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UTILITIES COMMISSION

**LISA D. NORDSTROM**  
Lead Counsel  
[lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)

December 10, 2019

**VIA HAND DELIVERY**

Diane Hanian, Secretary  
Idaho Public Utilities Commission  
11331 W. Chinden Boulevard  
Building 8, Suite 201-A  
Boise, Idaho 83702

Re: Case No. IPC-E-18-16  
Study of Fixed Costs of Providing Electric Service to Customers  
Idaho Power Company's Replacement Pages to Fixed Cost Report and  
Appendix

Dear Ms. Hanian:

On September 30, 2019, Idaho Power Company ("Idaho Power" or "Company") filed a Motion to Accept Fixed Cost Report and Fixed Report in the above matter. After the filing was made, it was discovered that Figure 21 in the report (pages 35-36), also included in Appendix K to the report (page 83), was incorrectly referencing a prior version of the studied rate design. Therefore, Idaho Power is submitting an original and seven (7) copies of the enclosed replacement pages with the corrected information in both final and legislative formats.

The Company regrets the inconvenience of this oversight and appreciates the opportunity to submit the corrected pages. If you have any questions about the enclosed documents, please do not hesitate to contact me.

Very truly yours,



Lisa D. Nordstrom

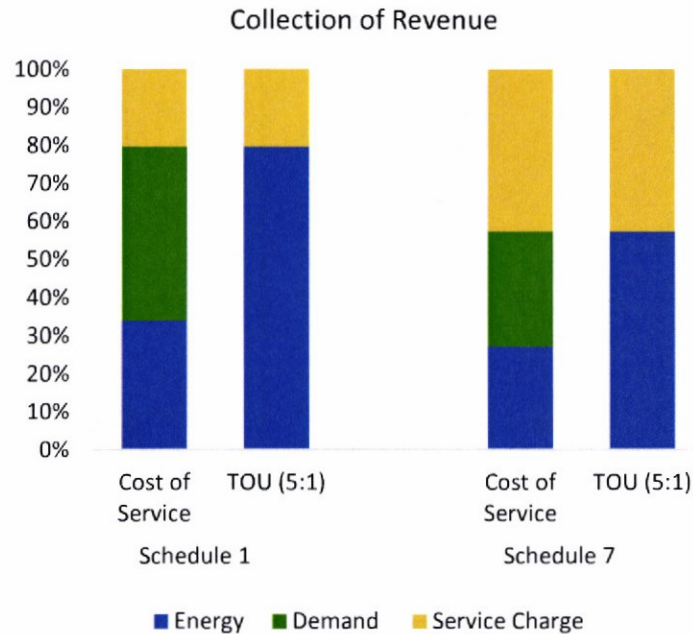
LDN:kkt

Enclosures

cc: Service List via email

**CLEAN FORMAT**

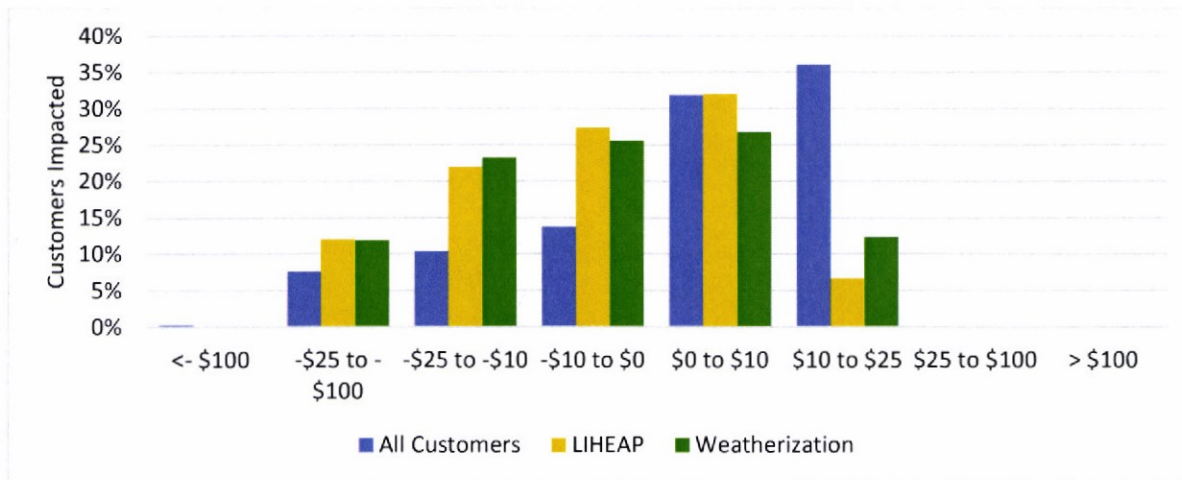
encouraging behavioral changes that may help reduce future costs. However, TOU designs that are not cost-based may reduce the assignment, and recovery of existing fixed costs, resulting in a continued need for a mechanism like the FCA.



**Figure 20**  
Collection of revenue: time of use (5:1)

Figure 21 provides an illustration of the percentage of customers impacted by the change in rate design from the base case to a 5:1 TOU rate design. Based on current customer energy use, 69 percent of Residential will have an increase in their monthly bill. If this plan was introduced on a mandatory basis, some customers may not be able to reduce their energy during the on-peak summer time frame and could result in larger bills for a certain customer segments as compared to a volume-only based measurement. However, as customers understand how their bills are affected by their usage, customers are likely to shift their energy usage which may result in a lower bill than the static presentation below.

Moving from base rates to a 5:1 TOU rate, results in 61 percent of LIHEAP and Weatherization customers having reductions in their bill, prior to any behavioral changes. The resulting bill impact analysis is presented in Appendix K.



**Figure 21**

Percentage of residential customer average monthly impact—base case to 5:1 TOU

Of the three rate designs evaluated in this section, the company believes the three-part rate design that includes a demand component would result in the most equitable assignment of costs to customers depending on the demand placed on the system by each customer within the class. As customer and demand-related costs are moved out of the energy charge, collection of the revenue requirement is less exposed to eroded fixed cost recovery when customers reduce overall energy consumption. While the rate designs presented in Figure 15 do not perfectly align with the underlying cost structures for each class, a three-part design would represent a vast improvement in aligning fixed cost collection with cost causation than the current rate design.

## B. Residential and Small General Service On-Site Generation Customers (Schedules 6 and 8)

Like standard service Residential and Small General Service customers, customers currently taking service under Schedule 6 (Residential On-Site Generation Service) and Schedule 8 (Small General Service On-Site Generation) pay a fixed monthly service charge of \$5 and a monthly seasonal energy charge with tiered energy rates; the current rates under each of these service schedules mirror those of the standard service offerings, Schedule 1 and Schedule 7.

The difference between Residential customers taking service under Schedule 6 (or Small General Service customers taking service under Schedule 8) and those taking service on Schedules 1 and 7 is that customers on Schedules 6 and 8 produce some or all of their monthly or annual energy requirements, but rely on Idaho Power to balance those energy needs when their systems are not generating. The on-site generation systems installed by customers are designed to generate electricity when resources (e.g., rooftop solar) are available—without regard to when the customer actually consumes electricity. To-date, customers with on-site generation have been billed under a billing construct commonly referred to as net metering where Idaho Power measures and bills the customer based on each customer's net monthly consumption.

**Appendix K**

Schedules 1 and 7 Base Case compared to Time of Use (5:1) Rates

**Schedule 1**

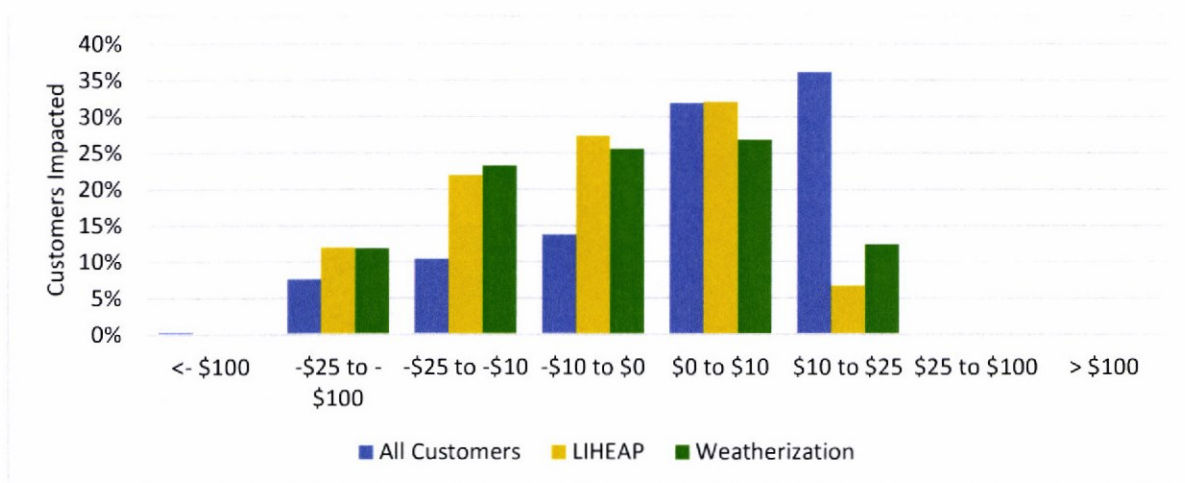
Base Case Tiered Volumetric Rates			
Tiers	Energy Charge		Non-Summer
	Summer		
0-800 kWh	\$0.083026		\$0.077146
801-2,000 kWh	\$0.099835		\$0.085051
Over 2,000 kWh	\$0.118597		\$0.094192
		Summer	Non-Summer
<b>Service Charge</b>		\$5.00	\$5.00

Average Monthly Consumption	956
Average Bill Increase	\$9.87 (288,460 customers)
Average Bill Decrease	-\$18.59 (135,962 customers)
Average Overall Bill Impact	\$0.75

Studied Case TOU (5:1)			
	Energy Charge		
	Summer	Non-Summer	
On-Peak	\$0.275066	N/A	
Off-Peak	\$0.054708	\$0.054708	
		Summer	Non-Summer
<b>Service Charge</b>		\$17.28	\$17.28
		Summer	Non-Summer
<b>On-Peak</b>	3-10 PM M-F		N/A
<b>Off-Peak</b>	All other hours		

	Avg \$ Change (Monthly)	Number of Customers <sup>1</sup>	% of Customers	Cumulative %	Average	Average	Average Monthly Diff	Average Annual Diff
					Base Case Bill	Studied Case Bill		
<b>Higher Bills</b>	GT \$25 LE \$100	61	0.01%	0.01%	\$68	\$95	\$27	\$322
	GT \$15 LE \$25	35,669	8.40%	8.42%	\$57	\$74	\$17	\$202
	GT \$10 LE \$15	117,437	27.67%	36.09%	\$52	\$64	\$12	\$148
	GT \$5 LE \$10	85,058	20.04%	56.13%	\$63	\$70	\$8	\$93
	GT \$0 LE \$5	50,159	11.82%	67.95%	\$80	\$82	\$3	\$32
<b>No Change</b>	0	156	0.04%	67.98%	\$88	\$88	\$0	\$0
<b>Lower Bills</b>	GT \$0 LE \$5	33,807	7.97%	75.95%	\$95	\$93	-\$2	-\$28
	GT \$5 LE \$10	24,617	5.80%	81.75%	\$111	\$104	-\$7	-\$89
	GT \$10 LE \$15	18,672	4.40%	86.15%	\$126	\$114	-\$12	-\$149
	GT \$15 LE \$25	25,429	5.99%	92.14%	\$148	\$129	-\$20	-\$235
	GT \$25 LE \$100	32,063	7.55%	99.69%	\$214	\$172	-\$42	-\$500
	GT \$100	1,300	0.31%	100.00%	\$542	\$386	-\$156	-\$1,869

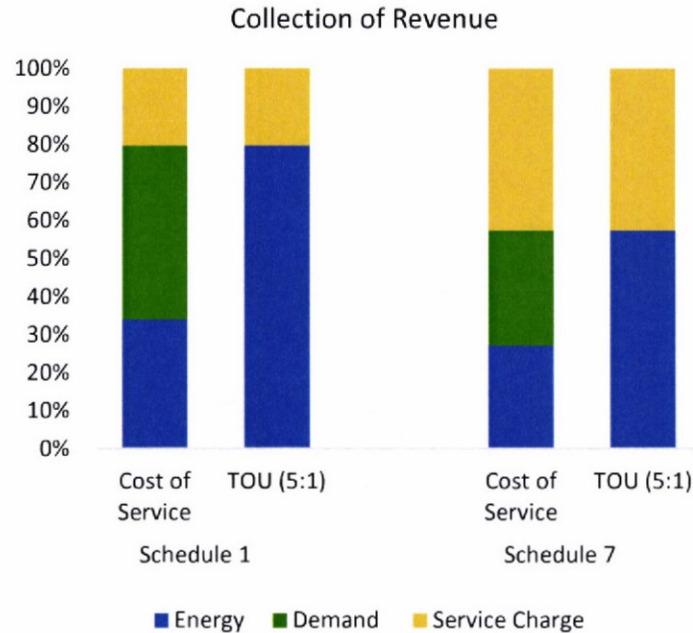
<sup>1</sup> Customers with less than 12 months of data were excluded from the bill impact analysis.



Percentage of Residential customer average monthly impact—base case to 5:1 TOU

# **LEGISLATIVE FORMAT**

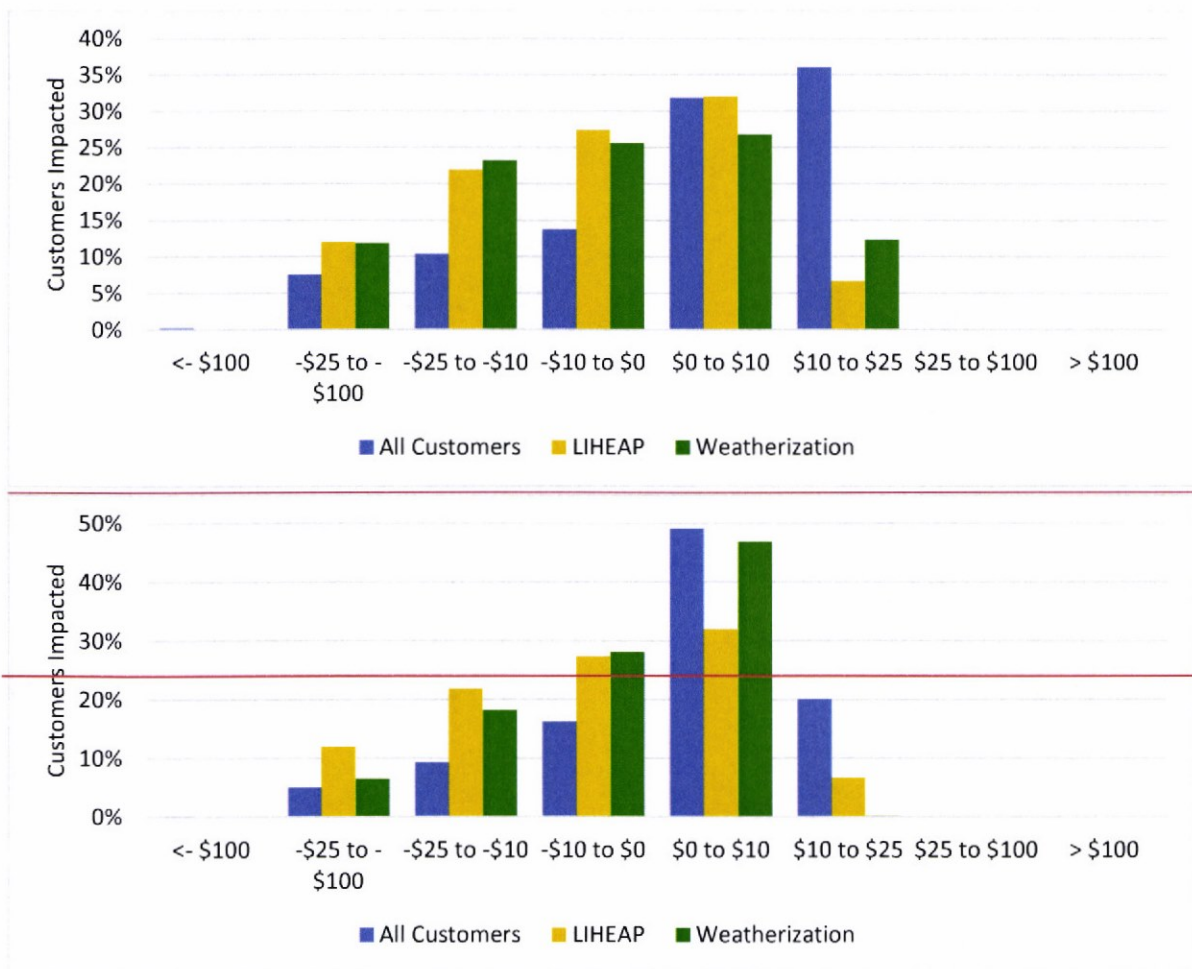
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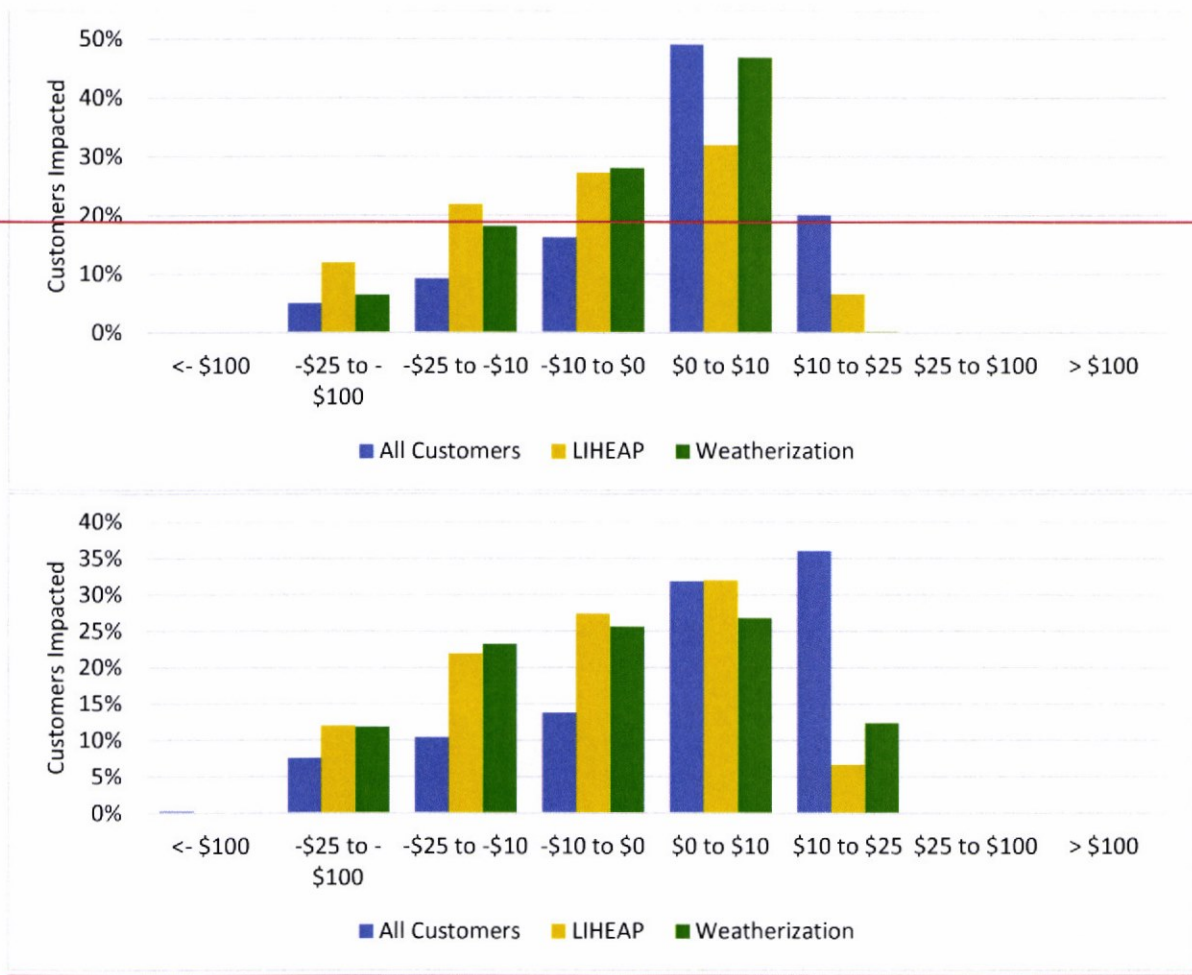
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