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IDAHO PUBLIC UTILITIES COMMISSION

DONOVAN E. WALKER
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March 15, 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-10-06
*IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY
FOR AUTHORITY TO INCREASE ITS RATES DUE TO THE INCLUSION
OF ADVANCED METERING INFRASTRUCTURE ("AMI") INVESTMENT IN
RATE BASE*

Dear Ms. Jewell:

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

In addition, enclosed are nine (9) copies of the testimony of Courtney Waites filed in support of the Application. One copy of Ms. Waites' testimony has been designated as the "Reporter's Copy." In addition, a disk containing a Word version of Ms. Waites' testimony is enclosed for the Reporter.

Very truly yours,

Donovan E. Walker

DEW:csb
Enclosures

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IDAHO PUBLIC
UTILITIES COMMISSION

Attorneys for Idaho Power Company

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Boise, Idaho 83702

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF)
IDAHO POWER COMPANY FOR) CASE NO. IPC-E-10-06
AUTHORITY TO INCREASE ITS RATES)
DUE TO THE INCLUSION OF ADVANCED) APPLICATION
METERING INFRASTRUCTURE ("AMI"))
INVESTMENT IN RATE BASE.)
_____)

Idaho Power Company ("Idaho Power" or the "Company"), in accordance with Idaho Code §§ 61-502 and 61-507 and Rules of Procedure ("RP") 52, 121, and 123, hereby respectfully makes Application to the Idaho Public Utilities Commission ("IPUC" or the "Commission") for authority to increase its rates due to the inclusion of Advanced Metering Infrastructure ("AMI") investment in rate base.

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

I. INTRODUCTION

1. Idaho Power is an Idaho corporation whose principal place of business is 1221 West Idaho Street, Boise, Idaho. Idaho Power is engaged in the business of generating, purchasing, transmitting, and distributing electrical energy and provides retail electric service in the state of Idaho, and the state of Oregon. In conducting its business, Idaho Power operates an interconnected and integrated system. In addition to supplying electric service to the public, Idaho Power supplies electricity at retail to certain special contract customers and makes wholesale sales of electricity to other electric utilities. Idaho Power is subject to the jurisdiction of this Commission, the Public Utility Commission of Oregon, and the Federal Energy Regulatory Commission.

2. The proposed increase in rates is the result of the inclusion of the Company's investment in AMI for a 2010 test year into the Company's rate base/revenue requirement. In Order No. 30726 issued on February 12, 2009, for Case No. IPC-E-08-16, the Company was granted a Certificate of Public Convenience and Necessity to install AMI technology throughout its service territory, to accelerate the depreciation of its existing metering infrastructure, and to include the corresponding Operations and Maintenance ("O&M") benefits as they occur. In Order No. 30829, for Case No. IPC-E-09-07, the Commission authorized the Company to recover its investment in AMI based on a 2009 test year.

3. The Company is seeking inclusion of the investments made for the installation of AMI throughout its service territory during the 2010 test year. In its calculations, the Company is reflecting the new investment in AMI and the depreciated metering plant replaced by AMI. The Company also reflects the expenses of

accelerated depreciation of the pre-existing metering plant, the reduced O&M expenses due to operating efficiencies that are gained from the AMI deployment, and incremental tax impacts.

4. The Company seeks an effective date for the new rates of June 1, 2010, to coincide with the yearly PCA, and possibly other rate adjustment(s). Given the increased challenges associated with raising capital in the financial markets during the present financial crisis, as well as the Company's competing needs for capital investment in other system resources, the proposed test year and recovery of the resulting revenue requirement is a necessary component to allow the Company to continue moving forward with its three-year AMI deployment. This proposal is consistent with both the Company's request for a Certificate of Public Convenience and Necessity "to ratebase the prudent capital costs of deploying AMI as it is placed in service", Application, p. 11, Case No. IPC-E-08-16, and the prior authorization of 2009 AMI investment recovery in Order No. 30829, Case No. IPC-E-09-07.

5. The Company investment associated with the installation of AMI grows from \$28,589,837 at year-end 2009 to \$47,348,827 by December 31, 2010. The 13-month average AMI plant in service for the test year is \$38,615,913. The test year indicates a revenue deficiency of \$2,358,085 for the Idaho jurisdiction.

6. The Company proposes a uniform percentage increase of 0.41 percent to base revenues for tariff Schedules 1, 3, 4, and 5 (Residential customers), Schedule 7 (Small General Service), Schedule 9 (Large General Service – Secondary), Schedule 24 (Agricultural Irrigation Service – Secondary), Schedule 41 (Street Lighting Service –

Metered), and Schedule 42 (Control Traffic Signal Lighting Service) effective June 1, 2010, for service provided on and after that date.

II. PROPOSED TARIFF

7. Attachment No. 1 to this Application is a copy of Idaho Power's proposed tariff sheets specifying the proposed rates for providing retail electric service to its customers in the state of Idaho following inclusion of the requested AMI investment in revenue requirement.

8. Attachment No. 2 to this Application shows each proposed change in rates and charges by striking over proposed deletions to existing tariff sheets and highlighting or underlining proposed additions or amendments to the proposed tariff sheets.

9. Attachment No. 3 to this Application shows a comparison of revenues from the various tariff customers under Idaho Power's existing rates and charges with the corresponding proposed new revenue levels resulting from the proposed rates. Page 1 includes a comparison of current base revenues to proposed base revenues while page 2 shows a comparison of current billed revenues to proposed billed revenues.

10. Attachment No. 4 to this Application contains a copy of the Company's press release that will be distributed to media within the Company's service territory and customer notice that will be distributed to customers in their monthly billing.

11. This Application, together with Attachment Nos. 1, 2, 3, and 4 is filed with the Commission to be kept open for public inspection as required by law, and the same fully states the changes to be made in the rate schedules now in force. The new electric rate schedules contained in Attachment No. 1 are requested to become

effective June 1, 2010, for services provided on and after that date, unless otherwise ordered by this Commission, and, when effective, will supersede and cancel the present electric rate schedules now in existence.

12. Simultaneously with the filing of this Application, Idaho Power has filed its direct case consisting of the testimony and exhibits of Ms. Courtney Waites, which more fully describes the request of the Company.

13. It is in the public interest that this Commission allow Idaho Power to increase its revenues by approving the rates set out in Attachment No. 1 and that said rates are allowed to go into effect as filed for electric service rendered on and after June 1, 2010, and that the effective date of said rates not be suspended.

III. MODIFIED PROCEDURE

14. Idaho Power believes that a hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be expeditiously 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

15. This Application will be brought to the attention of Idaho Power's customers by means of both a press release to media in the Company's service area and a customer notice distributed in customers' bills, both of which are included herein as Attachment No. 4. The customer notice will be distributed over the course of the Company's current billing cycle, with the last notice being sent on April 21, 2010. In

addition to describing this filing, these customer communications also describe recently proposed rate changes associated with the Fixed Cost Adjustment ("FCA") and the recovery of pension expense. Idaho Power will also keep its Application, testimony, and exhibits open for public inspection at its offices throughout the state of Idaho. The above procedures are deemed by Idaho Power to satisfy the Rules of Practice and Procedure of this Commission; however, the Company will, in the alternative, bring the Application to the attention of its affected customers through any other means directed by this Commission.

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

Donovan E. Walker
Lisa D. Nordstrom
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Courtney Waites
Greg Said
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V. REQUEST FOR RELIEF

17. Idaho Power respectfully requests that the Commission issue an Order: (1) authorizing that this matter may be processed by Modified Procedure, (2) approving the new electric rate schedules set out in Attachment Nos. 1, 2, and 3 authorizing a uniform percentage increase of 0.41 percent to Schedules 1, 3, 4, 5, 7, 9 secondary, 24 secondary, 41 metered, and 42 customers, and (3) approving an effective date of June 1, 2010, for the new rates.

DATED at Boise, Idaho, this 15th day of March 2010.

A handwritten signature in black ink, appearing to read "Don E. Walker", written over a horizontal line.

DONOVAN E. WALKER
Attorney for Idaho Power Company