MEMORANDUM

TO:ALL PARTIES OF RECORD (EXCLUDING IDAHO POWER COMPANY)

FROM:BRAD PURDY

DATE:SEPTEMBER 13, 1995

RE:CASE NO. IPC-E-95-11--NEGOTIATED SETTLEMENT

Enclosed is Idaho Power’s Response to the parties’ proposed Settlement Stipulation.  The first page is a summarization of the changes Idaho Power proposes.  The second document is a Settlement Stipulation with the changes set forth in legislative format.

As you can see, the most significant change is increasing the return on equity level from 11.5% to 12%.  The Company is concerned about the potential reaction to an ROE less than that given to Water Power in the merger case.  Staff noted, however, that Water Power was not guaranteed a return.  Furthermore, Water Power’s shareholders must absorb the merger-related costs which will be amortized over the rate freeze period.

Please review Idaho Power’s Response as soon as possible.  I will be contacting you in the near future.

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