

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)	NOTICE OF APPLICATION
)	
)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	NOTICE OF
)	COMMENT/PROTEST DEADLINE

YOU ARE HEREBY NOTIFIED that Idaho Power Company (Idaho Power; Company) filed an Application on January 19, 2010, with the Idaho Public Utilities Commission (Commission) requesting an Order approving an increase in the Company's base level of net power supply expense (NPSE). The 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 Company's 2010-2011 Power Cost Adjustment (PCA) calculations.

BACKGROUND

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.

The Company's Application in this case is filed in compliance with Section 7.1 of the Stipulation.

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Proposed Increase in Base Net Power Supply Expense

As reflected in the Company's Application, 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 (QFs) under the Public Utility Regulatory Policies 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 the base net power supply expenses were reviewed and approved by the Commission was in the Company's 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.

Idaho Power has computed a 2010 test year NPSE and compared it to the normalized variable power supply expenses that were approved in the Company's 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. Reference Application supporting testimony Exhibit 4.

The difference between the two above-described NPSE numbers, the Company contends, 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.

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YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. IPC-E-10-01. The Commission has preliminarily found that the public interest in this matter may not require a hearing to consider the issues presented and that issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. Reference Commission Rules of Procedure, IDAPA 31.01.01.201-204.

YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments or protests** with respect to Idaho Power's Application and the use of Modified Procedure in Case No. IPC-E-10-01 is **Thursday, March 11, 2010**.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the matter on its merits and may enter its Order without a formal hearing. If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order based on the written positions before it. Reference IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that written comments concerning Case No. IPC-E-10-01 should be mailed to the Commission and Idaho Power 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

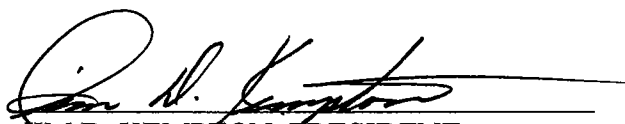
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All comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments 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 Idaho Power at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Application in Case No. IPC-E-10-01 may be viewed at www.puc.idaho.gov by clicking on "File Room" and "Electric Cases," or can be viewed during regular business hours at the Idaho Public Utilities Commission, 472 West Washington Street, Boise, Idaho and at the principal business office of Idaho Power, 1221 West Idaho Street, Boise, Idaho.


DATED at Boise, Idaho this 28th day of January 2010.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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