

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. IPC-E-11-03
AUTHORITY TO IMPLEMENT FIXED-)
COST ADJUSTMENT (FCA) RATES FOR) NOTICE OF APPLICATION
ELECTRIC SERVICE FROM JUNE 1, 2011)
THROUGH MAY 31, 2012.) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 32214**

On March 15, 2011, Idaho Power Company filed an Application requesting authority to implement fixed-cost adjustment (FCA) rates for electric service from June 1, 2011, through May 31, 2012. In Case No. IPC-E-04-15, Order No. 30267 issued March 12, 2007, the Commission approved a stipulation to implement a three-year FCA pilot program for residential and small general service customers. On October 1, 2009, the Company filed an application seeking authority to convert the pilot program to an ongoing, permanent program. Case No. IPC-E-09-28. The Commission denied Idaho Power's request to make the FCA mechanism permanent and, instead, extended the pilot program for an additional two years. Order No. 31063. This is the Company's first FCA adjustment filing since the Commission issued the extension, and the Company's fourth overall FCA adjustment filing. Idaho Power requests that its Application be processed by Modified Procedure.

BACKGROUND

The FCA is a mechanism to separate Idaho Power's fixed costs from its energy sales, and establish a rate to allow the Company to recover its fixed costs separate from energy sales. The rationale for an FCA is that traditional rate design discourages energy conservation programs; that is, utilities that recover fixed costs through energy sales have no incentive to reduce their sales volume by encouraging energy efficiency and demand-side management programs.

The FCA implemented in 2007 for the pilot program works the same for residential and small general service customers. For each class, the number of customers is multiplied by a fixed-cost per customer rate that is determined through the Company's revenue requirement in a

general rate case. This produces an authorized fixed-cost recovery amount, which is then compared to the amount of fixed costs actually recovered by the Company. The difference between the authorized fixed-cost recovery amount and the actual amount collected by the Company is the fixed-cost adjustment for each customer class.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that Idaho Power reports that the rate of growth in the number of residential customers was more than the rate of growth in the energy sales for the residential customer class in 2010, i.e., the average use per customer decreased. As a result, the Company under-collected fixed costs by approximately \$7.9 million for its residential class.

YOU ARE FURTHER NOTIFIED that the Company states that energy usage per customer also decreased in the small general service class resulting in an under-collection of approximately \$1.4 million in fixed costs. Consistent with the first three years of the FCA pilot, the Company proposes a combined rate increase for residential and small general service customers that will recover approximately \$3 million above what is currently recovered through FCA rates and represents an average increase of 0.74%.

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 31.01.01.201-204. 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 **no later than Thursday, May 12, 2011**. 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, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

Jason B. Williams
Lisa D. Nordstrom
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-mail: jwilliams@idahopower.com
lnordstrom@idahopower.com

Scott D. Sparks
Greg Said
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-mail: ssparks@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 Idaho Power at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that Idaho Power may file reply comments (if necessary) **no later than Thursday, May 19, 2011.**

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. IDAPA 31.01.01.204.

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 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 for authority to implement fixed-cost adjustment rates for electric service from June 1, 2011 through May 31, 2012 be processed by Modified Procedure. Persons interested in submitting written comments in this matter must do so no later than Thursday, May 12, 2011.

IT IS FURTHER ORDERED that Idaho Power may file reply comments no later than Thursday, May 19, 2011.

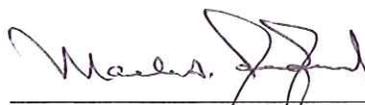
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 30th day of March 2011.



JIM D. KEMPTON, PRESIDENT

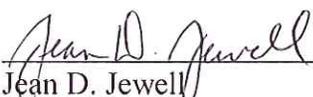


MARSHA H. SMITH, COMMISSIONER



MACK A. REDFORD, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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