

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF IDAHO POWER COMPANY FOR)	CASE NO. IPC-E-10-25
ACCEPTANCE OF ITS 2011 RETIREMENT)	
BENEFITS PACKAGE)	NOTICE OF APPLICATION
)	
)	NOTICE OF
)	MODIFIED PROCEDURE
)	
)	ORDER NO. 32092

YOU ARE HEREBY NOTIFIED that on October 1, 2010, Idaho Power Company filed an Application with the Commission requesting the Commission accept the Company's 2011 retirement benefits package. The Company does not request recovery of additional pension plan contributions in this Application.

YOU ARE FURTHER NOTIFIED that earlier this year the Company requested authorization to recover in customer rates its 2010 cash contributions to its defined benefits plan. The Commission approved the request in Order No. 31091, but directed the Company to review appropriate changes to its pension plan. Specifically, noting that Company pension payments may total nearly \$157 million during 2014-2018, the Commission stated that "it is unreasonable for Idaho Power's customers to be solely responsible for large contributions to the Company's defined benefit pension plan." Order No. 31091, p. 3. The Commission directed the Company to "consider changes to its retirement plan and address shareholder and employee liabilities in assignment of pension plan investment risk." *Id.* Finally, the Commission stated that it "will not approve recovery of additional pension plan contributions from customers without evidence that Idaho Power has carefully reviewed alternatives to reduce the burden placed on customers." *Id.*

YOU ARE FURTHER NOTIFIED that the Company's Application states that its filing "is intended to provide the Commission with evidence that the Company has evaluated the costs of its retirement benefits package, has considered and implemented changes, and has a prudent retirement benefits package with a reasonable cost burden for Idaho Power customers." Application, p. 2. The Company's retirement benefits package includes three components: (1) a defined contribution or 401(k) benefit plan, (2) a defined benefit pension plan, and (3) a retiree

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medical benefit plan. The 401(k) benefit plan and retiree medical benefits components place all market and inflationary risk on retirees. The defined benefit portion of the package does place market risk on the Company, although the Company removed inflationary risk by not including a cost of living adjustment feature in the defined benefit portion. Application, p. 4.

YOU ARE FURTHER NOTIFIED that the Application states that the Company's board of directors voted to reduce the cost of the retirement benefits package for new employees hired after January 1, 2011, from approximately 9.1% of a new salaried employee's base pay to approximately 7.9%. As a result, approximately 38% of new costs will be associated with the defined contribution 401(k) benefit plan, approximately 59% will be associated with the defined benefit plan, and the remaining 3% will be associated with the retiree medical benefit plan. Application, p. 5. Because the changes to the retirement benefits package applies only to new employees, the cost savings associated with the modification will be minimal initially but will grow over time as a larger proportion of the Company's workforce is included in the new benefits calculation. The Company expects the changes to result in approximately \$1.97 million annual savings once the Company's workforce is fully transitioned to the modified benefit plan.

YOU ARE FURTHER NOTIFIED that the Company requests that its Application be processed by Modified Procedure. Staff recommends that the Company's Application be processed by Modified Procedure with a 60-day period for written comments, followed by a 14-day period for the filing of reply comments.

YOU ARE FURTHER 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 31.01.01.201-204. 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 this Application may file a written comment in support or in opposition with the Commission within sixty (60) days from the service date of this Notice. The comment must contain a statement of reasons supporting the comment.

YOU ARE FURTHER NOTIFIED that the Company and other interested parties have fourteen (14) days after the initial comment period to file reply comments.

YOU ARE FURTHER NOTIFIED that persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application may be mailed to the Commission and Idaho Power at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, Idaho 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

Lisa D. Nordstrom
Donovan E. Walker
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-Mail: lnordstrom@idahopower.com
dwalker@idahopower.com

Greg W. Said
Tim E. Tatum
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-mail: gsaid@idahopower.com
ttatum@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.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 Application and supporting workpapers have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices or on the Commission's web site at www.puc.idaho.gov by clicking on "File Room" and then "Electric Cases."

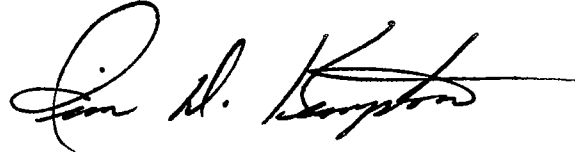
YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final order consistent with its authority under Title 61.

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.

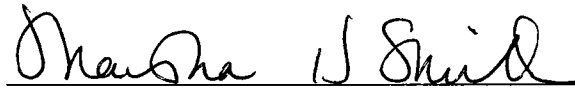
ORDER

IT IS HEREBY ORDERED that Idaho Power Company's Application for acceptance of its 2011 retirement benefits package be processed by Modified Procedure, IDAPA 31.01.01.201-.204. Persons interested in submitting written comments in this matter must do so within 60 days from the service date of this Notice, and may file reply comments within 14 days after the initial comment period.

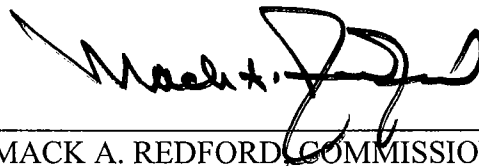
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 15th day of October 2010.



JIM D. KEMPTON, PRESIDENT




MARSHA H. SMITH, COMMISSIONER



MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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