectfully requests that the Commission issue an Order: (1) authorizing that this matter may be processed by Modified Procedure; and (2) authorizing the deferral of costs and accounting treatment related to the Company's reorganization and severance payments as set forth above.

DATED at Boise, Idaho, this 21st day of May 2009.

DONOVAN E. WALKER
Attorney for Idaho Power Company