

## **DECISION MEMORANDUM**

**TO: COMMISSIONER ANDERSON  
COMMISSIONER HAMMOND  
COMMISSIONER LODGE  
COMMISSION SECRETARY  
LEGAL**

**FROM: DAYN HARDIE  
MIKE LOUIS**

**DATE: MAY 2, 2023**

**RE: IN THE MATTER OF IDAHO POWER COMPANY’S APPLICATION FOR  
AUTHORITY TO INCREASE ITS RATES FOR ELECTRIC SERVICE TO  
RECOVER COSTS ASSOCIATED WITH NORTH VALMY POWER  
PLANT; CASE NO. IPC-E-19-08**

**IN THE MATTER OF IDAHO POWER COMPANY’S APPLICATION FOR  
A DETERMINATION VALIDATING THE NORTH VALMY POWER  
PLANT BALANCING ACCOUNT TRUE-UP; CASE NO. IPC-E-22-05**

On March 31, 2023, Idaho Power Company (“Company”) filed a Motion for Extension of Time (“Motion”) to comply with Order Nos. 34349 and 35494.

### **BACKGROUND**

On May 31, 2017, the Commission issued Order No. 33770 in Case No. IPC-E-16-23 approving a settlement stipulation adopting revised depreciation accrual rates to become effective on June 1, 2017

Also on May 31, 2017, the Commission issued Order No. 33771 in Case No. IPC-E-16-24 approving a settlement stipulation allowing the Company to recover \$13.3 million annually and establishing a balancing account to track costs and recovery of a levelized revenue requirement to accelerate the depreciation of Valmy Unit #1 and Unit #2 by the end of 2028 for ratemaking purposes and the decommissioning costs associated with a targeted 2019 Unit #1 exit date and a 2025 Unit #2 exit date.

On May 31, 2019, the Commission issued Order No. 34349 in Case No. IPC-E-19-08 approving several items related to the balancing account, and relevant to this motion, directed the Company to “file an annual report detailing the amounts recorded to the Valmy balancing

account;” “submit a filing no later than February 28, 2022 to true-up the balancing account with forecast-to-actuals, with rates to become effective June 1, 2022;” and “work with Staff to identify documentation for audit and prudence review.” Order No. 34349 at 4.

On August 9, 2022, the Commission issued Order No. 35494 in Case No. IPC-E-22-05 updating the balancing account and affirming the Company’s true-up calculation; however, the Commission did not issue a determination of prudence for actual investments at that time due to lack of documentation. As a result, the Commission directed the Company to “file additional documentation to support a prudence determination as part of the Company’s Valmy Levelized Revenue Requirement Balancing Account 2022 Annual Review after meeting with Staff to expand the documentation process.” *Id* at 6-7.

### **THE MOTION**

Through its Motion, the Company has requested the Commission:

1. Allow the Company to file its 2022 Annual Review as part of the Company’s 2023 General Rate Case (“GRC”) to satisfy requirements in Order No. 34349; and
2. Approve a time extension to file for a prudence determination of actual Valmy investments to satisfy requirements in Order No. 35494.

Since issuing Order No. 35494, the Company has met with Staff on several occasions to determine a documentation process that will provide the necessary information for Staff to audit and determine the prudence of actual investments to be included in the Valmy balancing account. Finalization of this process is a necessary step to comply with the two Orders described above.


Although the Commission’s Orders relate specifically to Valmy, the issue of obtaining proper documentation generally applies to Staff’s inability to gather the necessary information it needs to review prudence of investments in plants the Company owns in partnership with other utilities, but does not operate. Staff believes that a process is closer to finalization; however, Staff would like to ensure that the final process (1) applies to all of the Company’s partnered plants; (2) provides the same level of transparency, access, and information as if the plant is owned and operated by the Company; and (3) is completed by the time that the Company files its 2023 GRC. This will ensure Staff has the ability to efficiently and effectively determine the prudence of investments during the 2023 GRC for all of the Company’s partnered plants (i.e. Valmy and Bridger Coal Plants).

## **RECOMMENDATION**

Staff recommends that the Company's Motion be granted. Additionally, Staff recommends the Commission's order granting the Motion stress the importance of finalizing the documentation process such that it (1) applies to all of the Company's partnered plants; (2) provides the same level of transparency, access, and information as if the plant is owned and operated by the Company; and (3) is completed by the time that the Company files its 2023 GRC.

## **COMMISSION DECISION**

Does the Commission wish to grant the Company's Motion with Staff's recommendations?



Dayn Hardie  
Deputy Attorney General

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