

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF IDAHO POWER</b>	)	<b>CASE NO. IPC-E-18-02</b>
<b>COMPANY’S APPLICATION FOR</b>	)	
<b>AUTHORITY TO IMPLEMENT FIXED</b>	)	<b>NOTICE OF APPLICATION</b>
<b>COST ADJUSTMENT RATES FOR</b>	)	
<b>ELECTRIC SERVICE FROM JUNE 1, 2018</b>	)	<b>NOTICE OF</b>
<b>THROUGH MAY 31, 2019</b>	)	<b>MODIFIED PROCEDURE</b>
	)	
	)	<b>ORDER NO. 34028</b>

---

On March 15, 2018, Idaho Power Company applied to implement new Fixed Cost Adjustment (FCA) rates for electric service from June 1, 2018 through May 31, 2019, and a corresponding tariff Schedule 54, Fixed Cost Adjustment. With its Application, Idaho Power proposes to *decrease* FCA rates by 3.60 percent from current billed revenue for the affected customer classes, with the average residential customer’s bill decreasing by about \$3.60 per month. Idaho Power asks for an effective date of June 1, 2018, and requests that the Commission process the matter by Modified Procedure.

**NOTICE OF APPLICATION**

YOU ARE HEREBY NOTIFIED that FCA is a rate adjustment mechanism. Using traditional rate design, an electric utility recovers fixed costs<sup>1</sup> through each kilowatt-hour (kWh) sold, and is thus discouraged from reducing sales volume by investing in energy efficiency and demand-side management. *See* Application at 2. The FCA separates or “decouples” Idaho Power’s fixed-cost revenues from its volumetric energy sales. *Id.* at 3. This decoupling enables the Company to recover its fixed costs to deliver energy – as set in its most recent general rate case – even when energy sales and revenues have decreased. Order No. 33295 at 1; *see* Application at 3.

YOU ARE FURTHER NOTIFIED that Idaho Power’s FCA program was first initiated in 2007 as a pilot program for residential service and small general service customers. Application at 2. In 2012, the Commission approved the Company’s request to make the FCA a permanent program. Order No. 32505. In 2015, the Commission approved a settlement stipulation that

---

<sup>1</sup> “Fixed costs” are a utility’s costs to provide service that do not vary with energy use, output, or production, and remain relatively stable between rate cases.

changed the FCA calculation methodology by replacing use of weather-normalized data with actual data, to ensure improved accuracy. Order No. 33295 at 5; *see* Application at 3.

YOU ARE FURTHER NOTIFIED that Idaho Power proposes an FCA of \$14,889,453.64 for the residential class, and \$820,771.46 for the small general service class, for a total of \$15,710,225.10. *Id.* at 4. The proposed FCA deferral balance is below the current FCA deferral balance collected in customers' rates. *Id.* at 4. Thus, Idaho Power proposes an FCA rate decrease of 3.60 percent from current billed revenue for the affected customer classes. *Id.* This equates to new FCA rates of 0.2943 cents per kWh for the residential class and 0.3704 cents per kWh for the small general service class. *Id.*

YOU ARE FURTHER NOTIFIED that Idaho Power states it will notify its customers as required by Rule 125 by issuing a press release to media in its service area, and through a customer notice distributed in customer bills. *Id.* at 5. The notices in customer bills will be distributed during the current billing cycle, with the last notice being sent on or around April 20, 2018. *Id.*

YOU ARE FURTHER NOTIFIED that the Application, copies of the proposed tariff Schedule 54, Direct Testimony of Pawel P. Goralski, and Exhibits 1-6 have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and attachments are also available on the Commission's web site at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on the "File Room" tab at the top of the page, scroll down to "Open Electric Cases," and then click on the case number as shown on the front of this document.

#### NOTICE OF MODIFIED PROCEDURE

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 **by no later than May 10, 2018**. 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 may be mailed to the Commission and Idaho Power at the addresses reflected below:

Commission Secretary	Donovan E. Walker, Attorney
Idaho Public Utilities Commission	Pawel P. Goralski, Regulatory Analyst
PO Box 83720	Idaho Power Company
Boise, ID 83720-0074	1221 West Idaho Street (83702)
	PO Box 70
Street Address for Express Mail:	Boise, ID 83707-0070
	E-mail: <a href="mailto:dwalker@idahopower.com">dwalker@idahopower.com</a>
472 W. Washington Street	<a href="mailto:dockets@idahopower.com">dockets@idahopower.com</a>
Boise, ID 83702-5918	<a href="mailto:pgoralski@idahopower.com">pgoralski@idahopower.com</a>

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](http://www.puc.idaho.gov). Click the "Case Comment or Question Form" under the "Consumers" tab, and complete the form using the case number as it appears on the front of this document. These comments must also be sent to the Company at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that Idaho Power may file reply comments, if necessary, **no later than May 18, 2018**.

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 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* § 61-503. The Commission may enter any final Order consistent with its authority under Title 61.

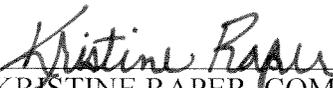
YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000, *et seq.*

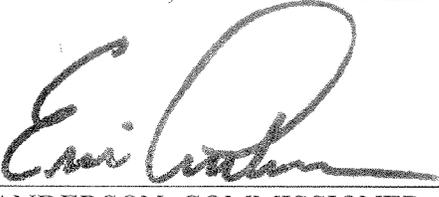
**ORDER**

IT IS HEREBY ORDERED that this case be processed under Modified Procedure, Rule 201-204 (IDAPA 31.01.01.201 - .204). Parties and persons shall have until May 10, 2018 to file written comments, and the Company shall have until May 18, 2018 to file a reply, if any.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this <sup>11<sup>th</sup></sup> day of April 2018.

  
\_\_\_\_\_  
PAUL KJELLANDER, PRESIDENT

  
\_\_\_\_\_  
KRISTINE RAPER, COMMISSIONER

  
\_\_\_\_\_  
ERIC ANDERSON, COMMISSIONER

ATTEST:

  
\_\_\_\_\_  
Diane M. Hanian  
Commission Secretary

IPCE1802\_note of app\_ep1