

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) CASE NO. IPC-E-16-32
OF IDAHO POWER COMPANY FOR A)
DETERMINATION OF HELLS CANYON) NOTICE OF SETTLEMENT
RELICENSING COSTS THROUGH 2015 AS) STIPULATION
PRUDENTLY INCURRED)
)
) NOTICE OF
) MODIFIED PROCEDURE
)
) ORDER NO. 33948
)

On December 14, 2016, Idaho Power Company applied to the Commission to deem prudent \$220,845,830 in Hells Canyon Complex (HCC) relicensing costs. The Company did not ask to adjust customer rates, but stated it would make such request in a later case. The Commission issued a Notice of Application on January 4, 2017. Order No. 33686. The following Parties intervened: Idaho Irrigation Pumpers Association (IIPA), and Industrial Customers of Idaho Power (ICIP). *See* Order Nos. 33707, 33716. On August 18, 2017, the Commission issued a procedural schedule. Order No. 33849.

In October 2017, the Parties met to discuss settlement. Idaho Power, Commission Staff, and IIPA (hereafter “Signing Parties”) then filed a Settlement Stipulation and joint motion to approve it. The Signing Parties jointly asked the Commission to review the Settlement Stipulation under Modified Procedure, without waiving the right to a hearing if the Commission were to reject the Agreement. ICIP agreed to process the Settlement Stipulation under Modified Procedure as proposed by the Signing Parties.

With this Order, the Commission vacates deadlines set in Order No. 33849, and provides notice of the Settlement Stipulation and notice that the matter will be processed by Modified Procedure, with deadlines to submit comments about the Settlement Stipulation as set below.

NOTICE OF SETTLEMENT STIPULATION

YOU ARE HEREBY NOTIFIED that the Signing Parties entered a Settlement Stipulation summarized as follows:

Prudence Determination. The Signing Parties agree to accept expenditures incurred through December 31, 2015 totaling \$216,504,145 (\$213,606,878 in HCC relicensing

expenditures, and \$2,897,267 in Baker County settlement agreement expenditures) as “reasonably incurred and eligible for inclusion in customer rates at a later date.” Settlement at 3. The Signing Parties agree this represents “a reasonable compromise of the positions in the case for the purpose of settlement and that the agreed upon amounts should be approved by the Commission in their entirety without further adjustment.” *Id.* at 4.

Accounting Order. In its Application, Idaho Power included expenditures related to a settlement agreement with Baker County, Oregon, regarding concerns about the economic impact of HCC operations on the County. *Id.* The Signing Parties agree Idaho Power’s expense associated with the Baker County settlement agreement (which Idaho Power included in its Application) “should be classified as a reasonably incurred [operations and maintenance] expense and should be deferred for amortization at a later time.” *Id.* at 4-5. The Signing Parties thus support establishing a regulatory asset for \$2,897,267 in Baker County settlement agreement expenditures incurred through December 31, 2015, and reviewed in this proceeding. *Id.* at 5. The Signing Parties further agree that the regulatory asset will also include additional amounts that will be reviewed for prudence in a future proceeding: \$295,338 incurred between January 1, 2016 and September 30, 2017; and expenditures incurred October 1, 2017 through December 31, 2017. *Id.* at 5. The Signing Parties agree the regulatory account “will not accrue [Allowance for Funds Used During Construction (AFUDC)] or a carrying charge of any type.” *Id.*

AFUDC Currently Recovered in Rates. The Commission previously authorized the Company to collect \$6,520,122 annually from Idaho Power’s Idaho customers for partial recovery of AFUDC associated with the HCC relicensing project. *Id.* (citing Order Nos. 30722, 32426). The Signing Parties agree Idaho Power will continue to collect (and separately track) this AFUDC from customers, and “net the AFUDC recovered against the total HCC relicensing AFUDC included in the Construction Work in Progress balance in future rate proceedings.” *Id.* at 5-6.

Annual Reporting of HCC Relicensing Expenditures. The Signing Parties agree that, upon Commission approval of the Settlement Stipulation, Idaho Power “will cease filing a status report and AFUDC accumulation update in the current format.” *Id.* at 6 (citing Order No. 30722). The Signing Parties agree to “collaborate on a process for filing future annual reports” to keep the Commission apprised of HCC relicensing efforts and the associated costs. *Id.*

Miscellaneous. The Signing Parties agree to a retention policy for Idaho Power's information related to HCC relicensing. Also, the Signing Parties agree Idaho Power shall request the Commission's prudence determination on HCC relicensing expenditures incurred after December 31, 2015, through a date "not to exceed five years from the Commission's approval of this Settlement Stipulation." *Id.* at 7.

YOU ARE FURTHER NOTIFIED that the full Settlement Stipulation, Application, and supporting workpapers, testimony, and exhibits are available for public inspection during regular business hours at the Commission offices. They also may be viewed on the Commission's website at www.puc.idaho.gov by clicking on "File Room" and then "Electric Cases" and going to the case number referenced in the above caption.

YOU ARE FURTHER NOTIFIED that the Commission is not bound by the agreement of the Signing Parties. The Commission will independently review the proposed Settlement Stipulation consistent with Commission Rules 271-280, IDAPA 31.01.01.271-280, to decide whether to approve or reject it, or state conditions under which to accept it.

YOU ARE FURTHER NOTIFIED that, in light of the Settlement Stipulation, deadlines set in Order No. 33849 are vacated.

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 the Parties, and any person desiring to state a position on this Settlement Stipulation, may file a written comment about the Settlement Stipulation with the Commission **no later than January 5, 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 Settlement Stipulation may be mailed to the Commission and Idaho Power at the following addresses reflected below:

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

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

Lisa Nordstrom
Tim Tatum
Idaho Power Company
1221 West Idaho St. (83702)
PO Box 70
Boise, ID 83707-0070
E-mail: lnordstrom@idahopower.com
dockets@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 at www.puc.idaho.gov. Click the "Case Comment or Question Form" under the "Consumers" tab, and complete the form using the case number 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 the Parties may file reply comments **no later than January 31, 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 conducted pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code, and 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 the deadlines previously set in Order No. 33849 are vacated.

IT IS FURTHER ORDERED that the Settlement Stipulation be processed under Modified Procedure, Rules 201-204 (IDAPA 31.01.01.201-.204). The Parties and any interested persons shall have until January 5, 2018 to file written comments. The Parties shall have until January 31, 2018 to file reply comments, if any.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *14th*
day of December 2017.



PAUL KJELLANDER, PRESIDENT




KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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