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IDAHO PUBLIC  
UTILITIES COMMISSION

Attorney for the Idaho Conservation League

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

<b>IN THE MATTER OF THE</b>	)	<b>CASE NO. IPC-E-18-16</b>
<b>PETITION OF IDAHO POWER</b>	)	
<b>COMPANY TO STUDY FIXED</b>	)	<b>COMMENTS OF THE IDAHO</b>
<b>COSTS OF PROVIDING ELECTRIC</b>	)	<b>CONSERVATION LEAGUE,</b>
<b>SERVICE TO CUSTOMERS</b>	)	<b>NORTHWEST ENERGY</b>
	)	<b>COALITION AND VOTE SOLAR</b>

The Idaho Conservation League (“ICL”), NW Energy Coalition (“NVEC”) and Vote Solar respectfully submit these comments on Idaho Power’s Fixed Cost Report (“Report”) and accompanying Motion to Accept Fixed Cost Report (“Motion”) filed on September 30, 2019. We have two primary concerns: (1) Idaho Power’s materials fail to meaningfully reflect the perspectives and input provided by the PUC Staff and other parties, and (2) Idaho Power fails to address how the Fixed Cost Adjustment mechanism works with rate design to balance the interests of the utility and customers. The Commission, therefore, lacks the necessary information to assess the full suite of rate-making options available to “determine the just, reasonable or sufficient rates” as required by Idaho Code 61-502. Because of those omissions, the Report is not "a comprehensive customer fixed-cost analysis to determine the proper methodology and 'spread' of fixed costs as they relate to the Company's customer" as the Commission requested in Order No 34190 and thus the Commission should deny Idaho Power’s

Motion.<sup>1</sup> If the Commission desires a truly comprehensive and fair report on rate design options, we request that the Commission make clear to all parties that the PUC Staff will lead an effort to produce any future studies through a public and collaborative process with a diverse set of stakeholders.

Fortunately, Idaho Power's Motion states the Company "makes no recommendations concerning the implementation of the rate designs discussed" now, and does not intend to do so until "it files its next general rate case".<sup>2</sup> While Idaho Power "stands ready to make incremental changes in the interim", it appears to correctly recognize that doing so outside of a general rate case would directly contradict this Commission's repeated statements that "expect proposals for changes to consumption rates and rate structures to be made only in a general rate case in which rates and rate structure for all customer classes are under review."<sup>3</sup> ICL, NWECA and Vote Solar agree that proposals to change rates and rate designs must be considered in a general rate case.

As stated above, our first objection is that Idaho Power mischaracterizes the Report as incorporating feedback from stakeholders when it does not. Idaho Power writes in its Motion that it participated in "one prehearing conference and five settlement workshops to scope and discuss fixed cost issues pertaining to the Commission's fixed cost study directive. With the feedback received, the Company prepared numerous analyses and incorporated resulting feedback into its Fixed Cost Report."<sup>4</sup> While ICL, NWECA, and Vote Solar participated in each of these meetings, reviewed the Company's materials, and provided our own analysis, none of that feedback was

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<sup>1</sup> See also *Order No. 34046* at 23.

<sup>2</sup> *Idaho Power Motion to Accept Fixed Cost Report* at 3.

<sup>3</sup> *Order 34509* at 15 (citing *Order 32846* at 12-13).

<sup>4</sup> *IPC Motion* at 2-3

appropriately incorporated into the Report. Rather, Idaho Power’s “Report” lacks significant and critical context and primarily reflects a one-sided position statement by the utility.

For example, Idaho Power’s Report omits evaluation under the five rate attributes that all parties identified as important to include in Staff’s April 30, 2019 Report (“Staff’s Report”) to the Commission.<sup>5</sup> Specifically, Idaho Power’s Report does not meaningfully evaluate: (1) Impact on Fixed Cost Recovery; (2) Billing Impacts to Customers; (3) Price Signaling and Behavior; (4) Fair, Just and Reasonable; and (5) Other Considerations.<sup>6</sup> Instead, Idaho Power’s Report covers rate design at the highest level and from only the utility perspective. While it does include some scenario analysis advocated by other stakeholders, it does not reflect the content or purpose envisioned by the stakeholders who diligently worked through one prehearing conference and five confidential, closed-door settlement discussions in an effort to assist in the development of a study that could help inform the discussion of fixed cost recovery and rate design. Rather than a comprehensive study, Idaho Power’s report is a thinly veiled avenue for Idaho Power to advocate for specific rate designs that benefit the Company with no commensurate benefit to customers.

Furthermore, the limited content provided in the Report rests on disputed elements, which renders its discussion and conclusions unreliable. Among the issues noted by ICL, NWEC and Vote Solar are: (1) the definition of a fixed cost; (2) definition of energy, demand and customer-related cost categories; and (3) the appropriate treatment of customers with on-site generation within the analysis.

Because Idaho Power has not requested any rate changes as a result of its flawed analyses in the present docket, ICL, NWEC, and Vote Solar will refrain from detailing the specifications

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<sup>5</sup> *Staff Report Attachment B* in IPC-E-18-16, filed on April 30, 2019.

<sup>6</sup> *Staff Report Attachment B*

of their objections to these elements. Doing so would require us to recreate all of the analysis Idaho Power failed to do; a futile exercise at this time. Rather, we note our objections here and encourage the Commission to fully evaluate these elements in Idaho Power's next General Rate Case where rates – in addition to the fair, just, and reasonable level of revenues – can be fully evaluated through an evidentiary process.

Our second major objection is the Company's failure to address how the Fixed Cost Adjustment ("FCA") mechanism works with rate design to balance the interests of the utility and customers. Throughout the Report, Idaho Power notes that the current rate design collects some fixed costs through the volumetric portion of rates, consistent with the Commission's longstanding and wise direction. Idaho Power states that a continued reliance on "variable rate components . . . would warrant continued consideration of decoupling mechanisms like the FCA,"<sup>7</sup> but fails to fully acknowledge that Idaho Power already has a decoupling mechanism in the FCA for Residential and Small Commercial classes since 2007.<sup>8</sup> Idaho Power's reference on page 27 to the FCA as "correct[ing] for the majority of over, or under, collection of fixed costs that results from the use of volumetric charges to collect the majority of fixed costs for these classes" undermines the thrust of its arguments to the contrary.<sup>9</sup> Idaho Power fails to explain why the current rate design, coupled with the FCA, does not adequately provide the utility an opportunity to collect its authorized revenue requirement. The utility is not entitled to its preferred rate design, nor to any level of compensation. Instead, all the Commission and customers owe the Company is this an overall opportunity to earn its authorized revenues. The

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<sup>7</sup> *IPC Report* at 2.

<sup>8</sup> *Order No. 30267*, IPC-E-04-15.

<sup>9</sup> *IPC Report* at 27.

specific rate design is to be determined by the Commission after considering all available tools and the commonly used rate design attributes we describe above.

In closing, Idaho Power's self-serving report from another closed-door, publicly inaccessible process undermines the process this Commission envisioned. We participated in this docket in a good-faith attempt to provide the Commission with a useful tool to assess rate design options. We remain committed to continuing to provide our organizational expertise to assist in the appropriate evaluation of these issues. The Commission should continue its commitment to public participation and public process, as recently evidenced in Case No. IPC-E-18-15, and insist on similar levels of transparency and public participation in its evaluation of potential rate design changes. If the Commission desires a truly comprehensive and fair report on rate design options, we request the Commission make clear the PUC Staff will lead the effort and produce any future studies through a public and collaborative process with a diverse set of interested parties. And we recommend the Commission continue to require that proposals to adjust rate design be evaluated only in the context of a full General Rate Case.

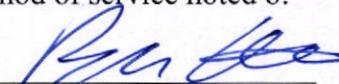
Respectfully submitted this 21<sup>st</sup> day of January 2020



Benjamin J. Otto  
Idaho Conservation League  
Northwest Energy Coalition  
Local Council – Vote Solar

## CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of January, 2020, I delivered true and correct copies of the foregoing COMMENTS to the following persons via the method of service noted o:

  
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