



May 24, 2007

VIA ELECTRONIC FILING AND U.S. MAIL

Ms. Vikie Bailey-Goggins, Administrator
Regulatory Operations Division
Public Utility Commission of Oregon
Attn: Filing Center
550 Capitol Street NE
P.O. Box 2148
Salem, OR 97308-2148

RE: Advice No. 07-05
Fourth Revised Sheet No. 98-1, Schedule 98
Residential and Small Farm Energy Credit

Dear Ms. Bailey-Goggins:

Idaho Power Company hereby transmits for filing Fifth Revised Sheet No. 98-1. The Company respectfully requests that the revised Schedule 98 become effective with meter readings on and after May 30, 2007, and requests that the Commission waive Rule 860-022-032. Also submitted with this filing is the required less-than-statutory-notice (LSN) application.

The enclosed tariff sheet revises Schedule 98 which provides residential and certain other customers of Idaho Power a direct pass through of monetary benefits received from the Bonneville Power Administration (BPA) under a Residential Exchange Program Settlement Agreement. On May 3rd the Ninth Circuit Court of Appeals issued a decision that concluded that the Residential Exchange Program 2000 Settlement Agreement for Fiscal Years 2002-2006 was inconsistent with the Northwest Power Act. As a result of this decision, BPA announced on May 21, 2007 that it will cease providing payments to the investor-owned utilities – including Idaho Power – under the Residential Exchange Program. Thus it is necessary for Idaho Power to reduce the level of credits provided to our eligible customers under the Residential Exchange Program to \$0.000000/kWh. A copy of BPA's letter to Idaho Power announcing the suspension of payments is attached.

The monthly impact of this filing on an average Oregon residential customer using 1,230 kWh per month will be \$6.54.

If you have questions, please feel free to contact Phil Obenchain at 208-388-2713 or me.

Sincerely,

A handwritten signature in black ink that reads "Barton L. Kline".

Barton L. Kline

Enclosures

c: Bonnie Tatom, OPUC
Phil Obenchain
Ric Gale
Maggie Brilz

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON
550 CAPITOL STREET NORTHEAST
SALEM, OREGON 97310-1380

IN THE MATTER OF THE APPLICATION OF _____) UTILITY L.S.N. APPLICATION
Idaho Power Company) NO. _____
 (Utility Company))
 _____)

TO WAIVE STATUTORY NOTICE.

NOTE: ATTACH EXHIBIT IF SPACE IS INSUFFICIENT.

1. GENERAL DESCRIPTION OF THE PROPOSED SCHEDULE(S) ADDITION, DELETION, OR CHANGE. (SCHEDULE INCLUDES ALL RATES, TOLLS AND CHARGES FOR SERVICE AND ALL RULES AND REGULATIONS AFFECTING THE SAME).

Set BPA Credit price to \$0.00.

2. APPLICANT DESIRES TO CHANGE THE SCHEDULE(S) NOW ON FILE KNOWN AND DESIGNATED AS: (INSERT SCHEDULE REFERENCE BY NUMBER, PAGE, AND ITEM).

Fourth Revised Sheet No. 98-1

3. THE PROPOSED SCHEDULE(S) SHALL BE AS FOLLOWS: (INSERT SCHEDULE REFERENCE BY NUMBER, PAGE, AND ITEM).


Fifth Revised sheet No. 98-1

4. REASONS FOR REQUESTING A WAIVER OF STATUTORY NOTICE:

A Waiver of Statutory Notice is warranted given the urgent need to match the Schedule 98 credit with the level of receipts that BPA will be providing under the Residential Exchange Program, which are zero.

5. REQUESTED EFFECTIVE DATE OF THE NEW SCHEDULE(S):

Effective with meter readings on or after May 30, 2007.

AUTHORIZED SIGNATURE 	TITLE Senior Attorney	DATE 5-24-07
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PUC USE ONLY

<input type="checkbox"/> APPROVED <input type="checkbox"/> DENIED	EFFECTIVE DATE OF APPROVED SCHEDULE(S) OR CHANGE
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AUTHORIZED SIGNATURE	DATE
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SCHEDULE 98
RESIDENTIAL AND SMALL FARM
ENERGY CREDIT

APPLICABILITY

This schedule is applicable to the qualifying electric energy delivered to residential Customers taking service under Schedule 1, qualifying long-term care facilities taking service under Schedule 7 or Schedule 9 who are not providing full medical care to residents and where the average patient stay is 30 days or longer, and to agricultural Customers operating a water pumping or water delivery system used to irrigate agricultural crops or livestock pasturage under Schedule 24.

The Residential and Small Farm Energy Credit ("Credit") is the result of the Settlement Agreement between the Company and BPA dated October 31, 2000. The Settlement Agreement provides for the determination of benefits during the period October 1, 2001 through September 30, 2011. The Credit under this schedule is effective October 26, 2001. This schedule shall expire when the benefits derived from the Settlement Agreement for the period October 1, 2001 through September 30, 2011 have been credited to customers as provided for under this schedule.

QUALIFYING ELECTRIC ENERGY

All kWh of energy delivered during the Billing Period to residential Customers taking service under Schedule 1 and qualifying long-term care facilities taking service under Schedule 7 or Schedule 9, as described above, qualifies for the Credit under this schedule. The kWh of energy delivered during the Billing Period to applicable agricultural Customers taking service under Schedule 24 which qualifies for the Credit under this schedule is limited to either the agricultural Customer's actual metered energy or 222,000 kWh, whichever is less. Agricultural Customers will be identified by tax identification number or Social Security Number for purposes of determining qualifying electric energy under this schedule.

CREDIT ADJUSTMENT

An energy credit factor for residential Customers and qualifying long-term care facilities will be computed every twelve months. The energy credit factor is determined by dividing the sum of monthly benefit derived from the Settlement Agreement for each month of the twelve-month rate period by the sum of the projected monthly kWh of energy consumption by residential Customers and qualifying long-term care facilities. The current computation of the energy credit factor is \$0.000000/kWh. A Credit equal to the current factor times the qualifying (R) kWh of electric energy for the Billing Period will be included on each Customer billing.

An energy credit factor for applicable agricultural Customers will be computed on an annual basis by dividing the annual benefit derived from the Settlement Agreement by the qualifying kWh of electric energy billed to applicable agricultural Customers for the October through September Billing Periods. A Credit equal to the credit adjustment factor times the qualifying kWh of electric energy billed to each applicable agricultural Customer during the October through September Billing Periods will be issued to each applicable agricultural Customer in December of each year.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

May 21, 2007

In reply refer to: PS-6

Mr. John R. Gale, Vice President
Regulatory Affairs
Idaho Power Company
1221 West Idaho Street
Boise, ID 83702

Dear Mr. Gale:

As we have recently informed you or your representatives, the law provides that a Federal Certifying Officer is personally responsible and accountable for certifying the legality of a proposed payment, and is personally accountable for making a payment prohibited by law. *See* 31 U.S.C. § 3528; Principles of Federal Appropriations, Second Edition, Volume II, 9-88 – 9-145. In the Ninth Circuit Court of Appeal's (Court) recent May 3, 2007, *PGE* and *Golden Northwest Aluminum* decisions, the Court concluded that certain Bonneville Power Administration (BPA) actions in entering residential exchange settlements in 2000 with your company and other Investor Owned Utilities were "not in accordance with law." This quite understandably raised substantial question whether the BPA Certifying Officer could certify additional payments under the settlement agreements; indeed, the Court has asked for briefing as to the effect of its rulings on pending challenges to other outstanding settlement agreements.

We have concluded that this uncertainty created by the Court's decisions means that we must at this time suspend payments. You have acknowledged that BPA is, thus, currently prevented by reasons beyond its control from continuing payment pending final decisions by the Ninth Circuit in the outstanding Ninth Circuit challenges, and that in light of this uncertainty created by the Court's decisions you agree not to assert BPA is in breach of contract as a result of the suspension. Accordingly, BPA is immediately suspending payments (including conservation and renewable discounts and any other credits) under the challenged BPA agreements pending final decisions by the Ninth Circuit in the outstanding Ninth Circuit challenges. Such temporary suspension and acknowledgement shall not constitute an admission or waiver of, and is subject to, any statutory, contractual and other rights and obligations of the parties that may exist, so the suspension is without prejudice to the issue of whether the suspended amounts must at some later point be paid (or credited). BPA's suspension in no way affects the continued existence of the settlement agreements.

We very much regret that it is necessary for us to suspend payments at this time, since we understand that this will rapidly result in large and, for some, severe rate consequences for your

residential and small farm customers. We have spent considerable effort seeking to find means to continue the payments to allow more time for the parties to find a way to address the issues raised by the Court, but without success.

BPA currently anticipates that such suspension will continue at least until any petitions for rehearing on the Court's decisions are finally resolved. We believe the Court's decisions on the settlements are in error, and we are exploring all potential viable avenues for rehearing, including by the full Court if possible. BPA agrees that this suspension is only an interim measure and does not represent a final action by the Administrator, and it will not assert otherwise. BPA agrees it will inform you of its final decision regarding the suspended and any remaining payments (and credits) within a reasonable period of time after the decisions by the Ninth Circuit are final in the outstanding Ninth Circuit challenges.

In the interim we will be consulting with key stakeholders informally as to any ideas for finding a way to resolve these issues consistent with the Court's decision. This is made more challenging by the fact that the Court has not ruled yet on the significant 2001 and 2004 amendments to the contracts that the Court did rule on. We want to resolve this issue as quickly as possible, but also recognize that any work now may be undone by further rulings from the Court.

This is a most vexing problem, and we look forward to working with you and others in the Pacific Northwest region to find a resolution that best serves the interest of all Northwest citizens.

Sincerely,



Mark O. Gendron
Vice President, Requirements Marketing