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JULIA A. HILTON
Corporate Counsel
jhilton@idahopower.com

July 27, 2012

VIA HAND DELIVERY

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

Re: Case No. IPC-E-12-21
Accounting Order Regarding PURPA Delay Damages – Idaho Power
Company's Application

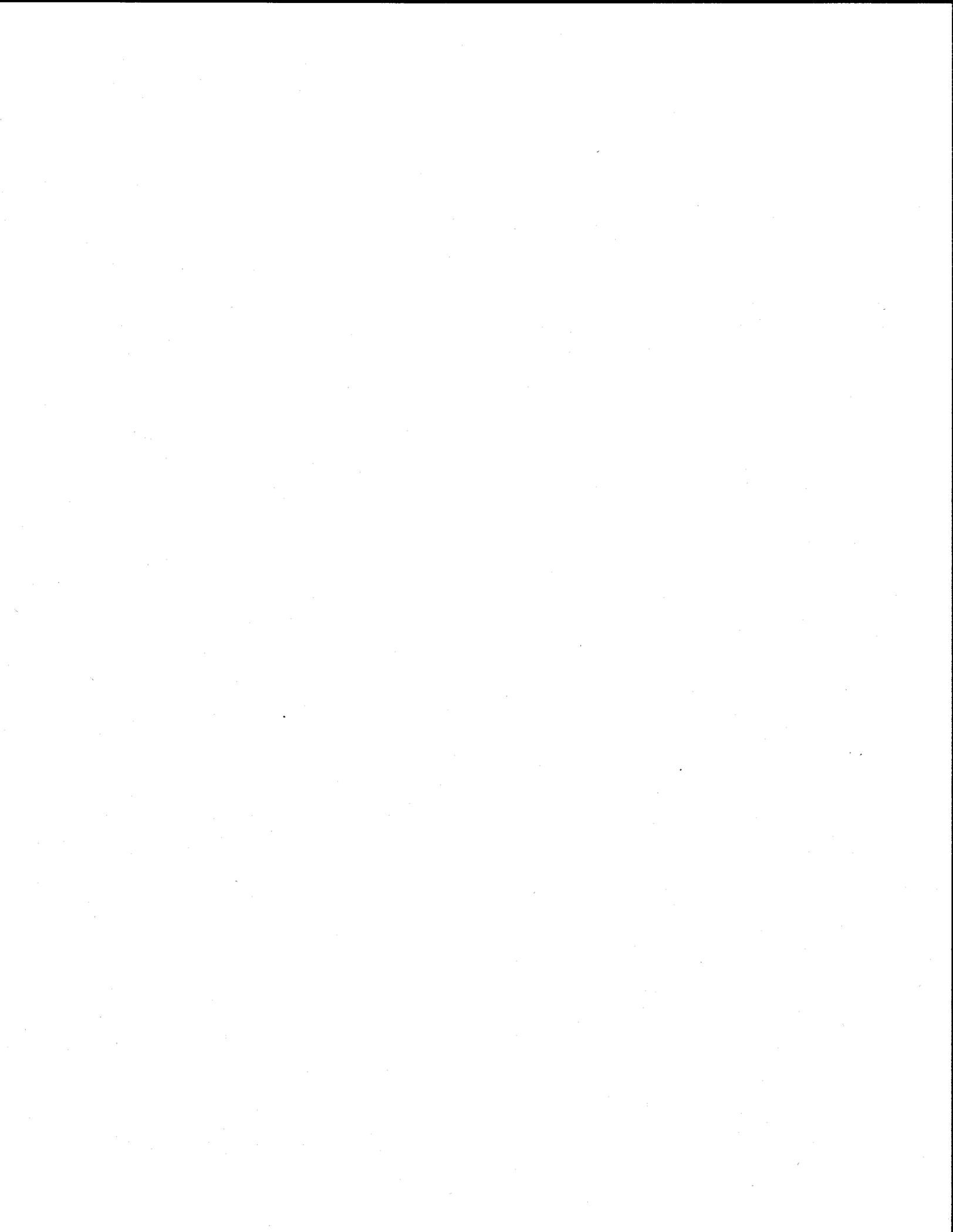
Dear Ms. Jewell:

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

Very truly yours,

Julia A. Hilton

JAH:evp
Enclosures



DONOVAN E. WALKER (ISB No. 5921)
JULIA A. HILTON (ISB No. 7740)
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
Telephone: (208) 388-5317
Facsimile: (208) 388-6936
dwalker@idahopower.com
jhilton@idahopower.com

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Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR AN) CASE NO. IPC-E-12-21
ACCOUNTING ORDER REGARDING)
PURPA DELAY DAMAGES.) APPLICATION
_____)

Idaho Power Company ("Idaho Power" or "Company"), in accordance with the provisions of *Idaho Code* § 61-524, RP 052, and RP 201, *et seq.*, hereby applies for an accounting order of the Idaho Public Utilities Commission ("Commission") for authority to include damages received under Public Utility Regulatory Policies Act of 1978 ("PURPA") contracts in the purchase power account, which will then flow back to customers through the Power Cost Adjustment ("PCA") mechanism. This Application is based on the following:

I. BACKGROUND

Under PURPA, Idaho Power is obligated to enter into Firm Energy Sales Agreements ("FESA" or "Agreement") with Qualifying Facilities ("QF"), which Agreements must be approved by the Commission. The parties have certain rights and

responsibilities under these Commission-approved FESAs, one of which is Idaho Power's right to recover damages for certain aspects of a QFs non-performance of contractual obligations. While the circumstances that must exist for the Company to seek recovery of these damages occur only infrequently, Idaho Power expects that it will be required to recover these damages from time to time and potentially in the near future. With that said, Idaho Power requests that the Commission issue an accounting order authorizing the Company to provide 100 percent of such funds to customers through the PCA mechanism.

In Case No. IPC-E-10-22, Yellowstone Power, Inc. ("Yellowstone") failed to achieve its Scheduled Operation Date. Idaho Power and Yellowstone came to a settlement agreement whereby Idaho Power would collect \$200,000 of the Delay Security and non-performance damages. This Agreement was filed with the Commission and is pending the Commission's decision. Similarly, in Case No. IPC-E-10-44, Hidden Hollow Energy 2, LLC ("Hidden Hollow") failed to meet its Scheduled Operation Date. Idaho Power notified Hidden Hollow that delay damages were due and payable as a result. Upon Hidden Hollow's failure to pay those damages, Idaho Power collected the delay damage security posted by Hidden Hollow. Hidden Hollow subsequently filed a complaint alleging a claim of force majeure. With the pending resolution of these matters by the Commission, the Company is compelled to seek authorization regarding the process and accounting to flow the potential collection of these damages back to Idaho Power's customers.

Idaho Power proposes that these liquidated delay damages be placed into an account which would then allow for the funds to flow back directly to its customers through the PCA. While the damages associated with the Yellowstone and Hidden

Hollow projects' failure to achieve their Scheduled Operation Dates are the catalyst for the request in this case, Idaho Power seeks Commission approval to treat any recovery of delay damages from PURPA projects by using the same accounting method.

II. PROPOSED ACCOUNTING ENTRIES

Idaho Power proposes to record the receipt of funds for liquidated damages by debiting either Federal Energy Regulatory Commission ("FERC") Account 143 (Other Accounts Receivable) for funds to be received or if the funds are already on deposit with the Company by debiting FERC Account 235 (Customer Deposits) and crediting FERC Account 555 (Purchased Power). The Company would then record the same amount debiting FERC Account 557 (Other Expenses) and crediting the FERC Account 182.3 (Regulatory Asset/PCA). The effect of these entries will be a direct benefit to the Company's customers in the form of a reduction in net power supply expense.

III. MODIFIED PROCEDURE

The Company requests that this Application be processed under RP 201, *et seq.*, allowing for consideration of issues to be processed under Modified Procedure; i.e., by written submissions rather than by an evidentiary hearing.

IV. SERVICE OF PLEADINGS

Service of pleadings, exhibits, orders, and other documents relating to this proceeding should be served on the following:

Donovan E. Walker
Julia A. Hilton
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707-0070
dwalker@idahopower.com
jhilton@idahopower.com

Michael J. Youngblood
Doug Jones
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707-0070
myoungblood@idahopower.com
djones@idahopower.com

Regulatory Dockets
dockets@idahopower.com

V. CONCLUSION

WHEREFORE, Idaho Power respectfully requests that the Commission issue an order providing Idaho Power with authority to treat any recovery of delay damages from PURPA projects as described in greater detail above.

Respectfully submitted this 27th day of July 2012.



JULIA A. MILTON
Attorney for Idaho Power Company