

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. IPC-E-09-15
OF IDAHO POWER COMPANY FOR AN)
ACCOUNTING ORDER AUTHORIZING) NOTICE OF APPLICATION
THE DEFERRAL OF COSTS RELATED)
TO REORGANIZATION AND) NOTICE OF MODIFIED
SEVERANCE.) PROCEDURE
)
) ORDER NO. 30859

On May 21, 2009, Idaho Power Company filed an Application for an accounting order authorizing the deferral of costs related to the Company's plan to reorganize parts of its operations and institute a severance program. The Company requests that the case proceed by Modified Procedure.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Company asserts that, due to the economic downturn and slower customer growth, it is planning a reorganization of certain Delivery Business and Corporate Services positions. As part of the reorganization, voluntary severance has been offered to all of the 200 employees within identified positions. However, the Company maintains that it does not plan to accept more than 40 requests for voluntary severance.

YOU ARE FURTHER NOTIFIED that Idaho Power states that the voluntary severance payment would be equal to one week of pay per year of service with a minimum of 8 weeks and a maximum of 40 weeks. Following the voluntary severance process, the Company intends to reassess workforce needs in the affected job positions. If necessary, involuntary severance will be offered to any remaining employees holding "excess positions."¹ The Company expects its involuntary severance packages to be less than its voluntary severance payments.

YOU ARE FURTHER NOTIFIED that the Company anticipates that the cost of the severance associated with the elimination of 40 positions will not exceed \$2 million. Payments for severance would require the Company to expense 100% of severance costs in the period that they are incurred. Because there would also be a reduction in salary costs, the Company claims

¹ Excess positions are those that are no longer needed due to a decline in new business.

that a sustained reduction in its workforce will ultimately benefit its customers when labor costs are reduced.

YOU ARE FURTHER NOTIFIED that 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 five-year period. The Company believes that such an amortization is appropriate because reorganization activities will occur during 2009 but the associated benefits will be realized over time. Recovering all reorganization costs in the period that they are incurred would unfairly burden existing customers or shareholders for a benefit that future customers would also experience. For this reason, the Company contends that 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 five (5) years, beginning upon their inclusion in rates.

YOU ARE FURTHER NOTIFIED that the Company 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 their inclusion in rates, Idaho Power proposes to accrue a carrying charge using the Company's most recent return on rate base.

YOU ARE FURTHER NOTIFIED that Idaho Power does not request a determination of ratemaking treatment of the severance costs in this Application and emphasizes that nothing in this Application will impact customer rates at this time. The Company proposes to address the ratemaking treatment and recovery of these costs in its next general rate case.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers, testimonies and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and testimonies are also available on the Commission's web site at www.puc.idaho.gov by clicking on "File Room" and then "Electric Cases."

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission within twenty-one (21) days from the service date of this Notice. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and the Applicant at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:
472 W. Washington Street
Boise, ID 83702-5918

Donovan E. Walker
Barton L. Kline
Idaho Power Company
PO Box 70
Boise, Idaho 83707
E-Mail: dwalker@idahopower.com
bkline@idahopower.com

Courtney Waites
Greg Said
Idaho Power Company
PO Box 70
Boise, Idaho 83707
E-Mail: cwaites@idahopower.com
gsaid@idahopower.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions" icon and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to the Applicant at the e-mail address(es) listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-119, 61-129, and 61-524. The Commission may enter any final Order consistent with its authority under Title 61.

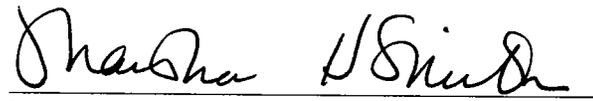
YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons may file written comments no later than 21 days from the service date of this Order.

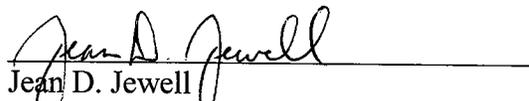
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 10th day of July 2009.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

O:IPC-E-09-15_ks
NOTICE OF APPLICATION
NOTICE OF MODIFIED PROCEDURE
ORDER NO. 30859