

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION OF)
IDAHO POWER COMPANY FOR AUTHORITY) CASE NO. IPC-E-03-5
TO IMPLEMENT A POWER COST)
ADJUSTMENT (PCA) RATE FOR ELECTRIC) NOTICE OF APPLICATION
SERVICE FROM MAY 16, 2003 THROUGH)
MAY 15, 2004.) NOTICE OF MODIFIED
) PROCEDURE
)
) NOTICE OF COMMENT
) DEADLINE
)
) ORDER NO. 29229**

On April 15, 2003, Idaho Power Company (Idaho Power, Company) filed an Application with the Commission for authority to decrease Power Cost Adjustment (PCA)¹ rates. Idaho Power supplies electricity to approximately 380,000 customers in southern Idaho. The PCA mechanism is traditionally comprised of two major components: 1) excess Company power supply costs during the preceding twelve (12) months, which include off-system power purchases from the regional power market beyond the amount previously included in customer base rates, and 2) the projection² of the next year's power supply costs based on expected³ Snake River stream flows and storage. This year the PCA contains a third component for amounts small commercial, industrial and irrigation customers carried over to this year, thus reducing the amount of their respective rate decreases. This request, if approved, would decrease the Company's overall revenues by approximately \$114 million and lower overall rates by an average of 18.2% effective May 16, 2003. In this Order the Commission processes this filing under Modified Procedure and establishes a written comment deadline.

¹ In March 1993, the Commission authorized Idaho Power to file proposed Power Cost Adjustment (PCA) surcharges or rebates to take effect in May each year. Order No. 24806 (Case No. IPC-E-92-25).

² The Company may recover 90 percent of the difference between the projected power cost and the Commission's approved base power cost. Order No. 25880.

³ Typically this forecast is based upon an April 1 projection of April through July Brownlee runoff.

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NOTICE OF APPLICATION

PCA Components

YOU ARE HEREBY NOTIFIED that although the Company seeks to reduce the current PCA surcharge, the proposed rates would generate approximately \$81 million more than base rates from the three PCA components. First, Idaho Power seeks approximately \$38.7 million to recover above normal power supply costs incurred during the April 2002 – March 2003 PCA period. These costs are predominantly Astaris load reduction and settlement costs.

Second, the Company requests approximately \$26.6 million in anticipation of above normal power supply costs for the April 2003 – March 2004 PCA period due to below normal Snake River stream flows and storage. Low reservoir levels upstream have caused forecasted stream flow into Brownlee Reservoir to be only 53% of normal.

The third PCA component is comprised of approximately \$16 million in Commission-authorized deferrals for amounts still owed by three customer classes from last year's PCA. To recover this additional amount, Idaho Power proposes that small general service customers pay an additional 0.2438¢ per kilowatt hour (kWh), industrial customers pay an additional 0.2178¢ per kWh, and irrigation customers pay an additional 0.7120¢ per kWh.

Specific Expenses and Credits to be Recovered in the Proposed PCA

YOU ARE FURTHER NOTIFIED that Idaho Power's Application identified the following expenses and credits to be recovered in the PCA:

2002-2003 Power Supply True-Up	\$38,707,636
• Astaris Voluntary Load Reduction Payments	\$28,223,583
• Astaris Voluntary Load Reduction Credit	(\$ 425,000)
• Astaris Take-or-Pay Charge	\$ 1,275,663
• Mobile Home Metering Costs	\$ 16,499
• Intervenor Funding	\$ 26,138
• Annual IDACORP Energy credit	(\$ 2,000,000)
• Proposed IDACORP Energy Settlement	(\$ 1,363,475)
• Interest on True-Up Amounts	\$ 731,354
• All other power supply items	\$12,222,873
2003-2004 Projected Power Supply Costs	\$26,574,485
2002-2003 Customer Class Deferrals	<u>\$16,039,041</u>
TOTAL	\$81,311,162

YOU ARE FURTHER NOTIFIED that Astaris voluntary load reduction payments comprise most of the approximate \$38 million in power supply true-up costs from the last PCA. Pursuant to the settlement approved by Commission Order No. 29050, Idaho Power included amounts related to Voluntary Load Reduction payments made to Astaris, the Voluntary Load Reduction credit, and the Take-or-Pay charge in its proposed 2003-2004 PCA rates. In this filing, Idaho Power specifically seeks recovery of the voluntary load reduction amounts paid from April 2002 to February 2003. As the Company is no longer required to pay for Astaris load reduction going forward, this expense will not appear in Idaho Power's 2004-2005 PCA filing next year.

YOU ARE FURTHER NOTIFIED that the Company's Idaho ratepayers receive a \$2 million annual credit pursuant to the Stipulation in support of a Supply Management Agreement that the Commission approved in Order No. 28596. This credit reflects the approximate amount Idaho Power over-collects from ratepayers to pay for management functions assumed by Idaho Power's marketer, IDACORP Energy (IE). Although Idaho Power's present Application includes the \$2 million credit for the 2002-2003 true-up period, testimony accompanying the Application indicates that the credit "should cease as of April 1, 2003 in recognition that the Supply Management Agreement is no longer in place" due to the dissolution of IE. Gale Testimony at 9.

YOU ARE FURTHER NOTIFIED that the proposed IDACORP Energy Settlement amount is intended to resolve federal concerns regarding \$1,782,320 of profit IE earned on three wholesale transactions. Idaho Power states that this credit is in addition to \$4,043,866 IE previously paid Idaho Power for ancillary services related to these transactions. Although these amounts are found in separate line items, Idaho Power proposes that \$1,363,475⁴ be credited to ratepayers during the 2003-2004 PCA period covered by this Application.

Rates for Specific Customer Classes

YOU ARE FURTHER NOTIFIED that because not all customers pay the same per-kilowatt-hour charge and some customer classes deferred portions of last year's PCA costs, each

⁴ \$1,782,320 adjusted to the 85% Idaho jurisdictional number and with 90/10 PCA sharing.

customer class has a different percentage decrease. The overall proposed rate change reflects an average 18.2% decrease to current Idaho Power rates. The approximate percentage impact of the proposed decrease for each customer class is set out below:

CUSTOMER GROUP	CURRENT AVERAGE RATE (¢/kWh)	PROPOSED PCA DECREASE (¢/kWh)	PROPOSED CARRY-OVER ADDER (¢/kWh)	PROPOSED AVERAGE RATE (¢/kWh)	PROPOSED PERCENTAGE DECREASE (¢/kWh)
RESIDENTIAL (01)	7.1	(1.4)	0.0	5.7	-18.9%
SMALL COMMERCIAL(07)	8.0	(1.1)	0.2	7.1	-11.0%
LARGE COMMERCIAL (09)	5.4	(1.3)	0.0	4.1	-24.7%
INDUSTRIAL (19)	4.5	(1.1)	0.2	3.6	-20.2%
IRRIGATION (24)	5.2	(0.7)	0.7	5.1	-0.5%

NOTE: The components listed above are rounded to one decimal place (one-tenth of a cent) for purposes of simplicity.

YOU ARE FURTHER NOTIFIED that the Company's bill stuffer notifies customers that a typical monthly residential bill for 1,200 kWh will decrease from \$85 to \$69 if the approximate 1.4 ¢ residential rate decrease is approved.

YOU ARE FURTHER NOTIFIED that the Company requested the Application's tariff filing implementing the proposed PCA rates become effective May 16, 2003.

YOU ARE FURTHER NOTIFIED that the Company's Application to decrease its rates is merely a proposal subject to public review and Commission approval.

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter and Idaho Power Company, an electric utility, pursuant to the authority and power granted under Title 61 of the Idaho Code and the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has reviewed the filings of record in Case No. IPC-E-03-5. The Commission has preliminarily determined that the public interest may not require a hearing to consider the issues presented in this case, and that the issues

raised by the Company's filing may be processed under **Modified Procedure** (i.e., by written submission rather than by hearing). Commission Rules of Procedure, IDAPA 31.01.01.201-204. In so doing, the Commission notes that Modified Procedure and written comment have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that the Commission will not hold a hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used. IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that if no protests or comments are received within the deadline, the Commission may consider the matter and enter its Order without a hearing. If protests or comments are filed within the deadline, the Commission will consider them and may set the matter for hearing or may decide the matter and issue its Order on the basis of the written positions before it. IDAPA 31.01.01.204.

NOTICE OF COMMENT DEADLINE

YOU ARE FURTHER NOTIFIED that the **deadline for filing written comments or protests** with respect to the Application and the use of Modified Procedure in Case No. IPC-E-03-5 is **Thursday, May 8, 2003**. IDAPA 31.01.01.202.02. Persons desiring a hearing must specifically request a hearing in their written protests or comments.

YOU ARE FURTHER NOTIFIED that Idaho Power Company shall have until **9 a.m. on Monday, May 12, 2003** to file a written response to these comments.

YOU ARE FURTHER NOTIFIED that written comments concerning this Application must be mailed to the Idaho Public Utilities Commission and Idaho Power Company at the following addresses:

COMMISSION SECRETARY
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0338 (TELEPHONE)
(208) 334-3762 (FAX)

Street Address for Express Mail:
472 W WASHINGTON ST
BOISE, ID 83702-5983

BARTON L. KLINE
MONICA B. MOEN
IDAHO POWER COMPANY
PO BOX 70
BOISE, ID 83707-0070
Email: bkline@idahopower.com
mmoen@idahopower.com

GREGORY W. SAID
IDAHO POWER COMPANY
PO BOX 70
BOISE, ID 83707-0070
Email: gsaid@idahopower.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.state.id.us. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to the Applicant at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Application in Case No. IPC-E-03-5 together with accompanying exhibits and workpapers can be reviewed at the Commission's office and at the principal office of Idaho Power Company during regular business hours. Idaho Power Company is located at 1221 West Idaho Street in Boise, Idaho (208-388-2323). Idaho Power's Application, testimonies and exhibits are also available on the Commission's Website at www.puc.state.id.us under the "File Room" icon.

ORDER

IT IS HEREBY ORDERED that the foregoing scheduling be adopted.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 17th
day of April 2003.



PAUL KJELLANDER, PRESIDENT

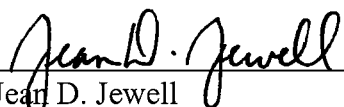


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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