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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1174

In the Matter of)	
)	
IDAHO POWER COMPANY)	ORDER
)	
Petition for approval of accounting for)	
additional credits to existing deferred excess)	
net power supply expenses.)	

DISPOSITION: APPLICATION APPROVED

On October 6, 2004, Idaho Power Company (Idaho Power) filed an application with the Public Utility Commission of Oregon (Commission) requesting approval of a Settlement Stipulation and, pursuant to ORS 757.259, Idaho Power requested approval of an Accounting Order for additional credits to existing Deferred Excess Net Power Supply expenses, effective January 1, 2005. The Settlement Stipulation is attached to Appendix A as Exhibit 1, and both are incorporated by reference. Consistent with issues specified in the Settlement Stipulation, Idaho Power agrees to continue to provide the annual revenue credit, set out in Order No. 01-551, to its customers until December 2005.

At its Public Meeting on November 9, 2004, the Commission adopted Staff's Recommendation and approved Idaho Power's current request.

ORDER

IT IS ORDERED that:

1. Idaho Power Company's Accounting Order for additional credits to existing Deferred Excess Net Power Supply expenses is approved, effective January 1, 2005.

2. The Settlement Stipulation between Idaho Power Company and Staff is approved.

Made, entered, and effective _____.

Lee Beyer
Chairman

John Savage
Commissioner

Ray Baum
Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 9, 2004**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** January 1, 2005

DATE: October 11, 2004

TO: Lee Sparling through Ed Busch and Judy Johnson

FROM: Carla Owings

SUBJECT: IDAHO POWER COMPANY: (Docket No. UM 1174) Request for adoption of Settlement Stipulation between Idaho Power and Staff and approval of Accounting Order for additional credits to existing Deferred Excess Net Power Supply expenses.

STAFF RECOMMENDATION:

I recommend the Commission adopt the attached Settlement Stipulation (Exhibit 1) and approve Idaho Power Company's request pursuant to ORS 757.259, for approval of an Accounting Order for additional credits to existing Deferred Excess Net Power Supply expenses, effective January 1, 2005.

DISCUSSION:

On October 6, 2004, Idaho Power Company (Idaho Power or Company) filed a request pursuant to ORS 757.259, for approval of a Settlement Stipulation (attached as Exhibit 1) as well as a request for approval of an Accounting Order for additional credits to its existing Deferred Excess Net Power Supply expenses, effective January 1, 2005.

On July 3, 2001, Commission Order 01-551, in part, adopted an agreement for Electricity Supply and Management Services between Idaho Power and its affiliate, IDACORP Energy Solutions, LP (IES)¹. This approval was conditioned upon a requirement that Idaho Power recognize for accounting purposes \$1 million on an Oregon basis for its knowledge and expertise in electricity supply that was subsequently provided to IES as a result of the services contract². Concurrently, Idaho PUC ordered a \$2 million annual revenue credit for Idaho customers to address these benefits. The Company has provided this benefit to its Oregon customers in the amount of \$7,691.67 per month since July of 2001.

¹ IES subsequently changed its name to IDACORP Energy (IE).

² See Exhibit 1, page 2.

Reason for Deferral

On August 1, 2002, IE ceased operations thereby ending the benefits that formed the basis for the credit. Consistent with issues specified in the attached Stipulated Agreement (Exhibit 1) between Idaho Power and Staff, the Company has agreed to continue to provide this benefit to its Oregon customers in the amount of \$7,691.67, until December of 2005. In addition, Idaho Power has agreed to a single global settlement of any remaining issues (specified in Stipulated Agreement) in the amount of a one-time credit of \$100,000, to be recorded on January 1, 2005.

Approval for this Accounting Order pursuant to 757.259(2)(e) minimizes the frequency of rate changes by including these amounts as credits to Idaho Power's Excess Power Supply Costs deferral account which is currently being amortized in customers' rates. Idaho Power has met the requirements outlined in OAR 860-027-0300, in this filing.

Proposed Accounting

To effectuate this settlement, Idaho Power proposes to record the monthly settlement agreement of \$7,691.67 as a debit to Account 557 (Other Expenses) and a credit to Account 182.3 (Other Regulatory Assets).

To record the one-time settlement agreement of \$100,000, Idaho Power proposes to debit Account 557 (Other Expenses) and credit Account 182.3 (Other Regulatory Assets) one time only, on January 1, 2005.

PROPOSED COMMISSION MOTION:

The attached Settlement Stipulation (Exhibit 1) be adopted and the Company's request for an Accounting Order pursuant to ORS 757.259, for additional credits to existing Deferred Excess Net Power Supply expenses be approved, effective January 1, 2005.

UM 1174 Idaho Power