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IDAHO PUBLIC
UTILITIES COMMISSION



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November 28, 2012

VIA ELECTRONIC FILING

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
P.O. Box 83720
Boise, Idaho 83720-0074

Re: Tariff Advice No. 12-13
Case No. IPC-E-11-08, Compliance Filing – Schedule 89

Dear Ms. Jewell:

Pursuant to Idaho Public Utilities Commission (“Commission”) Order No. 32426, attached for filing is Idaho Power Company’s (“Idaho Power” or “Company”) revised Schedule 89, Unit Avoided Energy Cost for Cogeneration and Small Power Production, in compliance with the Commission’s Order. The tariff sheet reflects an effective date of January 1, 2012, and includes the following tariff page:

Second Revised Sheet No. 89-1 Cancelling First Revised Sheet No. 89-1

Based on previous Commission orders, the pricing under Schedule 89 is to be adjusted as a result of an Idaho Power general rate case (“GRC”) proceeding where net power supply expenses change. The Unit Avoided Energy Cost rate listed on Schedule 89 contains two components: (1) the variable energy cost for the Valmy power plant based upon the most recent Commission-approved net power supply expenses (“NPSE”) as calculated using the AURORAxmp[®] power supply planning model and (2) the variable operations and maintenance (“O&M”) per unit of energy associated with the Valmy power plant. Due to the circumstances described below, Schedule 89 was not updated as part of the Company’s original GRC compliance filing on December 30, 2011.

Since 1980, pursuant to Order Nos. 15746 and 16025 issued in Case No. P-300-12, Idaho Power has updated the adjustable portion of the price paid to co-generators, as listed on Schedule 89, at the time of each general rate case proceeding to reflect the update in NPSE. It is important to note that in the past, this update of Schedule 89

occurred when there was *both* an update to net power supply expenses *and* a general rate case proceeding that occurred simultaneously.

In the Company's most recent GRC proceeding, Case No. IPC-E-11-08, the Company did not update the net power supply expenses already included in base rates. The NPSE included in the IPC-E-11-08 filing were the same NPSE previously approved in Order No. 31042 in Case No. IPC-E-10-01. That docket, IPC-E-10-01, was not a general rate case but had been filed to establish a base level for net power supply expenses for 2010, to be used prospectively to set both base rates and establish the base level of NPSE for the Company's 2010-2011 Power Cost Adjustment calculations. Consequently, Idaho Power had a GRC proceeding, Case No. IPC-E-11-08, with no change in the existing NPSE. The change in NPSE occurred prior to the GRC proceeding in Case No. IPC-E-10-01. Consequently, Schedule 89 was not updated with the Company's original compliance filing on December 30, 2011.

Upon the Company's review of Schedule 89 and what triggers its update, the Company has concluded that the intent of the adjustment to the Unit Avoided Energy Cost rate "at the time of each general rate proceeding" was to reflect the change in NPSE from the NPSE approved in the prior general rate case. The Company determined that even though NPSE were not *updated* from those already in base rates, there had been a *change* in NPSE from the previous GRC proceeding, Case No. IPC-E-08-10. While the separate events of (1) an update to NPSE and (2) the occurrence of a general rate case proceeding did not occur simultaneously as they had historically, the *combined* effect of the consecutive occurrences of these individual events had the same effect. Therefore, the Company proposes to update Schedule 89 as if it were part of the Company's original compliance filing on December 30, 2011, with an effective date of January 1, 2012.

If you have any questions regarding this compliance filing, please contact Michael Youngblood at 388-2882 or Scott Wright at 388-5493.

Very truly yours,



Donovan E. Walker

DEW:csb
Enclosures
cc w/encls.: Greg Said
Tami White
Michael Youngblood
Scott Wright
Legal Files
RA Files

SCHEDULE 89
UNIT AVOIDED ENERGY COST
FOR COGENERATION AND SMALL
POWER PRODUCTION

AVAILABILITY

Service under this schedule is available in the service territory of Idaho Power Company in the State of Idaho.

APPLICABILITY

Service under this schedule is applicable to any Seller who owns or operates a Qualifying Facility supplying the Company with both Capacity and Energy under Option 3 or 4 of a Power Sales Agreement.

DEFINITIONS

Capacity means the ability of the facility to generate electric power, expressed in kW, less station use and less step-up transformation losses to the high voltage bus at the generator site.

Cogeneration Facility means equipment used to produce electric energy and forms of useful thermal energy (such as heat or steam), used for industrial, commercial, heating or cooling purposes, through the sequential use of energy.

Company means the Idaho Power Company.

Qualifying Facility or Facility means a Cogeneration Facility or a Small Power Production Facility which meets the criteria for qualification set forth in Subpart B of Part 292, Subchapter K, Chapter I, Title 18, of the Code of Federal Regulations.

Seller as used herein means any individual, partnership, corporation, association, governmental agency, political subdivision, municipality or other entity that owns or operates a Qualifying Facility.

Small Power Production Facility means the equipment used to produce electric energy solely by the use of biomass, waste, solar power, wind or any other renewable resource.

MONTHLY PAYMENTS

The Company will compensate the Seller for the energy delivered and accepted each month under the terms of the Power Sales Agreement at the following rate:

3.462¢ per kWh for all kWh

SCHEDULE 89
UNIT AVOIDED ENERGY COST
FOR COGENERATION AND SMALL
POWER PRODUCTION

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~~2.8293.462~~¢ per kWh for all kWh