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IDAHO PUBLIC
UTILITIES COMMISSION

LISA D. NORDSTROM
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January 19, 2010

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-10-01
*IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY
TO ESTABLISH ITS BASE LEVEL FOR NET POWER SUPPLY EXPENSES
FOR 2010*

Dear Ms. Jewell:

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

In addition, enclosed are an original and eight (8) copies of the testimony of Scott L. Wright that is being submitted in support of Idaho Power Company's enclosed filing. One copy of Mr. Wright's testimony has been designated as the "Reporter's Copy." In addition, a disk containing a Word version of the above testimony has been provided for the Reporter and has been marked accordingly.

Very truly yours,



Lisa D. Nordstrom

LDN:csb
Enclosures

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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Idaho Power Company

Street Address for Express Mail:
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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY TO) CASE NO. IPC-E-10-01
ESTABLISH ITS BASE LEVEL FOR NET)
POWER SUPPLY EXPENSES FOR 2010.) APPLICATION
_____)

Idaho Power Company ("Idaho Power" or the "Company") hereby requests that the Commission issue an Order approving an increase in the Company's base level of net power supply expense ("NPSE"). This base level NPSE amount would be used prospectively to set both base rates and establish the base level of net power supply expense for the 2010-11 PCA calculations. This Application is based on the following:

I. BACKGROUND

1. On January 13, 2010, in Order No. 30978 issued in Case No. IPC-E-09-30, the Commission approved a settlement stipulation ("Stipulation") which included a moratorium on rate case filings by Idaho Power and certain other ratemaking provisions.

The Stipulation included a provision which addresses setting the base level for net power supply expenses. Paragraph 7.1 of the Stipulation reads as follows:

7.1. Setting the Base Level for Net Power Supply Expense. Prior to implementing the June 1, 2010, PCA and effective with the coincident PCA rate change, the Company will file with the Commission a request to change the base level for net power supply expenses to be used prospectively for both base rates and PCA calculations. The Parties will thereafter make a good-faith effort to reach agreement on the maximum change of the base level for net power supply expenses and submit any agreement to the Commission for approval.

2. This Application is filed in compliance with Section 7.1 of the Stipulation.

As indicated in paragraph 7.1 of the Stipulation, the purpose of this filing is to obtain an order from the Commission approving an increased base level net power supply expense to be used prospectively for both base rates and the 2010-11 PCA calculation.

II. REASONS TO INCREASE BASE NET POWER SUPPLY EXPENSE

3. Net power supply expense includes a number of categories of variable power supply expenses. Modeled variable power supply expenses include fuel expenses (FERC Accounts 501 and 547) and purchase power expenses (FERC Account 555), not including purchases from qualifying facilities qualifying under the Public Regulatory Policy Act of 1978 ("PURPA"). To determine net power supply expense, surplus sales revenues (FERC Account 447) are deducted. In addition to the modeled variable power supply expenses categories, the base net power supply expense used for PCA computations also includes PURPA expenses (FERC Account 555), third-party transmission expense (FERC Account 565), water leasing expense (FERC Account 536), and revenue from marginal cost-based special contract pricing (FERC Account 442). The Company's base net power supply expenses are established

in general rate cases. The last time that base net power supply expenses were reviewed and approved by the Commission was in the 2008 general rate case, IPC-E-08-10. In each annual PCA, the Company's forecast of variable power supply expenses is compared to a normalized, approved variable power supply expense level and the difference is the principal driver of the PCA.

4. Idaho Power has computed a 2010 test year NPSE and compared it to the normalized variable power supply expenses that were approved in the 2008 general rate case. Based on that comparison, the Company has determined that the difference between the 2008 and 2010 base level NPSE on a system basis would be \$78.4 million, while on an Idaho jurisdictional basis, the difference would be \$74.8 million. This difference reflects the maximum adjustment to base level NPSE that would be the subject of negotiations pursuant to paragraph 7.1 of the Stipulation. The computations of these amounts are shown on Exhibit No. 4 to Mr. Scott Wright's testimony, which is filed concurrently with this Application.

5. The difference between the two above-described NPSE numbers is driven principally by increases in the payments the Company expects to make to PURPA facilities, increased coal costs for the Company's three coal-fired power plants, and reduced revenues from surplus sales due to decreased gas prices. Net power supply expenses also are affected by changes in the Company's loads. The Company's annual normalized system load used in its last general rate case was 15.9 million megawatt-hours ("MWhs"). The Company's 2010 annual normalized system load based on the 2010 test year is 15.7 million MWhs, a decrease of 200,000 MWhs.

III. TESTIMONY IN SUPPORT

6. Simultaneous with the filing of this Application, Idaho Power has filed the direct testimony and exhibits of Mr. Scott Wright, which support the increased net power supply expense described in paragraph 4 above.

IV. COMMUNICATIONS

7. Communications with reference to this Application should be sent to the following:

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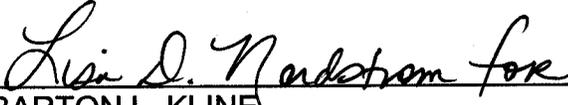
V. PROCESSING BY MODIFIED PROCEDURE

8. Idaho Power believes that it would be appropriate to process this case by means of modified procedure in accordance with the provisions of RP 201-210. However, if the Commission determines that another procedure for processing this case is preferable, Idaho Power is prepared to immediately present its case in support of the relief requested in this Application.

VI. REQUEST FOR RELIEF

WHEREFORE, Idaho Power respectfully requests the Commission issue its Order approving an increase in base net power supply expense in the amount of \$74.8 million and (2) authorizing this proceeding to be processed expeditiously under modified procedure in accordance with RP 201-210.

Respectfully submitted this 19th day of January 2010.


BARTON L. KLINE
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 19th day of January 2010 I served a true and correct copy of the foregoing APPLICATION upon the following named parties by the method indicated below, and addressed to the following:

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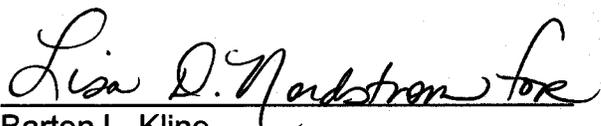
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