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IDAHO PUBLIC UTILITIES COM. 5310

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Lead Counsel
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November 2, 2011

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. IPC-E-11-22
***IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY
FOR AN EXTENDED AND MODIFIED ACCOUNTING ORDER TO
AMORTIZE ADDITIONAL ACCUMULATED DEFERRED INCOME TAX
CREDITS***

Dear Ms. Jewell:

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

Very truly yours,

Lisa D. Nordstrom

LDN:csb
Enclosures

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IDAHO PUBLIC UTILITIES COMMISSION

Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. IPC-E-11-22
AN EXTENDED AND MODIFIED)
ACCOUNTING ORDER TO AMORTIZE) APPLICATION
ADDITIONAL ACCUMULATED DEFERRED)
INCOME TAX CREDITS.)
_____)

Idaho Power Company ("Idaho Power" or "Company") hereby requests that the Idaho Public Utilities Commission ("Commission") issue an Order modifying Order No. 30978 (1) authorizing the Company to extend its ability to amortize additional accumulated deferred investment tax credits ("ADITC") through December 31, 2013, and (2) approving a one-time adjustment applied in 2011 to the sharing provision of the stipulation approved in Order No. 30978 to allow one-half of the Company's share of the Idaho Jurisdictional return on equity ("ROE") in excess of 10.5 percent to be provided as a customer benefit in the form of a reduction in rates or an offset to amounts that would otherwise be collected from rates. This Application is based on the following:

I. CURRENT ADITC/REVENUE SHARING MECHANISM

1. On January 13, 2010, the Commission issued Order No. 30978 in Case No. IPC-E-09-30 approving a stipulation that established a mechanism permitting the Company, under certain circumstances as described below, to use additional amounts of ADITC in the years 2009, 2010, and 2011 and created the potential for revenue sharing in those same years. ADITC are income tax benefits the Company has already received based on the level of plant investment in previous years. ADITC is normally amortized over the book life of the associated plant investment and is used to reduce customer income tax expense. The mechanism approved in Order No. 30978 has the following structure:

a. ADITC Provisions. If the Idaho jurisdictional annual ROE is less than 9.5 percent, the Company is allowed to amortize an additional amount of ADITC up to \$45 million over the period of 2009-2011 to achieve an actual ROE up to a maximum of 9.5 percent. In 2009, the Company was permitted to use a maximum level of \$15 million in additional ADITC. Any unused eligible ADITC could be carried forward for use in a subsequent year during the three-year period provided the amount of additional ADITC used in a single year did not exceed \$25 million.

b. Revenue Sharing Provisions. If the Idaho jurisdictional annual ROE exceeded 10.5 percent, amounts in excess of 10.5 percent are to be shared equally between the Company and its customers.

c. Rate Case Moratorium. The Company agreed not to file a general rate case that would have rates become effective prior to January 1, 2012. The moratorium did not apply to the annual Power Cost Adjustment ("PCA"), Fixed Cost

Adjustment, Advanced Metering Infrastructure, pension cost recovery, Energy Efficiency Rider, recovery of governmentally imposed fees, increased low-income weatherization funding, and a 2010 PCA-related base rate increase.

II. STATUS OF THE CURRENT MECHANISM

2. In 2009 and 2010, the Company's Idaho jurisdictional ROE was between 9.5 percent and 10.5 percent, resulting in no additional amortization of ADITC or revenue sharing. Over the three-year period of 2009-2011, the Company does not expect to utilize any of the \$45 million of eligible ADITC. The Company's Idaho jurisdictional ROE in 2011 is expected to exceed 10.5 percent and result in revenue sharing. The customer share of the return in excess of 10.5 percent is currently forecast to be approximately \$20 million.

III. PROPOSED EXTENSION AND MODIFICATION OF MECHANISM

3. Because the current ADITC/revenue sharing mechanism has proven to benefit both customers and the Company, Idaho Power proposes to extend the mechanism approved by Order No. 30978 to remain effective through December 31, 2013, under the following terms:

a. ADITC Provisions. If the Idaho jurisdictional annual ROE is less than 9.5 percent, the Company will be authorized to amortize additional ADITC by debiting Account 255 (ADITC) and crediting Account 420 (investment tax credits, a non-utility account), in an amount up to \$45 million over the period of 2012-2013 to achieve an actual ROE up to a maximum of 9.5 percent. In 2012, the Company will be allowed to use a maximum level of \$25 million in additional ADITC amortization.

b. If the Company's actual Idaho jurisdictional ROE for any year during the period 2012-2013 is above 9.5 percent, the Company will not use or allot any additional ADITC amortization. Unused eligible ADITC may be carried forward for use in 2013 up to the total eligible ADITC amount of \$45 million. Notwithstanding the ability to amortize additional ADITC, during this two-year period, the Company will continue to amortize authorized levels of ADITC to operating income as it has in the past.

c. Revenue Sharing Provisions. A one-time adjustment to the sharing portion of the mechanism would be applied in 2011 to allow one-half of the Company's share of the Idaho jurisdictional return in excess in 10.5 percent to be provided as a customer benefit in the form of a reduction in rates or an offset to amounts that would otherwise be collected from rates. This amount is currently forecast to be approximately \$10 million. This amount would be in addition to the estimated \$20 million that the Company forecasts will be customers' share pursuant to Order No. 30978. The Company's preferred use of this additional estimated \$10 million customer benefit is to apply the amount as an offset to amounts that the Company would otherwise be required to request.

d. In the period 2012-2013, if the Idaho jurisdictional annual ROE exceeds 10.0 percent (rather than the currently approved 10.5 percent), amounts in excess of a 10.0 percent return would be shared equally between the Company and its customers.

4. The Company's proposal to apply a one-time adjustment to the 2011 revenue sharing calculation as described above is contingent upon the completion of a signed settlement stipulation agreeing to the extension and modification of the

ADITC/revenue sharing mechanism on or before December 31, 2011. This time frame is necessary to facilitate the timely recording of the Company's 2011 earnings for financial reporting purposes.

5. This ADITC extension proposal is independent and separate from the 2011 general rate case proceeding, Case No. IPC-E-11-08. However, the proposal contained in this Application was developed under the assumption that the Company's base rate revenues would increase according to the terms of the stipulation in that docket. Therefore, if the stipulation filed on September 23, 2011, in Case No. IPC-E-11-08 is not approved as filed, the Company shall withdraw this Application.

IV. COMMUNICATIONS

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

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V. MODIFIED PROCEDURE

7. In order for Idaho Power to share additional revenues with customers as proposed herein in 2011, Idaho Power must reach a stipulated agreement by December 31, 2011. Consequently, Idaho Power respectfully requests that the Commission expeditiously process this case by means of modified procedure in accordance with the provisions of RP 201-210.

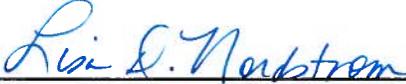
8. Idaho Power proposes the Commission issue a Notice establishing a 14-day intervention period and convene a workshop to be held at the offices of the Commission on November 30, 2011, so that interested parties may discuss Idaho Power's proposal made in this Application in greater detail. To facilitate broad participation in these discussions, Idaho Power has served this Application upon all parties to its pending general rate Case No. IPC-E-11-08.

VI. REQUEST FOR RELIEF

WHEREFORE, Idaho Power respectfully requests that the Commission issue its Order:

1. Approving a modified accounting order authorizing the temporary modification of amortization methods for ADITC and adjustments to the revenue sharing mechanism as described herein; and
2. Authorizing this proceeding to be processed expeditiously under modified procedure in accordance with RP 201-210; and
3. Establishing a 14-day intervention period and convening a workshop to be held at the offices of the Commission on November 30, 2011, so that interested parties may discuss Idaho Power's proposal in greater detail.

Respectfully submitted this 2nd day of November 2011.



LISA D. NORDSTROM
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 2nd day of November 2011 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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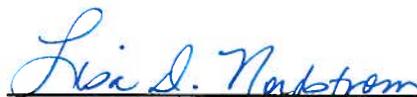
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