

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	CASE NO. IPC-E-21-17
COMPANY’S APPLICATION FOR)	
AUTHORITY TO INCREASE ITS RATES)	NOTICE OF AMENDED
FOR ELECTRIC SERVICE TO RECOVER)	APPLICATION
COSTS ASSOCIATED WITH THE JIM)	
BRIDGER POWER PLANT)	NOTICE OF MODIFIED
)	PROCEDURE
)	
)	ORDER NO. 35340

On June 3, 2021, Idaho Power Company (“Company”) applied to the Commission for authorization to accelerate the depreciation schedule for the Jim Bridger Power Plant (“Bridger”) to allow the plant to be fully depreciated and recovered by December 31, 2030. *Application* at 1.

Clean Energy Opportunities for Idaho, City of Boise City, Industrial Customers of Idaho Power, Idaho Conservation League, Micron Technology, and Sierra Club intervened in this matter. Order Nos. 35094, 35102, and 35119.

On November 17, 2021, the Commission suspended the procedural schedule and discovery until the Company files an update or requests to set the procedural schedule once more information is known, but no later than December 31, 2021. Order No. 35222. The Commission also suspended the effective date for 30 days and 5 months, or until May 31, 2022, unless the Commission issues an earlier order accepting, rejecting, or modifying the Company’s Application. *Id.*

On December 30, 2021, the Company filed a letter (“Update”) with the Commission stating that it filed its 2021 Integrated Resource Plan (“IRP”) with a preferred portfolio that also identifies the cessation of coal-fired generation in Bridger Units 1 and 2 in 2023 with a natural gas conversion of those units in 2024. *Update* at 1. The Company also stated that the Environmental Protection Agency (“EPA”) has not yet formally acted on PacifiCorp’s proposed alternative regional haze compliance plan for Bridger Units 1 and 2. *Id.* at 2. The plan would require emission controls by December 31, 2021, for Unit 2 and December 31, 2022, for Unit 1. *Id.* The Company stated that on December 27, 2021, Wyoming Governor Mark Gordon issued a temporary emergency suspension extending the compliance date of Unit 2 through April 30, 2022, to give

more time for the EPA to act on the Wyoming State Implementation Plan (“SIP”). *Id.* The EPA is in discussions with PacifiCorp regarding this issue. *Id.*

On February 7, 2022, the Company met with the parties and discussed filing an amended application and a proposed schedule to resume processing this case. *Amended Application* at 3. On February 16, 2022, the Company filed an amended Application and requested the Commission issue an order authorizing the Company to (1) accelerate the depreciation schedule for all coal-related Bridger investments to allow for full depreciation and recovery by December 31, 2030, (2) establish a balancing account, and the necessary regulatory accounting, to track the incremental costs and benefits associated with the Company’s cessation of participation in coal-fired operations at Bridger, and (3) adjust customer rates to recover the associated incremental annual levelized revenue requirement of \$27.13 million: an overall increase of 2.12 percent. *Id.* at 1. The Company requested that its proposed rates take effect June 1, 2022. *Id.*

The Company also requested that the Commission set a public comment deadline of April 29, 2022, a simultaneous reply comment deadline of May 13, 2022, and a Company reply deadline of May 18, 2022. *Id.* at 11.

The Commission now grants the Company’s motion to recommence proceedings and provides the following Notice of Amended Application and Notice of Modified Procedure.

NOTICE OF AMENDED APPLICATION

YOU ARE HEREBY NOTIFIED that the Company’s amended quantification of the Bridger levelized revenue requirement includes only coal-related assets and removes from the original request all investments that would remain in service for natural gas operations and associated natural gas related costs in accordance with the planned natural gas conversion of Bridger Units 1 and 2 as presented in the Company’s 2021 IRP.¹ *Id.* at 3.

YOU ARE FURTHER NOTIFIED that the Bridger plant is located near Rock Springs, Wyoming and consists of four generating units. *Id.* PacifiCorp owns two-thirds of the facility and is its operator, while the Company owns the other one-third. *Id.* The Company and PacifiCorp (“Co-Owners”) work jointly to make decisions regarding Bridger—including required investments and the proposed retirement of Bridger. *Id.* Bridger is connected to the Borah West transmission path west of the Borah Substation near American Falls, Idaho. *Id.* The Company’s one-third share

¹ The Company’s IRP is available for review in Case No. IPC-E-21-43.

of energy flows west over this path. *Id.* The Idaho-Wyoming path (“Bridger West”) consists of three 345 kV transmission lines. *Id.* at 4. The Company owns 800 MW of the 2,400 MW east-to-west capacity which feeds into the Borah West path when power is moving east to west from Bridger. *Id.*

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. The Company also represented it funded 15 investments greater than \$1 million for operational maintenance costs. *See Id.*

YOU ARE FURTHER NOTIFIED that the Company represented that changing conditions have resulted in earlier than expected exit from participation in Bridger operations. *Id.* The Company’s 2019 IRP acknowledged Bridger exits in 2022, 2026, 2028, and 2030.³ *Id.* at 5-6. The Company’s 2021 IRP (Case No. IPC-E-21-43) included the conversion of Bridger Units 1 and 2 from coal to natural gas by the summer of 2024 with a 2034 exit date, and the exit of coal-fired operations in Units 3 and 4 by year-end 2025 and 2028. *Id.* at 6. The Company believes that the 2021 IRP indicates that an earlier exit from coal-fired generation at Bridger would be more economical. *Id.* The Company stated that a depreciable life of year-end 2030 for all Bridger Units is appropriate “as it [would] help minimize revenue requirement impacts to customers.” *Id.* The Company estimated that it would exit coal-fired operations of Bridger completely by 2028. *Id.*

YOU ARE FURTHER NOTIFIED that the Company estimated that Bridger would require incremental coal-related investments to maintain operations prior to the decommissioning of the facility. *Id.* However, because the specific timing and exact amounts of future investments are unknown, the Company proposed that the Commission establish a balancing account to allow flexibility for the recovery of the remaining Bridger investment revenue requirement. *Id.* at 6-7. The Company stated that under the balancing account approach,

the Company replaces the base rate revenue recovery associated with [the Company’s] existing coal-related investment in Bridger with a leveled revenue

² See Case No. IPC-E-11-08.

³ See Case No. IPC-E-19-19.

requirement and tracks it in the Bridger balancing account, smoothing revenue requirement impacts associated with the exit of Bridger coal-fired operations and allowing for full recovery of Bridger coal-related costs near the time [the Company] ceases participation in coal-fired operations.

Id. at 7. The Company represented that this approach aligns the cost recovery period with the Company's remaining participation in coal-fired operations more closely and ensures that Customers would "pay no more or no less than the actual coal-related O&M and capital coal-related costs of the Bridger plant beginning June 1, 2022." *Id.* The Company further believed that the balancing account approach would accelerate depreciation expenses related to its Bridger-related investments. *Id.* The Company proposed that the Commission track the coal-related investment return and associated depreciation expenses, as well as the decommissioning costs, through the balancing account. *Id.*

YOU ARE FURTHER NOTIFIED that the Company requested an accounting order that allows the Company to make necessary accounting entries, including a regulatory asset account that would match Generally Accepted Accounting Principles ("GAAP") revenue recognition with actual monthly patterns of coal-related revenue requirement. *Id.* at 8. The Company stated that regulatory accounts would be required to adjust the financial statement impacts resulting from Bridger-related GAAP accounting and income tax results. *Id.*

YOU ARE FURTHER NOTIFIED that the Company requested recovery of coal-related levelized revenue requirement that includes costs of accelerating the depreciation of Bridger, the return associated with coal-related capital investments net of accumulated depreciation forecasted through the Company's participation in Bridger, interim decommissioning costs associated with Bridger, and O&M savings associated with non-fuel coal-related O&M reductions. *Id.* These costs amount to \$27,127,333. The following table presents the differences between each component as quantified in the Company's initial request and the amounts that reflect Bridger's investment levelized revenue requirement:

	June 2021 Request	February 2022 Amended Request	% Change
Plant Investment	\$73,470,945	\$52,121,340	(29.1)
Interim Decomm. Costs	\$59,318	\$64,449	8.6
O&M Savings	(\$5,736,719)	(\$4,391,349)	(23.5)
Levelized Rev. Req.	\$67,793,544	\$47,794,440	(29.5)
Rev. Req. in Rates	(\$36,96,815)	(\$20,667,107)	(44.1)
Net Change	\$30,825,729	\$27,127,333	(12.0)

YOU ARE FURTHER NOTIFIED that the Company proposed to allocate the increase related to Bridger’s balancing account using the jurisdictional separating study method. *Id.* at 9. The Company requested that the incremental revenue requirement increase of \$27.13 million be recovered from all customer classes through a uniform percentage increase to all base rate components except the service charge. *Id.*

YOU ARE FURTHER NOTIFIED that the Company represented that it would submit to the Commission its annual adjustment mechanism filings, the Fixed Cost Adjustment (“FCA”) and Power Cost Adjustment (“PCA”) on March 15, 2022, and April 15, 2022, respectively. In the Company’s FCA filing, it will request the incremental revenue requirement of approximately \$27.13 million; the Company stated that it would include a set of proposed tariff sheets specifying the proposed rates in its filing. *Id.* at 9-10.

YOU ARE FURTHER NOTIFIED that the Amended Application is available for public inspection during regular business hours at the Commission’s office. These documents are also available on the Commission’s web site at www.puc.idaho.gov. Click on the “ELECTRIC” icon, select “Open Cases,” and click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission’s jurisdiction under Title 61 of the Idaho Code.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission’s Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

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 persons desiring to state a position on this Application may file a written comment explaining why the person supports or opposes the Application. Persons desiring a hearing must specifically request a hearing in their written comments. **Persons must file written comments by April 27, 2022. Persons who choose to file comments on or before April 27, 2022, and desire to further comment must reply to all party comments by May 13, 2022.** Comments must be filed through the Commission’s website or by e-mail unless computer access is unavailable. To comment electronically, please access the Commission’s home page at www.puc.idaho.gov. Click the “Case Comment Form” and complete the form using the case number as it appears on the front of this document. To file by e-mail, the customer must e-mail the comments to the Commission Secretary and the Company at the e-mail addresses listed below. If computer access is unavailable, then comments may be mailed to the Commission and Company at these addresses:

**For the Idaho Public Utilities
Commission:**

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YOU ARE FURTHER NOTIFIED that the Company must file any reply comments **by May 18, 2022.**

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 the Company's Amended Application be processed by Modified Procedure, Rules 201-204 (IDAPA 31.01.01.201-.204). Persons interested in submitting written comments must do so by April 27, 2022, and those same Persons must submit any reply-comments by May 13, 2022. The Company must file final reply comments by May 18, 2022.

IT IS FURTHER ORDERED that the parties should continue to comply with Order No. 35058, issued June 3, 2021. 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 10th day of March 2022.



ERIC ANDERSON, PRESIDENT

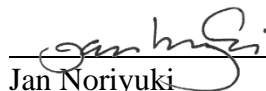


JOHN CHATBURN, COMMISSIONER



JOHN R. HAMMOND JR, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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