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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO)
POWER COMPANY'S) CASE NO. IPC-E-21-17
APPLICATION FOR AUTHORITY)
TO INCREASE ITS RATES FOR) CLEAN ENERGY OPPORTUNITIES
ELECTRIC SERVICE TO) FOR IDAHO
RECOVER COSTS ASSOCIATED)
WITH THE JIM BRIDGER POWER) COMMENTS
PLANT

Clean Energy Opportunities for Idaho ("CEO") submits the following comments.



Clean Energy Opportunities for Idaho

April 13, 2022

Regarding: IPC-E-21-17 In the Matter of the Application of Idaho Power Company for Authority to Increase Its Rates for Electric Service to Recover Costs Associated with the Jim Bridger Power Plant

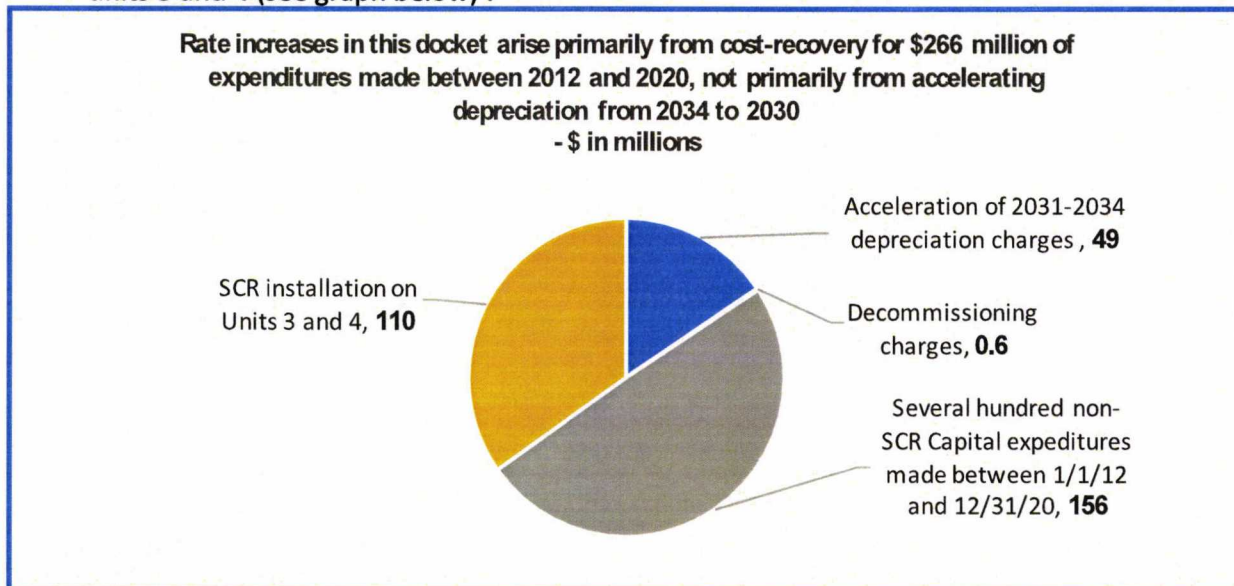
Subject: Initial comments of Clean Energy Opportunities for Idaho (CEO)

The news release and bill stuffer that Idaho Power (the Company) used to inform customers concerning the rate changes inherent in their application under IPC-E-21-17 stated in part:

“This filing seeks to accelerate the recovery of depreciation expense by year-end 2030, and to establish a balancing account to track the incremental costs and benefits associated with Idaho Power’s exit from coal-fired operations at Bridger.”¹

By Commission rule, customer notice should provide, among other things, an explanation of the utility’s need for additional revenue.² In IPC-E-21-17, the majority of the costs behind the need for additional revenue have nothing to do with a reduced useful life of the Jim Bridger coal fired assets and/or the incremental costs likely to be incurred during that remaining useful life.

The majority of the need for additional revenues arises from an attempt by the Company to effectively add the capital expenditures made at Jim Bridger between 2012 and 2020 to its rate base outside of a general rate case. Moreover, within those capital expenditures, the largest single cost component is related to the historically controversial installation of SCRs on Bridger units 3 and 4 (see graph below)³.



¹ 06/03/2021 [NEWS RELEASE AND CUSTOMER NOTICE.PDF](#)

² RP 125.01-A

³ SCR and other capital expenditures, 06/03/2021 [ADELMAN DIRECT.PDF](#) Exhibit # 3, 2031-2034 depreciation charges, 06/03/2021 [LARKIN DIRECT.PDF](#) Exhibit 2



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Since the Company's June 3, 2021 news release and bill stuffer distribution the Commission has notified the public that the review of IPC-E-21-17 matters will cover the prudence of Bridger capital expenditures made between 2012 and 2020, but even this notice does not mention SCRs:

YOU ARE FURTHER NOTIFIED that the Company has made numerous investments to ensure environmental compliance and routine maintenance and repair. Id. The Company requested a prudence determination on incremental Bridger coal-related investments since the January 1, 2012, through December 31, 2020, time-period.² Id. The Company represented that its investments for environmental compliance make up nearly 50 percent of the total Bridger investments made since January 1, 2012. Id. at 5.⁴

The notice the Company has provided customers misleads through material omissions. And informing the public via Commission Order provided actual notice to a far smaller group of Idaho Power customers than the bill stuffer provided.

The effect of such deficient notice is to allow the Company to surreptitiously slip SCR costs into rate base. That deficient notice should be corrected, particularly given the number of customers who have previously shown an interest in matters related to the SCR installations.

Ratemaking for SCRs on Bridger units 3 & 4 was a controversial matter

In IPC-E-13-16 the Company filed for a Certificate of Public Convenience and Necessity (CPCN) for investment in Selective Catalytic Reduction (SCR) controls in Jim Bridger Units 3 and 4. The request to grant a CPCN for the installation of SCRs on Bridger units 3 and 4 was contentious. The Company waited until "the last minute" to file for the CPCN, and requested a very expedited review process to allow them to make contractual commitments on their required schedule.

232 public comments were submitted in this very controversial docket. Representatives of local businesses filed comments in support of Idaho Power's Application.⁵ The overwhelming majority of commenters opposed any investment in coal.⁶

The public "SCRs" hearing held on November 25, 2013 in association with case number IPC-E-13-16 was well attended and contentious. Before the hearing started I remember Commissioner Marsha Smith commenting to staff in the hallway about the drumming and chanting going on the street outside the Commission offices. More than 110 people were in attendance at the hearing. A total of twenty-six people testified as to whether the Commission should grant Idaho Power's request for a CPCN and request for binding ratemaking treatment.

⁴ Order # 35340, p 3

⁵ Such as: Idaho Association of Commerce and Industry, Magic Valley Builders Association, Boise Metro Chamber of Commerce, Lemhi County Economic Development Association, Twin Falls County Board of Commissioners and the Greater Pocatello Chamber of Commerce Order # 32929, p 8

⁶ Order # 32929, p 8



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All of those who testified opposed binding ratemaking treatment for Idaho Power's investment in Bridger Units 3 and 4.⁷

The Commission moved quickly – the Company's application filing on July 1st was followed by a final order issued on December 2nd. In the end the Commission granted the CPCN but deferred the day when SCR ratemaking treatment would be reviewed. CEO believes the public should know that IPC-E-21-17 is finally the vehicle for reviewing Bridger units 3 & 4 SCR ratemaking. And, to date, they have not been effectively so notified.

Notice: openness and transparency

Notice and transparency have been key issues in other clean power dockets. In IPC-E-18-15, after very thorough review and extensive negotiations between parties, the Commission rejected a Settlement offered by the parties in part for reasons including notice and the public's associated expectations.⁸ CEO does not believe customers have received the open and transparent notice in this docket that the Commission has felt needed in other controversial dockets:

- Nothing in the news release and bill stuffers the Company provided was sufficient to notify the public that IPC-E-21-17 would be the vehicle for reviewing how the Company would seek a return on, among other things, its investments in Bridger SCRs.
- As of 4/12/2022, over 10 months since the docket was initiated, only one public comment was submitted in IPC-E-21-17. Given 232 public comments were submitted during the Company's original application for rate recovery of the SCR's, the record demonstrates the public has not been adequately noticed in IPC-E-21-17.
- On the contrary, the notice provided seems misleading - implying that the rate increase arises primarily from the accelerated retirement of Bridger assets, not the Company's opportunity to recover costs associated with expenditures it made at Bridger during the last decade.

Given the intense public interest shown in the IPC-E-13-16 "SCRs" docket, a more adequate public notice would seem necessary for "complete" notice.

⁷ Order # 32929, p 9

⁸ "In summary, the public: 1) expected this docket to result in a study, not a Settlement Agreement; 2) thought the Settlement Agreement process was not transparent; 3) believed the Settlement Agreement does not accurately balance the costs and benefits of net metering on the Company's system and should be rejected; and 4) expected, in the interest of fairness, existing customers with on-site generation be allowed to continue on the same program they signed up for." ORDER # 34509, p 4

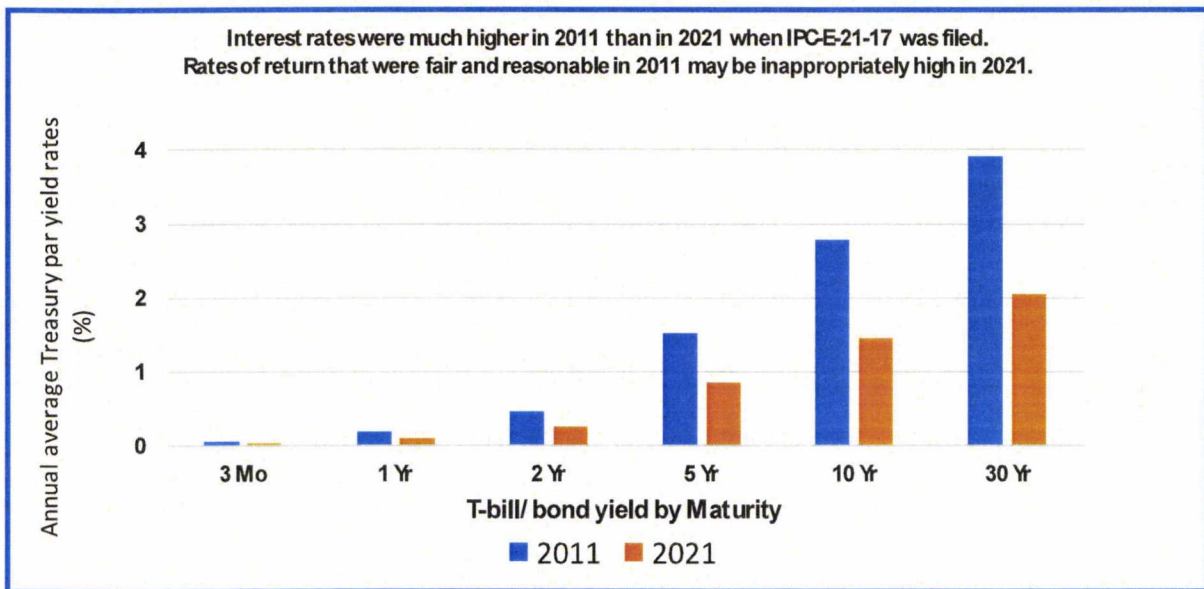


Both return of and return on capital should be reviewed

In reviewing any rate changes associated with the Company’s expenditures on Bridger units during the 2012 through 2020 period, the prudence of the expenditure as well as any return on those expenditures both need reasonable treatment.⁹ In his supplemental direct testimony, Mr. Larkin observed that the extensive detail provided in Mr. Adelman’s direct testimony Exhibit 3 was designed to address the prudence of the expenditures:

“the intent of the exhibit which is to support a prudence review by providing detailed project descriptions and justification for the investments necessary to operate the Bridger plant in a safe, efficient, and reliable manner, including investments to ensure environmental compliance”¹⁰

But the fairness and reasonableness of earning a 7.86% return on the 2012-2020 and other expenditures is never discussed. Rather, a 7.86% return is just noted as the return percentage used in calculating both the direct and supplemental direct testimony Mr. Larkin provided.¹¹



Source: US Department of the Treasury

At minimum, given the absence of notice or justification for increasing rates to cover the Company’s proposed profits on the SCR expenditures and the substantial changes in the overall interest rate levels that have occurred since the last rate case, CEO opposes the issuance of an order in this docket authorizing the Company to earn a return at a rate of 7.86% on the SCR expenditures.

⁹ In determining proposed ratemaking treatments, the commission shall maintain a fair, just and reasonable balance of interests between the requesting utility and the utility's ratepayers. per Idaho Code § 61-541(4)

¹⁰ 02/16/2022 [LARKIN SUPPLEMENTAL DIRECT.PDF](#) p 14

¹¹ 02/16/2022 [LARKIN SUPPLEMENTAL DIRECT.PDF](#), Exhibit 2



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CEO believes the notice provided to customers that this docket would affect the rate basing of expenditures on the Bridger SCRs has been inadequate. Considering how contentious the original SCR CPCN decision was, the notice provided to customers to date seems inadequate.

More importantly, this record seems totally inadequate to make a determination as to whether the proposed rate of return of 7.86% is fair, just, reasonable, and in the public interest. Decisions regarding the prudence of prior expenditures on the Bridger units and what return the Company deserves on those investments seem more appropriate for inclusion in a general rate case. At the least, a re-noticing to all customers is warranted to explain that additional revenue is proposed to compensate IPC for, among other things, the expenditures and 7.86% return on investment associated with the SCRs.

Respectfully submitted,

Michael Heckler, Policy Director
Clean Energy Opportunities for Idaho

CERTIFICATE OF SERVICE

I hereby certify that on this 14th day of April, 2022, I delivered true and correct copies of the foregoing PETITION TO INTERVENE to the following persons via the method of service noted:

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