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2022 MAY 16 AM 9:40

IDAHO PUBLIC UTILITIES COMMISSION

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**BEFORE IDAHO PUBLIC UTILITIES COMMISSION**

|                                 |   |                           |
|---------------------------------|---|---------------------------|
| IN THE MATTER OF IDAHO POWER    | ) |                           |
| COMPANY'S APPLICATION FOR       | ) | CASE NO. IPC-E-21-17      |
| AUTHORITY TO INCREASE ITS RATES | ) |                           |
| FOR ELECTRIC SERVICE TO RECOVER | ) | JOINT REPLY COMMENTS OF   |
| COSTS ASSOCIATED WITH THE JIM   | ) | IDAHO CONSERVATION LEAGUE |
| BRIDGER POWER PLANT             | ) | AND SIERRA CLUB           |
| _____                           | ) |                           |

Idaho Conservation League (“ICL”) and Sierra Club respectfully submit the following reply comments in the above captioned matter in order to highlight the broad agreement amongst the commenting parties on a number of issues.

First, both Staff and Boise City noted, as did ICL and Sierra Club, the importance of Idaho Power Company (“Idaho Power” or “Company”) securing a firm exit date from Jim Bridger. In fact, Commission Staff recommended that the Commission “[r]eject the Company’s request to change rates at this time[,]” in part, because “Idaho Power does not have an agreement

with its operating partner to exit [Jim Bridger] early.”<sup>1</sup> In a similar vein, Boise City recommended that Idaho Power “immediately begin work to negotiate ‘on or before’ closure dates with PacifiCorp.”<sup>2</sup> and further noted that “establishing exit date parameters when approving ratemaking treatment provides clear expectations for the medium-term and is a good practice that furthers ratepayer interests by providing rate certainty and stability.”<sup>3</sup> These comments reinforce ICL and Sierra Club’s position, namely that the Commission should not guarantee Idaho Power accelerated rate recovery if the Company cannot guarantee that it will accelerate its exit from Jim Bridger.

Importantly, the point here is not to dissuade Idaho Power from exiting Jim Bridger. As noted by Industrial Customers of Idaho Power (“ICIP”), Idaho Power is engaged in “laudable efforts to respond to the deteriorating economics of maintaining a coal fired generation fleet.”<sup>4</sup> Rather, the Commission should incentivize Idaho Power to secure a firm, enforceable exit agreement with PacifiCorp as quickly as possible by making clear that Idaho Power will not be granted rate recovery on its investments in Jim Bridger until it can guarantee the promised customer benefits of early exit from the plant. As ICL and Sierra Club recommended, any final order in this proceeding should be explicitly conditioned upon Idaho Power securing a firm exit plan with PacifiCorp. ICL and Sierra Club further support Staff’s recommendation that no changes to rates be implemented prior to securing that agreement.

Second, many parties noted the potential rate impact of Idaho Power’s request and encouraged the Company to evaluate lower cost financing options, including securitization. For

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<sup>1</sup> Commission Staff Opening Comments at 12, 11.

<sup>2</sup> Boise City Opening Comments at 3.

<sup>3</sup> *Id.*

<sup>4</sup> Industrial Customers of Idaho Power Opening Comments at 2. Idaho Power’s efforts to exit Jim Bridger and transition to a clean energy fleet was similarly supported by Micron Technology, Inc. *See* Micron Technology, Inc. Opening Comments at 2.

instance, Boise City noted that although “the Company proposes to generally follow the procedure for early retirement and financial treatment of the Valmy Plant, it is important to recognize the proposed accelerated depreciation schedule for the Bridger Plant results in an annual rate increase that is more than twenty times greater than resulted from the accelerated depreciation of the Valmy Plant.”<sup>5</sup> ICIP also noted that Idaho Power’s current application has been “pancaked” with Idaho Power’s most recently filed annual PCA rate case, which similarly seeks to significantly increase retail rates.<sup>6</sup> Both of these parties recommended that Idaho Power evaluate and potentially pursue securitization of its remaining debt on the Jim Bridger plant as a viable financing option that would reduce customer costs.<sup>7</sup> As ICIP pointed out, securitization may be appropriate for Idaho Power because the Company is currently holding too much equity and securitization is unlikely to negatively impact Idaho Power’s earning levels.<sup>8</sup> ICL and Sierra Club’s comments included analysis showing that Idaho Power could save customers at least \$63.7 million if the Company pursued securitization.<sup>9</sup> This level of savings should prompt the Company to fully evaluate securitization and explain why accelerated depreciation is preferable to securitization.

Finally, both Clean Energy Opportunities for Idaho (“CEO”) and Boise City stressed the importance of carefully considering the prudence of Idaho Power’s prior investments in Jim Bridger.<sup>10</sup> CEO’s comments specifically noted the controversy surrounding Idaho Power’s

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<sup>5</sup> Boise City Opening Comments at 2.

<sup>6</sup> ICIP Opening Comments at 2.

<sup>7</sup> Boise City Opening Comments at 4; ICIP Opening Comments at 2-5.

<sup>8</sup> ICIP Opening Comments at 4-5.

<sup>9</sup> See ICL/Sierra Club Joint Opening Comments at 32-35; ICL/Sierra Club Attach. 9.

<sup>10</sup> Clean Energy Opportunities for Idaho Opening Comments at PDF p. 5 (urging the Commission to evaluate not only Idaho Power’s return *of* its expenditures on SCRs at Jim Bridger but also its return *on* those expenditures). Boise City Opening Comments at 2 (“Boise City believes the prudence determination is a critical part of this proceeding and recognizes the need to assess both the individual expenses incurred at the Bridger Plant and the system of controls in place between the Company and the plant co-owner, PacifiCorp, to ensure any costs approved here are reasonable.”).

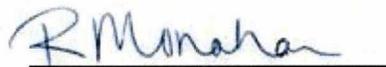
decision to install selective catalytic reduction (“SCR”) pollution controls at Jim Bridger Units 3 and 4 and the lack of clear notice to the public that those costs could now be potentially put into rates.<sup>11</sup> ICL and Sierra Club agree that this Commission should carefully scrutinize Idaho Power’s past expenditures, particularly its investment in SCRs at Jim Bridger. As ICL and Sierra Club’s opening comments showed, the SCR decision was imprudent at the time it was made. As a remedy, ICL and Sierra Club continue to recommend that this Commission deny Idaho Power any return on its investment, which is similarly supported by CEO.<sup>12</sup>

In conclusion, it is clear from the parties’ comments that the Commission should take the following actions on Idaho Power’s current application:

1. Deny any rate recovery until Idaho Power has secured a firm exit agreement with PacifiCorp allowing for Idaho Power’s early exit from the Jim Bridger plant;
2. Direct Idaho Power to explain why it is not pursuing securitization of past, prudently incurred expenditures at Jim Bridger;
3. Carefully scrutinize Idaho Power’s past investments in Jim Bridger, and ultimately find that the SCR investment was imprudent.

Dated: May 13, 2022

Respectfully submitted,



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<sup>11</sup> Clean Energy Opportunities for Idaho Opening Comments at PDF pp. 2-4.

<sup>12</sup> *Id.* at PDF p. 6 (noting that any decision on a return on investment for the SCRs should be made in a general rate case).

## CERTIFICATE OF SERVICE

I hereby certify that on this 13<sup>th</sup> day of May 2022, I delivered true and correct copies of the foregoing **JOINT REPLY COMMENTS OF SIERRA CLUB AND IDAHO CONSERVATION LEAGUE** to the following persons via the method of service indicated below.

Electronic mail only (see Order 35375)

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*/s/ Rose Monahan*

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