

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	
<b>OF IDAHO POWER COMPANY FOR</b>	)	<b>CASE NO. IPC-E-10-12</b>
<b>AUTHORITY TO IMPLEMENT POWER</b>	)	
<b>COST ADJUSTMENT (PCA) RATES FOR</b>	)	<b>NOTICE OF APPLICATION</b>
<b>ELECTRIC SERVICE FROM JUNE 1, 2010</b>	)	
<b>THROUGH MAY 31, 2011</b>	)	<b>NOTICE OF</b>
	)	<b>MODIFIED PROCEDURE</b>
	)	
	)	<b>ORDER NO. 31064</b>

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YOU ARE HEREBY NOTIFIED that on April 15, 2010, Idaho Power filed an Application to implement its Power Cost Adjustment (PCA) rates effective June 1, 2010 through May 31, 2011. The Application states that the proposed PCA computation results from a Stipulation approved by the Commission in Order No. 30978, Case No. IPC-E-09-30 issued January 13, 2010. Currently the PCA revenue is \$188,847,304, and the Company proposes to reduce the net PCA revenue pursuant to the terms of the Stipulation previously approved by the Commission. Accordingly, the first \$40 million of PCA rate reduction is allocated evenly between Idaho Power and its customers. The next \$20 million is allocated directly to customers, resulting in a total of \$40 million of direct customer rate reduction in the 2010 PCA rate. The Company proposes to allocate \$3,567,390 of the remaining \$27 million PCA rate reduction to an increase in the base level for net power supply expenses. This is an amount required to reach the level of net power supply expense set by the Commission in Order No. 31042 in Case No. IPC-E-10-01. Finally, the Company allocates \$17,990,992 of the PCA rate reduction to customers and \$5 million to the Company consistent with the terms of the Stipulation approved in Case No. IPC-E-09-30.

YOU ARE FURTHER NOTIFIED that the PCA consists of three components: (1) the projected power cost for the coming year; (2) the true-up of the power cost component where the balance of the power cost deferral from the previous year is credited or collected, based on the actual power cost incurred during the year; and (3) reconciliation of the previous year's true-up component under which any over-recovered or under-collected balance of the true-up deferral from the prior year is credited or collected. The projected power cost component includes

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calculation of non-PURPA expenses as quantified in the Company's operating plan as compared to those quantified in Case No. IPC-E-10-01, and PURPA-related expenses, also as quantified in the Company's operating plan compared to those quantified in Case No. IPC-E-10-01. The Company calculates the non-PURPA expense component of the PCA to be 0.1319 cents per kWh, and the rate for the PURPA expenses at 0.0085 cents per kWh.

YOU ARE FURTHER NOTIFIED that Idaho Power calculates the true-up component of the PCA to be 0.0888 cents per kWh, reflecting a true-up balance at the end of March 2010 of \$11,963,777. The third component of the PCA is the reconciliation of the previous year's true-up. During April 1, 2009 through March 31, 2010, the Company recovered \$11,284,407 less than was necessary to satisfy the 2009/2010 PCA true-up. The result is a rate of 0.0838 cents per kWh for reconciliation of the true-up component.

YOU ARE FURTHER NOTIFIED that the combination of the three PCA components results in a new PCA rate for the 2010/2011 PCA year of 0.3130 cents per kWh. The existing PCA rate is 1.4022 cents per kWh. The projected PCA rate will result in a decrease in PCA revenue in the amount of \$146,692,686. Application, p. 8. However, base rates increase by \$88,701,964 as a result of implementing the stipulated PCA rate reduction, which Idaho Power allocates to permanent base rates on a uniform percentage basis to all customer classes and special contract customers. Application, p. 6. The net result is a total rate decrease for customers in the amount of approximately \$58 million.

YOU ARE FURTHER NOTIFIED that Idaho Power included in its Application information regarding the proposed increase in the Bridger Coal plant net power supply costs. The Company asserts this information is provided consistent with the Commission's direction in Order No. 31042 issued in Case No. IPC-E-10-01. Idaho Power reports that the \$24.8 million proposed net power supply cost increase related to Bridger Coal is primarily due to a new coal supply agreement with the Black Butte Mine as well as higher operating costs at Bridger Coal Company. The Company included prefile testimony with its Application to explain the proposed coal price adjustment.

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 31.01.01.201-204. 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 in 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 may be mailed to the Commission and Idaho Power at the addresses reflected below:

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

Street Address for Express Mail:

472 W. Washington Street  
Boise, ID 83702-5918

Lisa D. Nordstrom  
Donovan E. Walker  
Idaho Power Company  
PO Box 70  
Boise, ID 83707-0070  
E-Mail: [lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)  
[dwalker@idahopower.com](mailto:dwalker@idahopower.com)

Scott Wright  
Greg Said  
Idaho Power Company  
PO Box 70  
Boise, ID 83707-0070  
E-mail: [swright@idahopower.com](mailto:swright@idahopower.com)  
[gsaid@idahopower.com](mailto: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](http://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 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 the Application and supporting workpapers have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices or on the Commission's web site at [www.puc.idaho.gov](http://www.puc.idaho.gov) by clicking on "File Room" and then "Electric Cases."

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 that 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.

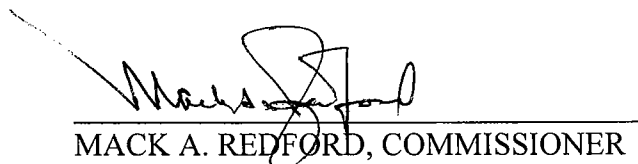
### **ORDER**

IT IS HEREBY ORDERED that the Application of Idaho Power Company to implement its Power Cost Adjustment (PCA) rates effective June 1, 2010 through May 31, 2011 be processed by Modified Procedure, IDAPA 31.01.01.201-.204. Persons interested in submitting written comments in this matter must do so within twenty-one (21) days from the service date of this Notice.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 27<sup>th</sup>  
day of April 2010.

  
JIM D. KEMPTON, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
MACK A. REDFORD, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

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