

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. IPC-E-16-23
AUTHORITY TO INCREASE RATES DUE)
TO REVISED DEPRECIATION RATES)
FOR ELECTRIC PLANT-IN-SERVICE)
_____)
**IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. IPC-E-16-24
AUTHORITY TO INCREASE ITS RATES)
FOR ELECTRIC SERVICE TO RECOVER) NOTICE OF SETTLEMENT
COSTS ASSOCIATED WITH THE NORTH)
VALMY PLANT) NOTICE OF SCHEDULE
_____)
ORDER NO. 33763****

Before the Commission are Motions filed May 3, 2017, by Idaho Power Company and Commission Staff concerning the above-captioned cases. Idaho Power's Motions request Commission approval of Settlement Stipulations in the two matters, and Staff's Motion asks the Commission to vacate the previous comment schedule for the cases, to provide notice of the settlement stipulations, and to adopt deadlines for comments about the Settlement Stipulations. The Commission now provides notice of the Settlement Stipulations, vacates the prior comment schedule, and provides notice of deadlines for comments on the Settlement Stipulations. After the deadlines for comments have passed, the matter will be fully submitted and the Commission will consider the Company's Motion to approve the settlements.

BACKGROUND

On October 21, 2016, Idaho Power Company filed an Application asking the Commission to approve revised depreciation rates for its electric plant-in-service and to correspondingly adjust Idaho jurisdictional base rates, with a requested effective date of June 1, 2017. Application (Case No. IPC-E-23) at 1. The Company concurrently filed an Application requesting Commission authorization to accelerate the depreciation schedule for the North Valmy power plant, establish an associated balancing account, and adjust customer rates, also with a requested effective date of June 1, 2017. *See* Application (Case No. IPC-E-16-24) at 1.

14, 2016. Order Nos. 33650, 33652. Further, Staff noted that key elements of the Settlement Stipulations were discussed hypothetically at the public informational workshop on March 21, 2017. In addition, only six public comments have been submitted to date in the Valmy case, and no public comments have been submitted in the revised depreciation case.

Finally, Staff noted that the proposed deadlines, rather than later deadlines, would allow more time to achieve the Company's requested effective date for both cases of June 1, 2017. About the proposed effective date, Staff explained that the Company has two other proceedings currently before the Commission that impact customer rates – the annual Fixed Cost Adjustment and Power Cost Adjustment cases. In those matters, the Company also proposed effective dates of June 1, 2017. The Company has aligned the proposed effective dates of these cases in effort to ensure as few rate changes for customers as possible.

Commission Findings: The Commission has reviewed the request and finds good cause for the shortened comment periods to which the parties agreed or did not object. The Commission finds, in light of the various notices in these proceedings, that the proposed schedule will allow the parties and public adequate time to provide comments on these cases and the Settlement Stipulations resolving them. Accordingly, the Commission grants Staff's Motion. The previous schedule is vacated and the parties' schedule for comments on the Settlement Stipulation is adopted.

NOTICE OF SETTLEMENT STIPULATIONS

YOU ARE HEREBY NOTIFIED that Settlement Stipulations in Case Nos. IPC-E-16-23 and IPC-E-16-24, plus their attachments, have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. These documents are also available on the Commission's website at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Open Electric Cases," then click on either case number as shown on the front of this document.

A. Revised Depreciation Case No. IPC-E-16-23

YOU ARE FURTHER NOTIFIED that the following parties have joined as signatories to a Settlement Stipulation (IPC-E-16-23) resolving the revised depreciation case: Idaho Power, Staff, IIPA, Micron, DOE, and ICIP (hereafter "Stipulating Parties"). ICL and Sierra Club indicate they do not wish to join as signatories to the Settlement Stipulation, but they

do not oppose it. The settlement was reached following settlement discussions in February and April 2017. Settlement Stipulation (IPC-E-16-23) at 3.

YOU ARE FURTHER NOTIFIED that the Stipulating Parties agree the Settlement Stipulation (IPC-E-16-23) represents a “fair, just, and reasonable resolution of all issues between the Parties . . . [and] is in the public interest.” *Id.* at 2.

YOU ARE FURTHER NOTIFIED that the Stipulating Parties agree to depreciation rates set forth in Attachment 1 to the Settlement Stipulation (IPC-E-16-23), “which would result in no associated change in retail rates.” *Id.* at 4. The Stipulating Parties further agree the rates set forth in Attachment 1 should be effective June 1, 2017, and that they “represent a compromise of the differing depreciation methodologies, theories, and opinions presented in this case, and do not necessarily reflect an endorsement of the underlying rationale for each adjustment by any of the Stipulating Parties.” *Id.*

YOU ARE FURTHER NOTIFIED that the Stipulating Parties in the revised depreciation case also agree or do not object to terms in the Settlement Stipulation in IPC-E-16-24 regarding the North Valmy plant, discussed in the next section of this Order. *Id.*

B. North Valmy Case No. IPC-E-16-24

YOU ARE FURTHER NOTIFIED that the following parties have joined as signatories to a Settlement Stipulation (IPC-E-16-24) resolving the North Valmy case: Idaho Power, Staff, IIPA, Micron, DOE, ICL and Sierra Club, and ICIP (hereafter “Parties”). The settlement was reached following settlement discussions in February and April 2017. Settlement Stipulation (IPC-E-16-24) at 3.

YOU ARE FURTHER NOTIFIED that the Parties agree the Settlement Stipulation (IPC-E-16-24) represents a “fair, just, and reasonable compromise of the dispute(s) between the Parties, and that this Settlement Stipulation is in the public interest.” *Id.* at 2.

YOU ARE FURTHER NOTIFIED that the Parties agree “to an Idaho jurisdictional revenue increase of \$13,285,285, to be recovered from all customer classes through a uniform percentage increase to all base rate components except the service charge effective June 1, 2017.” *Id.* at 3. If the Settlement Stipulation (IPC-E-16-24) is approved by the Commission, “the amount all Idaho customer classes pay for electric service will increase by \$13.3 million which equates to an overall increase of 1.17 percent” as set forth in Attachment 1 to Settlement Stipulation (IPC-E-16-24). *Id.* at 3-4.

YOU ARE FURTHER NOTIFIED that, to “accomplish a levelized revenue requirement collection period beyond the operation life of the [Valmy] plant, the Parties agree to support the issuance of an accounting order.” *See id.* at 4.

YOU ARE FURTHER NOTIFIED that the estimated target shutdown dates for the two coal burning units at Valmy are the end of 2019 for Unit 1, and end of 2025 for Unit 2, but “the Parties agree to treat the shutdown year of both units as the end of 2028 for ratemaking purposes.” *Id.* at 5. Also, the Parties “support authorization of regulatory accounts” to facilitate the appropriate accounting. *See id.*

YOU ARE FURTHER NOTIFIED that the Parties agree Idaho Power will negotiate with Valmy co-owner NV Energy – using prudent and commercially reasonable efforts – to accomplish a permanent end to coal burning operations of North Valmy Unit 1 by December 31, 2019, and of North Valmy Unit 2 by December 31, 2025. *Id.* at 6. Alternatively, the Parties agree that Idaho Power will use prudent and commercially reasonable efforts to “end its participation in the operation of North Valmy Unit 1 by December 31, 2019, and North Valmy Unit 2 by December 31, 2025.” *Id.* Idaho Power agrees to provide the Commission and Parties a status report on such negotiations with NV Energy by December 31, 2017. *Id.* The Parties agree to file comments responding to such status report by March 31, 2018. *Id.*

YOU ARE FURTHER NOTIFIED that the Parties in the North Valmy case agree or do not object to the terms in the Settlement Stipulation (IPC-E-16-23) filed in the revised depreciation case. *Id.* at 9.

NOTICE OF SCHEDULE

YOU ARE FURTHER NOTIFIED that any **party** choosing to file comments in support of the Settlement Stipulations in these cases must do so by May 18, 2017.

YOU ARE FURTHER NOTIFIED that comments from any member of the **public** are due on May 25, 2017.

YOU ARE FURTHER NOTIFIED that these cases will continue to be processed under Modified Procedure, Rule 201-204 (IDAPA 31.01.01.201-.204), as described in Order No. 33644. Any comments must be submitted via the procedure and to the addresses described in Order No. 33690.

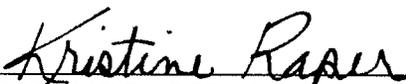
ORDER

IT IS HEREBY ORDERED that any party may file comments in support of the Settlement Stipulations by May 18, 2017. Comments from any member of the public are due on May 25, 2017, after which the matter shall be fully submitted.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *12th* day of May 2017.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

O:IPC-E-16-23_IPC-E-16-24_djh_Settlement