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IDAHO PUBLIC UTILITIES COMMISSION

LISA D. NORDSTROM
Lead Counsel
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April 30, 2013

VIA HAND DELIVERY

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

Re: Case No. IPC-E-13-10
2013-2014 Power Cost Adjustment ("PCA") – Replacement Pages 14 and 15
to the Direct Testimony of Timothy E. Tatum

Dear Ms. Jewell:

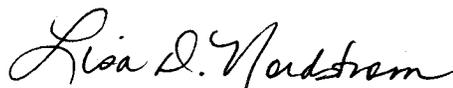
It has come to the attention of Idaho Power Company ("Company") that pages 14 and 15 of the Direct Testimony of Timothy E. Tatum contain an incorrect number. Page 14, line 18 and page 15, line 2 should reflect \$7.7 million, not \$9.2 million. An original and seven (7) copies of **corrected** pages 14 and 15 are enclosed for filing.

The \$9.2 million difference in base level net power supply expenses ("NPSE") described on pages 14 and 15 of Mr. Tatum's direct testimony incorrectly omitted approximately \$1.5 million in approved market energy purchases for transmission losses, which are recorded to Federal Energy Regulatory Commission Account 555, Non-PURPA. The inclusion of the \$1.5 million in market purchases for transmission losses results in a calculated difference in base level NPSE of \$7.7 million on an Idaho jurisdictional basis.

The \$9.2 million number was not used in the PCA computations presented in this case. Therefore, this correction does not have any impact on the Company's PCA request. The discussion of the difference in base level NPSE resulting from the Langley Gulch rate adjustment was for informational purposes only.

If you have any questions regarding the enclosed pages or the computational error, please do not hesitate to contact Tim Tatum at (208) 388-5515.

Very truly yours,


Lisa D. Nordstrom

LDN:csb
Enclosures
cc: Service List (w/encls.)

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P.O. Box 70
Boise, ID 83707

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 30th day of April 2013 I served a true and correct copy of the within and foregoing LETTER TO JEAN D. JEWELL DATED APRIL 30, 2013, upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

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Christa Barry, Legal Assistant

1 will suspend the operation of two of its three demand
2 response programs in 2013. What impact does the suspension
3 of the demand response programs have on this year's PCA
4 Forecast?

5 A. As compared to last year's PCA Forecast,
6 reduced demand response incentive costs are forecast to
7 benefit Idaho customers by approximately \$10.1 million on
8 an Idaho jurisdictional basis.

9 Q. Are there any other factors contributing to
10 the year-over-year difference in required PCA Forecast
11 revenue?

12 A. Yes. On June 29, 2012, the Langley Gulch
13 combined cycle power plant became operational. On July 1,
14 2012, the Company was authorized to change its base rates
15 to reflect the incremental revenue requirement associated
16 with the Langley Gulch plant. At the same time, the
17 Company reduced the Base Level NPSE included in base rates
18 by approximately \$7.7 million to reflect the economic
19 benefits of this new plant. Because the PCA Forecast
20 represents the difference between the NPSE forecast from
21 the March Operating Plan and the Base Level NPSE recovered
22 in the Company's base rates, this change in Base Level NPSE
23 related to Langley Gulch serves to increase the deviation
24 measured by the PCA Forecast. In other words, when
25 comparing the year-over-year change in the PCA Forecast,

1 one must also consider that the Base Level NPSE was reduced
2 by approximately \$7.7 million, resulting in a direct
3 increase to the measured deviation.

4 **IV. HISTORY OF PCA MITIGATION**

5 Q. How does this year's PCA compare to
6 historical PCA rate adjustments?

7 A. To provide a meaningful comparison of PCA
8 rate adjustments over time, PCA amounts should be compared
9 without the revenue sharing component. While revenue
10 sharing is currently a component of the PCA, it was not a
11 component prior to the 2012-2013 PCA Year; therefore, the
12 inclusion of revenue sharing would not allow for an
13 equivalent comparison across all years.

14 This year's total PCA amount as measured from Base
15 Level NPSE, excluding revenue sharing, is \$165.6 million
16 and represents a year-over-year change of \$120.3 million or
17 approximately a 13.1 percent increase over current billed
18 revenue of \$915.2 million. Since the inception of the PCA
19 in 1993, the single largest PCA increase was \$244.4 million
20 in 2002 associated with the 2002-2003 PCA Year. The second
21 largest year-over-year change in PCA revenue was associated
22 with the PCA approved in 2001, which allowed recovery of an
23 incremental \$217.2 million in PCA revenue phased in over
24 two rate adjustments. The first PCA rate adjustment
25 occurred on May 1, 2001, and allowed collection of \$168.3