

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER) CASE NO. IPC-E-20-21
COMPANY’S APPLICATION FOR)
AUTHORITY TO IMPLEMENT POWER) NOTICE OF APPLICATION
COST ADJUSTMENT (PCA) RATES FOR)
ELECTRIC SERVICE FROM JUNE 1, 2020) NOTICE OF
THROUGH MAY 31, 2021) MODIFIED PROCEDURE
)
)
) **ORDER NO. 34656**
)

On April 15, 2020, Idaho Power Company filed its annual power cost adjustment (PCA) Application. The Company seeks an Order approving an update to Schedule 55 reflecting a \$58.7 million increase in the PCA rates now in effect (or an average increase of approximately 5.21% of current billed revenue), effective June 1, 2020 through May 31, 2021. If approved, a typical residential customer’s bill would increase by about \$4.01 per month. The Company requests that its Application be processed under Modified Procedure. With its Application, the Company included proposed tariffs, supporting exhibits, and the prefiled direct testimonies of Nicole Blackwell and Timothy Tatum.

Besides the PCA, the Company recently filed its annual Fixed Cost Adjustment (FCA) which, if approved, will impact rates for the same period. *See* Case No. IPC-E-20-14. If the Commission approves both rate adjustments as filed, residential customers will see a total price increase of 4.23%, effective June 1, 2020.

The Commission now approves the request to process the PCA Application using Modified Procedure and establishes deadlines for written comments. Interested persons are invited to comment on the PCA Application.

THE PCA MECHANISM

The PCA mechanism permits Idaho Power to adjust its PCA rates upward or downward to reflect the Company’s annual “power supply costs.” Due to its diverse generation portfolio, Idaho Power’s actual cost of providing electricity (its power supply cost) varies from year to year depending on changes in such things as the river streamflow, the amount of purchased power, fuel

costs, the market price of power, and other factors. The annual PCA surcharge or credit is combined with the Company's "base rates" to produce a customer's overall energy rate.

The annual PCA mechanism consists of three major components.

First, projected power costs for the coming PCA year (June 1, 2020 to May 31, 2021) are calculated using the Company's most recent "Operating Plan." The projected power costs include fuel costs, transmission costs for purchased power, Public Utility Regulatory Policies Act of 1978 (PURPA) contract expenses, surplus sales revenues, and revenues from the sale of renewable energy credits and sulfur dioxide allowances. The Company may recover 95% of the difference between the non PURPA projected power costs and the approved base power cost, 100% of the costs of its PURPA contracts, and 100% of its demand-side management incentive and conservation costs. *See* Order Nos. 30715 and 32426 at 3.

Second, because the PCA includes forecasted costs, the preceding year's forecasted costs are "trued-up" based upon the actual costs incurred during the prior year. The Company includes its actual costs of Western Energy Imbalance Market participation from April 2019 through March 2020 in the true-up. *See* Order No. 34100.

Finally, the Company reconciles the previous year's true-up by crediting to or collecting from customers through the PCA rate any surplus or deficit from the prior year's true-up. This third "reconciliation" component (the "true-up of the true-up") ensures the Company recovers its actual approved costs while ratepayers pay only for the actual amount of power that the Company sold to meet native load requirements. In other words, ratepayers receive a rate credit when power costs are low and are assessed a rate surcharge when power costs are high.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that this year's PCA Application requests a total revenue increase of about \$58.7 million for the 2020-2021 PCA year. Application at 1.

YOU ARE FURTHER NOTIFIED that the Company attributes this year's PCA increase to several factors. *Id.* at 6. Surplus power sales revenue is expected to decrease due to an expected reduction in hydro generation and lower market energy prices. *Id.* Also, the Company will likely decrease coal-fired generation because it is less economic for load service and off-system sales. *Id.*

YOU ARE FURTHER NOTIFIED that another factor contributing to the PCA increase is the removal of the revenue-sharing credit received last year. *Id.* at 7-8. Under Order No. 33149,

the Commission requires the Company to share revenue with its customers if the Company's Idaho jurisdictional year-end return on equity (ROE) is 10.0% or greater. The Company's Idaho jurisdictional year-end ROE in 2019 was 9.8% and therefore does not meet the threshold for revenue sharing.¹ *Id.* at 8.

YOU ARE FURTHER NOTIFIED that unlike the 2018-2019 and the 2019-2020 PCA tariff schedules, this year's PCA tariff schedule does not include a credit to customers reflecting the Company's savings from federal tax reform and Idaho state tax rate changes. *Id.* Under a settlement stipulation approved by the Commission in Order No. 34071, Case No. GNR-U-18-01, Idaho Power applied a \$7,818,624 credit to its 2018-2019 PCA tariff schedule, and a \$2,680,957 credit to its 2019-2020 PCA tariff schedule. *Id.* Under the settlement stipulation, the credit will be reduced to \$0 beginning June 1, 2020. *Id.*

YOU ARE FURTHER NOTIFIED that the Company calculated the proposed increase by combining the three standard PCA components—projected power cost, true-up, and reconciliation. *Id.* at 7. The Company calculated the three standard PCA components to be: (1) projected power costs for the 2020-2021 PCA are 0.7833 cents per kilowatt-hour (kWh); (2) the negative 0.2220 cents per kWh for the 2019-2020 true-up portion of the PCA; and (3) the negative 0.0751 cents per kWh for the PCA reconciliation. *Id.* These three standard PCA components combine for an approximate 0.4862 cents per kWh charge for all rate classes. *Id.*

YOU ARE FURTHER NOTIFIED that on March 13, 2020, the Company filed its annual FCA in Case No. IPC-E-20-14. That filing proposes a \$710,580 increase in current billed revenue (approximately 0.02%) for Idaho Residential and Small General Service customers. *Id.* at 9.

YOU ARE FURTHER NOTIFIED that if the PCA and the FCA are approved as filed, the combined impact is an overall increase in current billed revenue of \$58.8 million, or 5.22%. The impact by revenue class is as follows:

¹ By comparison, the 2019-2020 PCA included a revenue-sharing component of \$5,024,562. *See* Case No. IPC-E-19-16, Order No. 34351.

**Proposed 2020 Revenue Impact by Class:
Percentage Increase from Current Billed Rates by Proposed Change**

Fixed Cost Adjustment

Residential	Small General Service	Large General Service	Large Power	Irrigation
0.02%	0.01%	N/A	N/A	N/A

Power Cost Adjustment

Residential	Small General Service	Large General Service	Large Power	Irrigation
4.20%	3.47%	5.76%	7.50%	5.32%

Total Combined Impact

Residential	Small General Service	Large General Service	Large Power	Irrigation
4.23%	3.48%	5.76%	7.50%	5.32%

See Application, Attachment 2; Case No IPC-E-20-14, Application, Attachment 1.

YOU ARE FURTHER NOTIFIED that Idaho Power has proposed to implement the PCA rates on June 1, 2020.

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 that it will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Commission’s Rules of Procedure, IDAPA 31.01.01.201 through .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 anyone desiring to state a position on this Application must file a written comment in support or opposition with the Commission **by May 14, 2020**. The comment must explain why the person supports or opposes the Application. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be sent electronically, unless e-mail is not available, to the Commission and the Applicant at the e-mail addresses reflected below:

For the Idaho PUC:

Commission Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074
secretary@puc.idaho.gov

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

For Idaho Power Company:

Lisa Nordstrom
Matthew Larkin
Timothy Tatum
Idaho Power Company
P.O. Box 70
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E-Mail: lnordstrom@idahopower.com
dockets@idahopower.com
mlarkin@idahopower.com
ttatum@idahopower.com

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. Click the "Case Comment Form" under "Consumers," and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to the Applicant.

YOU ARE FURTHER NOTIFIED that Idaho Power must file any reply comments **by May 21, 2020.**


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.

ORDER

IT IS HEREBY ORDERED that Idaho Power's Application be processed by Modified Procedure, Rule 201-204 (IDAPA 31.01.01.201-.204). Persons interested in submitting written comments must do so by May 14, 2020. Idaho Power must file any reply comments by May 21, 2020.

IT IS FURTHER ORDERED that parties should continue to comply with Order No. 34602, issued March 17, 2020. All pleadings should be filed with the Commission electronically and shall be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should also be accomplished electronically. Voluminous discovery-related documents may be filed and served on CD-ROM or a USB flash drive.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 30th
day of April 2020.



PAUL KJELLANDER, PRESIDENT

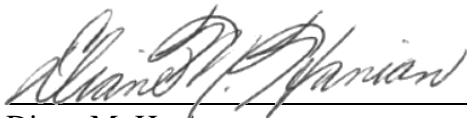


KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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