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JASON B. WILLIAMS
Corporate Counsel
jwilliams@idahopower.com

January 20, 2012

VIA HAND DELIVERY

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

Re: Case No. IPC-E-11-08
General Rate Case

Dear Ms. Jewell:

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

Very truly yours,

Jason B. Williams

JBW:csb
Enclosures

LISA D. NORDSTROM (ISB No. 5733)
JASON B. WILLIAMS (ISB No. 8718)
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
Telephone: (208) 388-5825
Facsimile: (208) 388-6936
lnordstrom@idahopower.com
jwilliams@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) CASE NO. IPC-E-11-08
AUTHORITY TO INCREASE ITS RATES)
AND CHARGES FOR ELECTRIC) IDAHO POWER COMPANY'S
SERVICE IN IDAHO.) PETITION FOR CLARIFICATION
_____)

COMES NOW, Idaho Power Company ("Idaho Power" or "Company"), by and through its undersigned counsel, and hereby petitions the Idaho Public Utilities Commission ("Commission") to clarify, pursuant to RP 325, certain issues related to facilities charges as set forth in Order No. 32426. This Petition is based on the following:

I. BACKGROUND

1. On June 1, 2011, Idaho Power filed an Application in this case seeking authority to increase the Company's base rates an average of 9.9 percent or by approximately \$83 million annually. On June 22, 2011, the Commission suspended the proposed effective date and issued a Notice of Application. Order No. 32272.

Numerous parties petitioned for intervention, all of which were granted by the Commission. On August 5, 2011, the Commission issued a Scheduling Order and set a technical hearing for early December 2011. Order No. 32316. The Scheduling Order also set dates for settlement conferences on August 31, 2011, and September 8, 2011.

2. All parties attended the settlement conferences. Based upon discussions at the settlement conferences, all parties (except one) entered into a settlement stipulation ("Stipulation") that proposed to settle most, but not all issues. Specifically, the settling parties could not reach agreement on three issues: (1) the amount of funding for the Company's low-income weatherization program; (2) the surcharge level for the Energy Efficiency Rider; and (3) the methodology used to assess facilities charges. The Commission conducted a technical hearing on December 5 and 6, 2011, to take evidence on the Stipulation and unresolved issues.

3. On December 30, 2011, the Commission issued an Order approving the Stipulation as well as issued findings and conclusions related to the three unresolved issues identified above. Order No. 32426.

4. With regard to the facilities charge methodology, which is the subject of this Petition, the Commission made the following findings:

a. The rate of return component used in the Company's facilities charge calculation was to be updated to reflect the overall rate of return of 7.86 percent that was approved in the Stipulation;

b. The Company must remove the rate of return, depreciation expense, and income tax components for facilities subject to the facilities charge that

are more than 31 years old, thus creating two rate categories for facilities charges—i.e., one for facilities 31 years old or less and another for facilities more than 31 years old;

c. Any impacts to the Company's overall revenue requirement as a result of the Commission's ordered changes to the facilities charge methodology are to be allocated to those specific customer classes in which the change to the facilities charge methodology is made; and

d. Directed the Company to update all cost components that comprise the facilities charge each time the Company files a general rate case.

5. In addition, the Commission ordered the Company to submit a compliance filing reflecting these new facilities charge provisions no later than January 13, 2012. The Company timely submitted that filing and included in that a number of assumptions. Idaho Power seeks clarification of those assumptions as well as some additional issues identified herein and described below.

II. PETITION FOR CLARIFICATION

6. As ordered by the Commission, the Company removed the rate of return, depreciation, and income tax components for the facilities charge rate that will be applied to facilities more than 31 years old. The resultant rate is 0.59 percent. The Company hereby asks that the Commission confirm that this is the appropriate rate for facilities that are more than 31 years in age.

7. Idaho Power only tracks facilities based upon the year in which those facilities were installed; the Company does not track the specific date or month when facilities are installed. For the purposes of determining whether the 31-year or less facilities charge rate applies versus the more than 31-year rate, the Company will make

this reconciliation once a year based upon year-end facilities investment records and adjust customers' monthly facilities charge rates accordingly at the beginning of each calendar year. In addition, because Idaho Power only tracks facilities based upon the year those facilities are installed, the Company assumes that all facilities are installed for a full year regardless of the actual month or date such facilities were installed. The Company hereby asks that the Commission confirm this approach as appropriate.

8. The Company's general rate case filing included adjusted actual 2010 facilities charge revenue based upon the Company's proposed reduction to the monthly facilities charge rate. As part of the compliance filing submitted on January 13, 2012, including the adjustments impacting base rate revenues of specific customer classes as a result of the Commission's ordered change to the facilities charge methodology, the Company used year-end 2011 facilities charge investment records to determine the appropriate ratios to apply to the 2010 facilities charge investments in order to incorporate the two rate categories (i.e., the 31 years or less category or the more than 31 years category) based on the age of the facilities at the end of 2011. The Company hereby asks the Commission to confirm this approach as appropriate.

9. The Company does not individually track facilities subject to the facilities charge for Schedules 15 and 41. In addition, the Company no longer offers the facilities charge service to new customers under Schedules 15 and 41. Accordingly, the Company will continue to only apply a single rate (one which includes the rate of return, depreciation, and income tax components) to facilities subject to the facilities charge for Schedules 15 and 41 customers. The Company hereby asks the Commission to confirm this approach as appropriate.

10. The Company submitted its compliance filing on January 13, 2012, including updated tariff pages with a proposed effective date of February 1, 2012. Importantly, because facilities charge customers are billed on a calendar month basis, if the Commission does not approve the tariffs to be effective on February 1, 2012, the Company respectfully requests the Commission set the effective date for the first day of the month immediately following the Commission's Order on this Petition. The Company is currently assessing only a single facilities charge rate (one which includes the rate of return, depreciation, and income tax components) for the month of January 2012 and will continue to do so until the Commission approves the Company's tariffs that were submitted on January 13, 2012. The Company hereby asks the Commission to confirm this approach.

III. CONCLUSION

NOW, THEREFORE, Idaho Power respectfully requests the Commission issue an Order clarifying the following:

1. That 0.59 percent is the correct rate to be assessed on facilities that are more than 31 years in age;
2. That the Company shall make only annual adjustments to facilities for purposes of determining which rate (i.e., the 31 years or less rate or the more than 31 years rate) applies to facilities subject to the facilities charge;
3. That the Commission accept the Company's use of 2011 facilities charge investments and the age of facilities at year-end 2011 for purposes of implementing the compliance filing;

4. That the Company only assess a single facilities charge rate (i.e., one that includes rate of return, depreciation, and income tax components) for facilities charges for Schedules 15 and 41 customers; and

5. That the effective date of any tariffs associated with the compliance filing be effective on the first day of the month immediately following the Commission's Order on this Petition.

Respectfully submitted this 20th day of January 2012.



JASON B. WILLIAMS
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 20th day of January 2012 I served a true and correct copy of the within and foregoing IDAHO POWER COMPANY'S PETITION FOR CLARIFICATION upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

Donald L. Howell, II
Karl T. Klein
Deputy Attorneys 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
Karl.Klein@puc.idaho.gov

Industrial Customers of Idaho Power

Peter J. Richardson
Gregory M. Adams
RICHARDSON & O'LEARY, PLLC
515 North 27th Street (83702)
P.O. Box 7218
Boise, Idaho 83707

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email peter@richardsonandoleary.com
greg@richardsonandoleary.com

Dr. Don Reading
Ben Johnson Associates, Inc.
6070 Hill Road
Boise, Idaho 83703

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email dr@benjohnsonassociates.com

Idaho Irrigation Pumpers Association, Inc.

Eric L. Olsen
RACINE, OLSON, NYE, BUDGE &
BAILEY, CHARTERED
201 East Center
P.O. Box 1391
Pocatello, Idaho 83204-1391

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email elo@racinelaw.net

Anthony Yankel
29814 Lake Road
Bay Village, Ohio 44140

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email tony@yankel.net

The Kroger Co.

Kurt J. Boehm
BOEHM, KURTZ & LOWRY
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email kboehm@BKLawfirm.com
jrh@battfisher.com

Kevin Higgins
Energy Strategies, LLC
215 South State Street, Suite 200
Salt Lake City, Utah 84111

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email khiggins@energystrat.com

Micron Technology, Inc.

Mary V. York
HOLLAND & HART, LLP
101 South Capital Boulevard, Suite 1400
Boise, Idaho 83702

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email myork@hollandhart.com
tnelson@hollandhart.com
madavidson@hollandhart.com
fschmidt@hollandhart.com
lnbuchanan@hollandhart.com

Richard E. Malmgren
Senior Assistant General Counsel
Micron Technology, Inc.
800 South Federal Way
Boise, Idaho 83716

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email remalmgren@micron.com

The United States Department of Energy

Arthur Perry Bruder, Attorney-Advisor
United States Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email Arthur.bruder@hq.doe.gov
Steven.porter@hq.doe.gov

Dwight D. Etheridge
Exeter Associates, Inc.
10480 Little Patuxent Parkway, Suite 300
Columbia, Maryland 21044

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email detheridge@exeterassociates.com

**Community Action Partnership
Association of Idaho**

Brad M. Purdy
Attorney at Law
2019 North 17th Street
Boise, Idaho 83702

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email bmpurdy@hotmail.com

Idaho Conservation League

Benjamin J. Otto
Idaho Conservation League
710 North Sixth Street (83702)
P.O. Box 844
Boise, Idaho 83701

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email botto@idahoconservation.org

Snake River Alliance

Ken Miller
Snake River Alliance
P.O. Box 1731
Boise, Idaho 83701

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email kmiller@snakeriveralliance.org

NW Energy Coalition

Nancy Hirsh, Policy Director
NW Energy Coalition
811 First Avenue, Suite 305
Seattle, Washington 98104

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email nancy@nwenergy.org

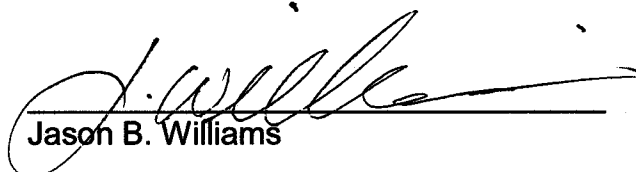
Hoku Materials, Inc.

Dean J. Miller
McDEVITT & MILLER LLP
420 East Bannock (83702)
P.O. Box 2564
Boise, Idaho 83701

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email joe@mcdevitt-miller.com
heather@mcdevitt-miller.com

Scott Paul, CEO
Hoku Materials, Inc.
One Hoku Way
Pocatello, Idaho 83204

Hand Delivered
 U.S. Mail
 Overnight Mail
 FAX
 Email spaul@hokucorp.com



Jason B. Williams