

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPROPRIATE)	
DISPOSITION OF IDAHO POWER)	CASE NOS. IPC-E-08-14
COMPANY'S SULFUR DIOXIDE EMISSION)	IPC-E-09-08
ALLOWANCES FOR 2008 AND 2009)	
)	NOTICE OF REPORT
)	
)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 30761

On March 18, 2009, Idaho Power Company filed a report disclosing that the Company recently recorded the sale of surplus sulfur dioxide (SO₂) emission allowances. The Company reported that it has either sold or entered into contracts for the sale of 16,500 SO₂ allowances. After deducting its brokerage fees of \$4,125, Idaho Power anticipates booking SO₂ proceeds of \$2,341,375. The Company's report also noted that during calendar year 2008, it sold 10,000 SO₂ allowances. After deducting brokerage fees, the Company reported net SO₂ revenues in 2008 of \$2,958,500. *See* Case No. IPC-E-08-14 (report filed July 24, 2008).

The Commission initiates this proceeding to determine the appropriate disposition and ratemaking treatment for the reported SO₂ revenues.

BACKGROUND

Title IV of the Clean Air Act Amendments of 1990 established a national program for the reduction of acid rain. 42 U.S.C. §§ 7651 *et seq.* The centerpiece of the acid rain program is the incentive- or market-based "cap and trade" SO₂ program. Under the cap and trade program, the U.S. Environmental Protection Agency (EPA) sets a cap or ceiling on the total amount of SO₂ emissions allowed nationwide. Based upon this cap, EPA allocates a certain number of SO₂ emission allowances to thermal power plant owners. Each allowance or credit provides the authority to emit one ton of SO₂. Idaho Power has an ownership interest in three thermal power plants in the west: Jim Bridger, North Valmy, and Boardman.

A thermal power plant owner must hold sufficient allowances each year to cover its actual SO₂ emissions. A power plant owner that does not possess sufficient allowances to cover

its annual emissions must purchase additional allowances or it is automatically fined and must surrender future-year allowances to cover the shortfall. A power plant owner holding surplus SO2 allowances in a given year may retain the allowances or sell them. SO2 allowances are fully marketable commodities and can be traded on the open market or in special EPA-sponsored auctions. *Id.*

PROPOSED ACCOUNTING TREATMENT

In its report, Idaho Power proposes that the “same 90/10 percent sharing of benefits” be utilized to allocate the proceeds from the sale of SO2 allowances booked during 2008 and in January 2009. Application at ¶ 7. The Company recognizes that subsequent SO2 sales will be subject to the new 95/5 percent sharing methodology consistent with the parties’ stipulation approved by the Commission in Order No. 30715 (Case No. IPC-E-08-19). In addition to the change in sharing methodology, Idaho Power also asserts that the jurisdictional allocations were adjusted in the Company’s recent rate case Order No. 30722. In particular, Idaho’s jurisdictional percentage increased from 94.7% to 94.79%. *Id.*

Idaho Power’s report merely notes that the Company has accrued SO2 credits but does not recommend a particular disposition or ratemaking treatment for the funds. Staff recommended that the Commission initiate a docket to determine the appropriate disposition of the 2008 and 2009 (thus far) SO2 credits. In past cases, SO2 proceeds have been included in the Company’s annual Power Cost Adjustment (PCA) case. *See* Order Nos. 30041 and 30529. In Order No. 30760, the Commission utilized SO2 proceeds to fund an energy education proposal.

NOTICE OF MODIFIED PROCEDURE

YOU ARE HEREBY NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission’s Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on the appropriate disposition of the SO2 proceeds may file a written comment in support or opposition with the Commission within twenty-one (21) days from the service date of this Notice. The

comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and Idaho Power at the addresses reflected below:

Commission Secretary	Lisa Nordstrom, Senior Counsel
Idaho Public Utilities Commission	Greg Said, Manager-Rev. Requirement
PO Box 83720	Idaho Power Company
Boise, ID 83720-0074	PO Box 70
	Boise, ID 83707-0070
Street Address for Express Mail:	E-Mail: lnordstrom@idahopower.com
	gsaid@idahopower.com
472 W. Washington Street	
Boise, ID 83702-5918	

These comments should contain the case caption and case numbers 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.idaho.gov. 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 Idaho Power at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the two reports have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The two reports are also available on the Commission's Website at www.puc.idaho.gov under the "File Room" and then "Electric Cases."

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-316, 61-502, 61-503, 61-523, and 61-524. The Commission may enter any final Order consistent with its authority under Title 61.

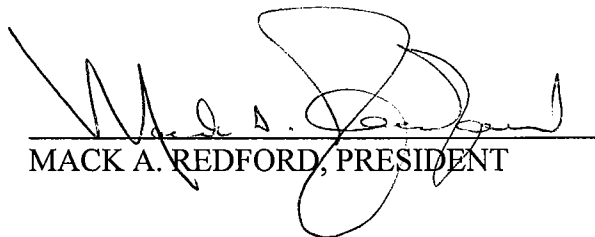
NOTICE OF REPORT
NOTICE OF MODIFIED PROCEDURE
ORDER NO. 30761

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Persons interested in submitting written comments regarding the disposition of the SO2 proceeds for calendar years 2008 and 2009 (to present) must do so no later than twenty-one (21) days from the service date of this Order.

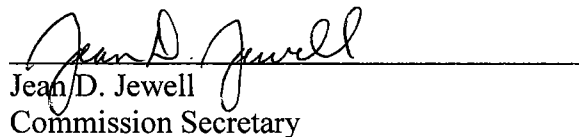
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 27th day of March 2009.


MACK A. REDFORD, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


JIM D. KEMPTON, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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