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IDAHO PUBLIC  
UTILITIES COMMISSION

**JULIA A. HILTON**  
Corporate Counsel  
[jhilton@idahopower.com](mailto:jhilton@idahopower.com)

May 4, 2012

**VIA HAND DELIVERY**

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

Re: Case No. IPC-E-12-17  
2012-2013 PCA Rates – Customer Communications Related to Filing

Dear Ms. Jewell:

Idaho Power Company (“Idaho Power” or “Company”) filed its Power Cost Adjustment Application in the above-captioned docket with the Idaho Public Utilities Commission (“Commission”) on April 13, 2012. Accompanying the filing were four (4) copies of Idaho Power’s customer notice, made in compliance with RP 125.

In response to concerns regarding timing of the customer notices and the short time frame between which some customers may receive the notice and when they could provide comments to the Commission, Idaho Power is issuing a supplemental customer notice to 110,078 customers who will receive the original notice between May 18 and 24, 2012. This supplemental customer notice, made in the form of a postcard, will ensure that all customers will receive notice of the proposed rate increase by May 17, 2012, and will facilitate the opportunity for customers to submit comments in this case prior to a Commission decision. All customers will still receive the bill insert that was submitted with the Company’s Application. In addition, some customers will also receive the enclosed supplemental customer notice. Idaho Power hereby submits a copy of its supplemental customer notice for the Commission’s file.

Should you have any questions, please do not hesitate to contact me.

Very truly yours,

Julia A. Hilton

JAH:csb  
Enclosure  
cc: Service List

1221 W. Idaho St. (83702)  
P.O. Box 70  
Boise, ID 83707

April 13, 2012



BULK RATE  
POSTAGE  
PAID  
PERMIT NO.  
679

P.O. Box 70 (83707)  
1221 W. Idaho St. • Boise, ID 83702

## Idaho Power Files 2012 Power Cost Adjustment

On April 13, Idaho Power submitted its annual Power Cost Adjustment (PCA) proposal for approval by the Idaho Public Utilities Commission (IPUC). The PCA, an annual filing in place since 1992, is a cost recovery mechanism that passes on both the benefits and costs of supplying energy to Idaho Power customers.

*You will also receive a notice about this filing in this month's bill.* Because you will receive that communication near the end of the IPUC comment period, and because Idaho Power wants to make sure all customers have the opportunity to comment on the filing if they wish, we are also sending you this supplemental mailing.

The federal Public Utility Regulatory Policies Act (PURPA) requires Idaho Power to purchase power from certain renewable-energy projects. This year's PCA increase is driven primarily by contracted purchases of power from PURPA projects. Such purchases have grown by nearly 25 percent in the last year and that increase is reflected in this year's request.

If our filing is approved by the Commission as filed, Idaho customer rates will be increased by **\$43 million** of incremental power supply expenses, or an overall percentage increase of **5.10** in current billed rates beginning June 1.

The chart below illustrates the overall percentage change for each major customer group as a result of the PCA filing. The varying percentages of overall increase for each customer class reflect the difference in the price each group pays for electricity.

<b>2012 PCA REVENUE IMPACT BY CLASS</b>					
Percentage Change from Current Billed Rates					
Residential	Small General Service	Large General Service	Large Power	Irrigation	Overall Change
3.79%	2.73%	5.82%	8.55%	5.10%	5.10%

The typical Idaho residential customer using 1,050 kilowatt-hours (kWh) of energy per month will see an increase of approximately **\$2.82** on their monthly summer bill and **\$2.88** a month for non-summer months. The actual percentage of change will vary by customer group based upon the rate they pay.

## Why Idaho Power Files a PCA

The PCA is an annual filing that reflects Idaho Power's anticipated fuel costs for generating electricity, costs of power purchases to meet customer demand and benefits resulting from sales of surplus energy for the coming year. We sell surplus energy during times of high production and low customer energy needs. The PCA mechanism allows customers to benefit from our system's surplus energy sales to the wholesale market. These "off-system" sales revenues are deducted from our power supply costs and reduce the rates our customers pay. The PCA also brings last year's forecasted costs in balance with actual expenses.

## Opportunities for Public Review

Idaho Power's filing is a proposal that is subject to public review and approval by the IPUC. Copies of the application are available to the public at the IPUC offices (472 W. Washington, Boise ID), Idaho Power offices or on Idaho Power's website, [www.idahopower.com](http://www.idahopower.com) or the IPUC website, [www.puc.idaho.gov](http://www.puc.idaho.gov). You can view additional, related materials, including frequently asked questions and a news release on the filing at [www.idahopower.com/rates](http://www.idahopower.com/rates).

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 4<sup>th</sup> day of May 2012 I served a true and correct copy of the within and foregoing LETTER TO JEAN JEWELL DATED MAY 4, 2012, upon the following named parties by the method indicated below, and addressed to the following:

### Commission Staff

Donald L. Howell, II  
Deputy Attorney General  
Idaho Public Utilities Commission  
472 West Washington (83702)  
P.O. Box 83720  
Boise, Idaho 83720-0074

Hand Delivered  
 U.S. Mail  
 Overnight Mail  
 FAX  
 Email [don.howell@puc.idaho.gov](mailto:don.howell@puc.idaho.gov)

### Industrial Customers of Idaho Power

Peter J. Richardson  
Gregory M. Adams  
RICHARDSON & O'LEARY, PLLC  
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 Email [dreading@mindspring.com](mailto:dreading@mindspring.com)

  
Christa Beary, Legal Assistant