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JASON B. WILLIAMS
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May 23, 2012

VIA HAND DELIVERY

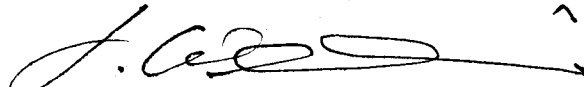
Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. IPC-E-12-08
Depreciation Rates for Electric Plant-In-Service – Comments

Dear Ms. Jewell:

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

Very truly yours,



Jason B. Williams

JBW: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 IDAHO POWER |) | |
| COMPANY'S APPLICATION TO |) | CASE NO. IPC-E-12-08 |
| INCREASE ITS RATES DUE TO |) | |
| REVISED DEPRECIATION RATES FOR |) | IDAHO POWER COMPANY'S |
| ELECTRIC PLANT-IN-SERVICE. |) | COMMENTS |
| |) | |

COMES NOW, Idaho Power Company ("Idaho Power" or "Company"), by and through its undersigned attorney, and hereby submits to the Idaho Public Utilities Commission ("Commission") these Comments in the above-captioned proceeding. Idaho Power urges the Commission to adopt the settlement stipulation submitted in this proceeding ("Stipulation") as filed and without any modification and to issue an order making the rates contained within the Stipulation effective as of June 1, 2012.

I. BACKGROUND

On February 15, 2012, Idaho Power submitted an Application in this proceeding to (1) revise the Company's depreciation rates for electric plant-in-service and (2) adjust corresponding base rates for the Company's Idaho jurisdictional customers. The Company's Application sought to have the Company's total Idaho jurisdictional

depreciation expense of \$111,137,369, which would result in an overall base rate revenue requirement increase of \$2,656,213, or 0.31 percent, for all customer classes. On March 15, 2012, the Commission issued a Notice of Application, Notice of Intervention Deadline, and Notice of Public Workshop in Order No. 32478. The Notice scheduled a public workshop on April 5, 2012, to discuss the Company's Application. Pursuant to the Notice of Intervention Deadline, Micron Technology, Inc. ("Micron") timely filed a Petition to Intervene. The Commission granted Micron's intervention in Order No. 32502.

A discussion was held at the April 5, 2012, public workshop among the Company, Commission Staff, and Micron. Subsequently, a settlement discussion among the parties was held on April 23, 2012. Between the April 5 public workshop and the April 23 settlement conference, Idaho Power responded to approximately 100 data requests submitted by Micron. Based upon the settlement discussions, a compromise was reached, and Idaho Power, Commission Staff, and Micron executed a Stipulation that was filed with the Commission on May 18, 2012. In addition, Idaho Power, Commission Staff, and Micron submitted a Joint Motion recommending that the Commission approve the Stipulation in its entirety, without material change or condition, pursuant to RP 274. Idaho Power now submits these Comments in support of the Stipulation.

II. COMMENTS

Idaho Power urges the Commission to adopt the Stipulation without modification. Notably, the Stipulation, if adopted by the Commission as a filed, will result in an overall decrease to base rates. Importantly, Idaho Power believes the Stipulation is a

reasonable compromise of the contested issues in this proceeding. More importantly, Idaho Power believes the Commission's acceptance of the Stipulation would be in the public interest.

In general, the Stipulation adopts the depreciation rates proposed by the Company's Application, with a few important exceptions. Each of these deviations from the Application is discussed below.

A. Hydroelectric Production Life.

The Company's Application proposed that the depreciable life for the Company's Hells Canyon Complex (i.e., Hells Canyon, Oxbow, and Brownlee production facilities) should be 105 years. The Company based this depreciable life upon the Hells Canyon Complex's life to date and what it anticipates the new Federal Energy Regulatory Commission ("FERC") licenses will be for the Hells Canyon Complex. Notably, the Company submitted its relicensing application with FERC in July 2003 and the original licenses expired in July 2005. Since then, the Company has been operating the Hells Canyon Complex under interim licenses issued annually by FERC.

Given the time it has taken to relicense the Hells Canyon Complex and consistent with what Idaho Power may anticipate the term of the new license to be once issued by FERC, Idaho Power agreed, as a compromise to the contested issues in this case, to extend the depreciable life of the Hells Canyon Complex from 105 years to 120 years. Idaho Power believes this extension of the Hells Canyon Complex's depreciable life by 15 years represents a reasonable estimate of the remaining period over which the Company will have the right to operate the dams based on the term of the new license the Company will likely receive from FERC.

B. Steam Production, Hydroelectric Production, and Transmission Net Salvage.

In the Application, the Company proposed to modify the net salvage values of certain accounts associated with steam and hydroelectric production as well as for its transmission poles and fixtures (Account 355). The adjustments to these accounts were based upon a combination of Company-specific data, historical and recent trends in salvage values, and the professional judgment of Idaho Power's third-party depreciation consultant.

As a matter of compromise, Idaho Power agreed that it would not make the adjustments to these net salvage accounts that it proposed in the Application. Instead, the Company agreed as part of the Stipulation to hold the net salvage values at the levels that were previously approved by the Commission in approving the Company's 2008 depreciation filing. See Order No. 30639, Case No. IPC-E-08-06. For the purposes of the Stipulation reached in this case, Idaho Power believes it is reasonable to keep these net salvage values at the levels approved by the Commission in Order No. 30639.

C. Transmission Life.

In its Application, the Company proposed a 48-year depreciable life for Account 353, Transmission Plant/Station Equipment; specifically, the Company proposed a 48-R1.5 survivor curve. This proposal was based upon the Company's historical retirement data for its transmission facilities as well as the unique geography of Idaho Power's service territory, which has a direct impact on the useful lives of the Company's transmission facilities. As a matter of compromise in reaching the Stipulation, Idaho Power agreed to extend the depreciable life for Account 353 from 48 years to 50 years.

More specifically, the parties agreed to a 50.R1-5 survivor curve for this account. The Company believes this adjustment is reasonable in light of the settlement that was reached in this proceeding as the extension is only two years; i.e., from 48 years to 50 years.

In sum, Idaho Power calculates that the net impact of the above adjustments will result in a net decrease to the amount of Idaho jurisdictional depreciation expense over what was proposed in the Application in the amount of \$4,166,107, which translates into a reduction in base rate revenues over what was proposed in the Application of \$3,983,012.

D. Langley Gulch Power Plant ("Langley Gulch").

While the Commission currently has an open proceeding examining the inclusion of the costs of the Langley Gulch in base rates (See Case No. IPC-E-12-14), Idaho Power asked the Commission in the present case to determine the depreciable life of Langley Gulch for depreciation expense purposes. In the Application, the Company requested that the depreciable life for Langley Gulch be set at 30 years. This estimate was based upon the Company's anticipated operation of the facility and based upon what the manufacturer of the turbine generator at Langley Gulch has advised Idaho Power. As a matter of compromise, and contrary to what the Company's engineers have advised the Company what the useful life of Langley Gulch will be, Idaho Power agreed to extend by five years, to 35 years, the depreciable life of Langley Gulch. For ratemaking purposes and in the context of the Stipulation, Idaho Power believes this is a reasonable adjustment.

Importantly, this adjustment to the depreciable life of Langley Gulch will result in an approximately \$1.6 million reduction to the Company's annual depreciation expense. This change correlates to a base rate revenue requirement reduction from what the Company proposed to include in base rates in Case No. IPC-E-12-14. Accordingly, any base rate adjustment as the result of the Commission approving the Stipulation and thus a change to the depreciable life for Langley Gulch will need to be reflected in that proceeding.

III. CONCLUSION

Idaho Power urges the Commission to adopt the Stipulation without modification so the Company can implement new base rates effective June 1, 2012. Idaho Power believes the Stipulation is a reasonable compromise of the contested issues in this proceeding as well as believes the Commission's acceptance of the Stipulation would be in the public interest.

DATED at Boise, Idaho, this 23rd day of May 2012.



JASON B. WILLIAMS
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 23rd day of May 2012 I served a true and correct copy of the within and foregoing IDAHO POWER COMPANY'S COMMENTS upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

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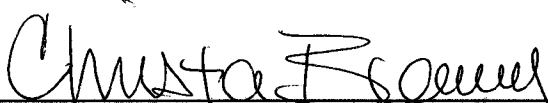
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Christa Beary, Legal Assistant