

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: JOHN R. HAMMOND JR.
DEPUTY ATTORNEY GENERAL

DATE: APRIL 29, 2021

SUBJECT: IN THE MATTER OF IDAHO POWER COMPANY’S APPLICATION FOR AUTHORITY TO IMPLEMENT POWER COST ADJUSTMENT RATES FOR ELECTRIC SERVICE FROM JUNE 1, 2021, THROUGH MAY 31, 2022; CASE NO. IPC-E-21-10

On April 15, 2021, Idaho Power Company (“Company”) applied for Commission authorization to implement its Power Cost Adjustment (“PCA”) rates effective June 1, 2021 through May 31, 2022. If approved, the Company’s PCA would *increase* rates in all customer classes, with an average residential customer’s bill increasing by about \$2.57 per month.

Since 1993, the PCA mechanism has allowed the Company to adjust its rates up or down to reflect the Company’s annual “power supply costs.” Because about half of the Company’s generation is from hydropower facilities, the Company’s actual cost to provide electricity (its power supply cost) varies from year-to-year depending on changes in stream flows, the amount of purchased power, fuel costs, the market price of power, and other factors.

The Company states that if the Application is approved, its Idaho customers collectively would pay about \$39.1 million (3.36%) more for electricity in the upcoming year than they do now. *Application* at 1. The Company’s Application would impact major customer classes as follows:

Percentage Increase from Current Billed Rates

Residential	Small General Service	Large General Service	Large Power	Irrigation	Overall Charge
2.66%	2.12%	3.78%	4.79%	3.44%	3.36%

Application, Attachment 2.

The Company represents the increase in this year’s PCA is primarily due to a smaller credit to customers through the true-up component. *See Direct Testimony of Nicole A. Blackwell* at p. 6. The Company also states that this year’s PCA forecast reflects expected increases to power costs primarily due to weaker forecast water conditions, which would result in less low-cost hydro generation available to serve customers, as well as higher costs associated with power purchase agreements under the Public Utilities Regulatory Policy Act of 1978 (“PURPA”). *Id.* at 6-7.

Under Order No. 33149, the Commission requires the Company to share revenue with its customers if the Company’s Idaho jurisdictional year-end ROE is 10.0% or greater. The Company’s Idaho jurisdictional year-end ROE in 2020 was 9.98% and therefore does not meet the threshold for revenue sharing. *Application* at 8.

Besides the PCA, the Company recently filed its annual Fixed Cost Adjustment (“FCA”) which, if approved, will impact rates for the same period. *Id.* at 8; *see also* Case No. IPC-E-21-03. The Company’s 2021 FCA filing proposes a \$2.1 million increase in current billed revenue, or a 0.38 percent increase, for Idaho Residential and Small General Service customers, effective June 2021 through May 2022. *Id.* If the Commission approves the proposed PCA and FCA rate adjustments as filed, the impact is an overall increase in current billed revenue of \$41.2 million, or 3.55%, effective June 1, 2021. *Id.* at 9. Other customer classes would be impacted as follows:

**Proposed 2021 Revenue Impact by Class:
Percentage Increase from Current Billed Rates by Proposed Change**

Power Cost Adjustment

Residential	Small General Service	Large General Service	Large Power	Irrigation
2.66%	2.12%	3.78%	4.79%	3.44%

Fixed Cost Adjustment

Residential	Small General Service	Large General Service	Large Power	Irrigation
0.38%	0.38%	N/A	N/A	N/A

Total Combined Impact

Residential	Small General Service	Large General Service	Large Power	Irrigation
3.04%	2.50%	3.78%	4.79%	3.44%

See Application, Attachment 2; Case No IPC-E-21-10, Application, Attachment 1.

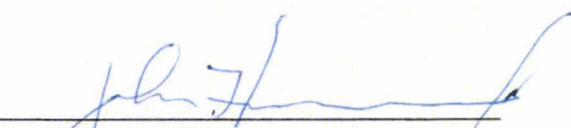
The Company's proposed PCA adjustments are reflected in an updated Schedule 55, which is attached to the Application. The Company requests that the new rates take effect on June 1, 2021, and that the case be processed by Modified Procedure. *Application* at 10.

STAFF RECOMMENDATION

Staff recommends that this case be processed by Modified Procedure. The Company requests that the Commission issue a decision on its Application so that any change in rates may go into effect by June 1, 2021. Due to the short period left until June 1, 2021, Staff recommends that the Commission issue a Notice of Application and Notice of Modified Procedure, setting comment deadlines that are shorter than 21 and 28 days.

COMMISSION DECISION

Does the Commission wish to issue a Notice of Application and Notice of Modified Procedure, setting a May 13, 2021 comment deadline and a May 20, 2021 reply comment deadline?



John R. Hammond, Jr.
Deputy Attorney General