

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IDAHO POWER COMPANY’S ) CASE NO. IPC-E-21-38**  
**APPLICATION FOR MODIFICATION OF )**  
**THE POWER COST ADJUSTMENT )**  
**MECHANISM ) ORDER NO. 35290**  
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On November 4, 2021, Idaho Power Company (“Company”) applied to the Commission seeking authorization to simplify its power cost adjustment (“PCA”) mechanism by replacing the “true-up” and “true-up of the true-up” components of the PCA with a balancing account—combining the two true-up components into one balancing account rate. The Company requested that its Application be processed by Modified Procedure and requested a March 31, 2022, effective date for the proposed modification to the PCA.

On November 24, 2021, the Idaho Public Utilities Commission (“Commission”) set deadlines for interested persons to comment on the Application. *See* Order No. 35233. The Commission Staff (“Staff”) filed comments on December 22, 2021 and was the only party to do so. The Company did not file reply comments.

Having reviewed the record, the Commission grants the Company’s Application as set forth in our findings below.

**BACKGROUND**

The PCA is a cost recovery mechanism that passes the benefits and costs of supplying energy to the Company’s customers. Apart from the 95%/5% sharing included in the PCA calculations, the Company and its shareholders do not receive any financial return on PCA filings and money collected from the surcharge can be used only to pay power supply expenses. The Commission has approved modifications to the PCA over time to ensure the mechanism achieves its desired purpose of providing consistency and stability to rates. The current PCA mechanism includes three separately calculated rates: (1) the forecast rate; (2) the “true-up” rate; and (3) the “true-up of the true-up” rate which is designed to ensure that the Company neither over nor under-recover its share of the variance in net power supply expenses (“NPSE”).<sup>1</sup> In Order No. 35054, the Commission instructed the Company to review the PCA mechanism with Staff to determine

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<sup>1</sup> *See* Order No. 35054, p. 1-2.

whether it should be modified before the Company files next year's PCA application in April of 2022. The Company's Application was a result of those discussions.

### **THE APPLICATION**

The Company proposed to modify the PCA by replacing the "true-up" and "true-up of the true-up" components with one balancing account—thereby combining the two true-up components into one balancing account rate. The Company stated that this modification would not affect the overall cost recovery under the PCA, except for a nominal interest amount.<sup>2</sup> However, the Company's proposed modification also necessitated modifying its rate Schedule 55 PCA.

### **STAFF COMMENTS**

Staff recommended approving the Company's application. Staff supported the modifications "because they ma[d]e the PCA easier to understand, more transparent relative to the mechanism's intent, and [stated that it] is mathematically equivalent to the existing method with the exception of a minor difference in interest. . . ." The difference in interest results from the modification of including interest from the carrying charges cumulative prior month balance, whereas the current PCA excludes that interest. Staff reviewed the modification and found that the difference in interest amounted to \$505.38—which both Staff and the Company agreed was immaterial. Staff also reviewed the Schedule 55 tariff and supported the proposed changes. Staff stated that the Schedule 55 revision now simply matches the methodology proposed by the Company in its Application.

### **COMMISSION FINDINGS AND DECISION**

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-501, -502 and -503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and to fix the same by order. *Idaho Code* §§ 61-502 and 61-503.

Under the foregoing authority, we have reviewed and considered the record, including the Company's Application, and Staff's Comments. We find that the Company's proposed

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<sup>2</sup> Currently, the PCA mechanism with the true-up components excludes interest from the carrying charges cumulative prior balance and the modification will include that interest.

modification to its PCA is fair, just, and reasonable. We further find that the difference in including interest of the carrying charges cumulative prior month balance is immaterial to rate payers.

The Commission commends the Company on its effort to make the PCA more transparent and easier to understand—and expects all efforts related to cost adjustment mechanisms to continue toward transparency and simplicity. The Commission is encouraged by the Company’s willingness to work with Staff and desires for the Company and Staff to continue working together amicably on cost adjustment mechanisms.

**ORDER**

IT IS HEREBY ORDERED that the Commission approves the Company’s Application, effective upon issuance, to allow the Company to modify its PCA mechanism by replacing the “true-up” and the “true-up of the true-up” components with one balancing account, thereby combining the two components into one balancing account rate.

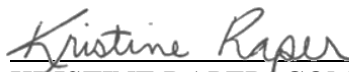
THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code § 61-626.*

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DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 10<sup>th</sup> day of January 2022.

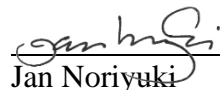


ERIC ANDERSON, PRESIDENT



KRISTINE RAPER, COMMISSIONER

ATTEST:



Jan Noriyuki  
Commission Secretary

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