

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION ) CASE NO. IPC-E-23-11**  
**OF IDAHO POWER COMPANY FOR )**  
**AUTHORITY TO INCREASE ITS RATES )**  
**AND CHARGES FOR ELECTRIC SERVICE ) ORDER NO. 36042**  
**IN THE STATE OF IDAHO AND FOR )**  
**ASSOCIATED REGULATORY ACCOUNT )**  
**TREATMENT )**  
**)**

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On June 1, 2023, Idaho Power Company (“Company”) filed an application (“Application”) with the Idaho Public Utilities Commission (“Commission”) requesting authority to increase its rates and charges for electric service to its customers in the State of Idaho and for associated regulatory accounting treatment. The Company requested a July 1, 2023, effective date.

On June 23, 2023, the Commission issued a Notice of Application, Notice of Suspension of Proposed Effective Date, and Notice of Intervention Deadline. Order No. 35825. The Commission granted intervention to: Clean Energy Opportunities for Idaho (“CEO”); Idaho Irrigation Pumpers Association, Inc. (“IIPA”); Industrial Customers of Idaho Power (“ICIP”); Idaho Hydroelectric Power Producers Trust d/b/a IdaHydro (“IdaHydro”); Micron Technology, Inc. (“Micron”); Idaho Conservation League (“ICL”); the city of Boise City (“Boise City”); The United States Department of Energy on behalf of the Federal Executive Agencies (“FEA”); NW Energy Coalition (“NWEC”); and Walmart Inc. (“Walmart”). Order Nos. 35823; 35840; 35850; 35867, and 35902. On August 2, 2023, the Commission issued a Notice of Schedule, Notice of Virtual Public Workshops, and Notice of Technical Hearing. Order No. 35873.

On September 18, October 4, and October 5, 2023, Commission Staff (“Staff”), the Company, and all Intervenors participated in settlement conferences. Based upon those settlement conferences, at the Commission’s October 10, 2023, decision meeting, Staff informed the Commission that Staff believed a settlement had been reached in principle amongst the parties in the case, and Staff requested that the Commission vacate the written testimony deadlines until such time as a Proposed Settlement was filed for Commission review, or the Commission is informed that a Proposed Settlement will not be filed. On October 11, 2023, the Commission issued an Order Vacating Testimony Deadlines. Order No. 35954.

On October 27, 2023, the Company filed a Stipulation and Settlement (“Proposed Settlement”) and a Motion for Approval of Stipulation and Settlement (“Motion”). The Proposed

Settlement was signed by Staff, the Company, and all Intervenors (collectively “the Parties”). On November 2, 2023, the Commission issued a Notice of Proposed Settlement, Notice of Amended Schedule, Notice of Customer Hearings, Notice of Technical Hearing, and Notice of Public Comment Deadline. Order No. 35985.

On November 27, 2023, the Commission held a customer hearing in Twin Falls, and on November 28, the Commission held a customer hearing in Boise. On November 29, 2023, the Commission held a technical hearing in Boise during which the Commission heard testimony from the Parties.

### **TERMS OF PROPOSED SETTLEMENT**

Under the Proposed Settlement, the Company’s overall retail revenue will increase by \$54.7 million annually for an average increase of 4.25 percent, which is net of a Power Cost Adjustment (“PCA”) decrease of \$168.3 million and a reduction to annual Energy Efficiency Rider collection of \$3.5 million. Proposed Settlement at 2. The Parties agree that the Proposed Settlement represents a fair, just, and reasonable compromise of the issues in this proceeding and that the Proposed Settlement is in the public interest. *Id.*

The Proposed Settlement sets forth certain revenue requirement adjustments to the Company’s filed case with accompanying explanation. *Id.* at 4. The adjustments are summarized in the table below.

| <b>Summary of Stipulated Revenue Requirement Adjustments<br/>(Figures reflect Idaho Jurisdictional Amounts)</b> |                          |                        |
|---|--------------------------|------------------------|
| <b>Filed Net Revenue Increase: \$111,304,981</b>  |                          |                        |
| <b>Stipulated Adjustments</b>   | <b>Adjustment Impact</b> | <b>Net Rate Change</b> |
| <b>1. Cost of Capital</b>   |                          |                        |
| a. Rate of Return   | (\$23,461,105)           | \$87,843,876           |
| <b>2. Rate Base</b>   |                          |                        |
| b. Test Year Methodology Adjustments  | (\$8,294,557)            | \$79,549,319           |
| c. Battery Augmentation   | (\$2,273,749)            | \$77,275,569           |
| <b>3. Expenses</b>  |                          |                        |
| d. Employee Housing   | (\$136,485)              | \$77,139,084           |
| e. Long-Term Pay at Risk  | (\$5,448,325)            | \$71,690,760           |
| f. General Labor  | (\$8,961,081)            | \$62,729,679           |
| g. Uncollectible Expenses   | (\$1,629,964)            | \$61,099,715           |
| h. Miscellaneous Adjustments  | (\$1,365,132)            | \$59,734,583           |
| i. Non-Specific Reduction   | (\$4,195,215)            | \$55,539,368           |

| <b>4. Deferrals and Mechanisms</b>   |               |              |
|--------------------------------------|---------------|--------------|
| j. Low Income Energy Assistance      | (\$1,324,853) | \$54,214,516 |
| k. Removal of WRAP Expenses          | (\$585,182)   | \$53,629,334 |
| l. Intervenor Funding Amortization   | (\$235,319)   | \$53,394,015 |
| m. Wildfire Removal and Amortization | \$1,617,743   | \$55,011,758 |
| n. Net Power Supply Expense          | (\$291,972)   | \$54,719,786 |

*Id.*

The Parties agree to a 9.6 percent return on equity (“ROE”) and a 7.247 percent overall rate of return (“ROR”) based on a non-specified cost of debt and capital structure, applied to an authorized Idaho jurisdictional rate base of \$3,816,351,478. *Id.* at 5. However, the Parties do not agree on any particular cost-of-service methodology and the Proposed Settlement does not request that the Commission approve a particular cost-of-service methodology. *Id.* at 9.

The Parties agree that the \$54.7 million net revenue increase should be recovered by implementing tariffs in conformance with Exhibit No. 1 attached to the Proposed Settlement. *Id.* The Parties represent that the rate spread was generally developed using a method to increase the rates for each customer class by a factor at least 0.5 times, but not more than 1.3 times, the overall 4.25 percent increase, with no increase for any customer class above 120 percent of the cost-of-service index. *Id.*

The Parties agree, for settlement purposes, to the rate design and tariff provisions included in Attachment No. 2 to the Motion and set forth in Exhibit No. 2 attached to the Proposed Settlement, which detail the rate calculations for the various schedules that differ from the Company’s Application. *Id.*

The Parties agree that in determining the individual rates for residential Schedules 1, Residential Service Standard Plan, and 6, Residential Service On-Site Generation, the customer billing determinants as proposed by the Company will be used but will maintain the current percentage differential between each block. *Id.* at 9-10.

Under the Proposed Settlement, the Service Charge for the Company’s Residential Service class (Schedules 1, 5, and 6) will increase from \$5 per month to \$10 per month on January 1, 2024, and to \$15 per month on January 1, 2025. *Id.* at 10. The Service Charge for the Company’s Small General Service class (Schedules 7 and 8) will increase from \$5 to \$25 per month on January 1, 2024. *Id.*

A summer mid-peak period from 3 p.m. to 7 p.m. is added to residential time-of-use (“TOU”) offerings contained in Schedules 5, Residential Service Time-of-Use Plan, and 6, Residential Service On-Site Generation, to generally align with Schedules 9, Large General Service, and 19, Large Power Service as defined in the respective tariff schedules included in Attachment No. 2 to the Motion. *Id.*

Under the Proposed Settlement, the revenue requirement allocated to Schedule 30, U.S. Department of Energy Special Contract, will be effectuated by setting the demand charge at \$9.75/kW (a 14.71 percent increase from the current demand charge) and the energy charge at \$0.040951/kWh (a 37.84 percent increase from the current energy charge). *Id.*

The Schedule 8 tariff sheet will be updated to reflect the inclusion of September as part of the summer season as reflected in Attachment No. 2 to the Motion. *Id.* The Proposed Settlement contains provisions concerning Generation Interconnection Charges related to Schedule 72, and information on Separate Informal Proceedings concerning the feasibility of implementing a revenue neutral bill protection mechanism. *Id.* at 10.

The Proposed Settlement also contains Non-Revenue Stipulated Agreements concerning: Coal-Fired Plant Investments; Capital Investments; the Revenue Sharing Mechanism; the accumulated deferred investment tax credits Revenue Sharing Mechanism; the PCA; Third Party Wheeling Tracking; Radial Transmission Line Analysis; Test Year Sales Methodology for Future General Rate Cases; the Fixed Cost Adjustment; the Sales Based Adjustment Rate; Natural Gas-Fired Plant Maintenance; and the Wildfire Mitigation Plan. *Id.* at 12-16.

### **PUBLIC COMMENTS**

As of December 19, 2023, the Commission has received eighty-eight (88) public comments in this case. Thirty (30) public comments were received prior to the Notice of Proposed Settlement and fifty-eight (58) public comments were received after the Notice of Proposed Settlement. Of those fifty-eight (58) comments received after the Notice of Proposed Settlement, twenty-three (23) of them were untimely submitted.

The majority of the public comments oppose any increase in rates. Customers presented issues including fixed income, inflation, taxes, corporate compensation, the state of the economy, and other world issues that present financial hardships for customers. Many comments focused on the proposed increase to fixed charges and the impact it would have on low use customers.

## **PARTY TESTIMONY**

### **A. Staff Testimony**

#### **1. Donn English**

Staff witness Donn English testified that Staff conducted a comprehensive review of the Company's Application, a thorough audit of the Company's books and records, an analysis of the Company's class cost of service study, and extensive negotiations with the Parties to the case. Tr. vol. IV, 114. Mr. English testified that based upon its review, Staff believes that the Proposed Settlement offers a reasonable balance between the Company's opportunity to earn a reasonable return on its investment and affordable rates for customers, and Staff believes the Proposed Settlement is in the public interest; is fair, just, and reasonable; and should be approved by the Commission. *Id.*

#### **2. Taylor Thomas**

Staff witness Taylor Thomas testified that Staff looked at each revenue requirement adjustment, class cost-of-service study, proposed rate design, and other issues under consideration and Staff determined that the Proposed Settlement between the Parties was as good or better than what could be expected by fully litigating the case. *Id.* at 141. Mr. Thomas testified that based on its review, Staff believed that the rate stability and certainty, along with the reduced revenue increases provided in the Proposed Settlement, represents a fair, just, and reasonable compromise of the positions put forth by the Parties and is in the public interest. *Id.*

### **B. CEO Comments**

On November 22, 2023, CEO filed Final Comments. CEO stated that the Proposed Settlement represents a compromise that is just, fair, reasonable, and in the public interest.

### **C. Boise City Testimony**

Boise City witness Wil Gehl testified that the Proposed Settlement represents a compromise between all Parties, including a significantly lower revenue requirement and corresponding rate increase than originally requested by the Company, and beneficial modifications to rate design and rate spread. *Id.* at 75-76. Mr. Gehl testified that based on its review, Boise City believes the overall result of the Proposed Settlement is a reasonable and fair compromise between the Company and its customers; the Proposed Settlement balances customer interests with the Company's ability to make necessary investments to support the safe provision of affordable, clean electricity to its customers; and Proposed Settlement is in the public interest. *Id.* at 81-82.

#### **D. ICL Testimony**

ICL witness Bradley Heusinkveld testified that the Parties agreed to the Proposed Settlement following extensive negotiations and review of the Company's application, work papers, discovery, and data requests. *Id.* at 88-89. Mr. Heusinkveld represented that Staff and the Intervenors collectively represent a diverse set of customer groups and interests, and that reaching an agreeable compromise between the Parties necessitated balancing these interests, while accommodating the Company's need for cost recovery and financial stability. *Id.* Mr. Heusinkveld explained that ICL believes the settlement is a fair compromise and in the public interest, and that the Parties arrived at moderate reductions in revenue requirement, rate of return, revenue adjustments, and reasonable alterations to rate design elements. *Id.*

#### **E. IIPA Testimony**

IIPA witness Lance Kaufman testified that IIPA reviewed the opening testimony and workpapers of all company witnesses, issued discovery on cost of capital, test year expenses, and cost of service, and developed positions on potentially appropriate adjustments to the Company's filed case. *Id.* at 64-65. Mr. Kaufman represented that all of IIPA's concerns are either directly addressed in the Proposed Settlement through changes to revenue requirement and rate spread, or indirectly through agreement for ongoing collaboration. *Id.* at 69-70. IIPA recommends that the Commission find the Proposed Settlement to be fair, just, and reasonable and in the public interest. *Id.*

#### **F. Micron Testimony**

Micron witness Jessica York testified that the Proposed Settlement is a comprehensive agreement that represents give and take among the Parties. *Id.* at 98-99. Ms. York also testified that the Proposed Settlement resolves the revenue requirement, cost allocation, and rate design issues that would have likely been raised by the Parties in this proceeding and is a result of extensive arms-length negotiations between the settling Parties in order to reach a comprehensive settlement. *Id.*

#### **G. NWECC Comments**

On November 15, 2023, NWECC submitted a letter in lieu of testimony in support of the Proposed Settlement.

#### **H. Walmart Comments**

On November 14, 2023, Walmart submitted a letter in lieu of testimony in support of the Proposed Settlement.

## **I. Company Testimony**

Company witness Tim Tatum testified that the Proposed Settlement is in the public interest, and that from the Company's perspective, the Proposed Settlement provides the Company with the ability to update its rates to better reflect current costs and the ability to economically finance new investments in infrastructure for its system. *Id.* at 46-47. Mr. Tatum also testified that the Company believes that the rates that result from the Proposed Settlement are just and reasonable for its customers. *Id.*

## **PETITIONS FOR INTERVENOR FUNDING**

### **A. IIPA**

IIPA requests that the Commission grant Intervenor Funding in the amount of \$36,081.01 for attorney fees for the work of E. Olsen, paralegal fees, soft costs, and witness fees for L. Kaufman.

### **B. CEO**

CEO requests that the Commission grant Intervenor Funding in the amount of \$3,596.40 for attorney fees for the work of K. Jae.

### **C. NWEC**

NWEC requests that the Commission grant Intervenor Funding in the amount of \$2,325.00 for attorney fees for the work of D. Rivas.

### **D. ICL**

ICL requests that the Commission grant Intervenor Funding in the amount of \$6,237.50 for fees for the work of attorneys M. Kellner and M. Nykiel, and by Energy Associate B. Heusinkveld.

## **COMMISSION FINDINGS AND DECISION**

The Commission has jurisdiction over the Company's Application and the issues in this case under Title 61 of the Idaho Code including *Idaho Code* §§ 61-301 through 303. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of all public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provisions of law, and to fix the same by order. *Idaho Code* §§ 61-501 through 503.

In a general rate case, the Company's intrastate revenue requirement, and every component of it, both rate base and expense, are at issue. IDAPA 31.01.01.124.01. The Commission may grant, deny, or modify the revenue requirement requested and may find a revenue requirement different from that proposed by any party is just, fair, and reasonable. *Id.*

The Company's retail rates and charges, both recurring and non-recurring, including those of special contract customers, are at issue, and every component of every existing and proposed rate and charge is at issue. IDAPA 31.01.01.124.02. The Commission may approve, reject, or modify the rates and charges proposed and may find that rates and charges different from those proposed by any party are just, fair, and reasonable. *Id.*

The Commission's process for considering settlement stipulations is set forth in its Rules of Procedure 271-277, IDAPA 31.01.01.271-277. When a settlement is presented to the Commission, it "will prescribe the procedures appropriate to the nature of the settlement to consider the settlement." IDAPA 31.01.01.274. Here, the Commission convened both a technical hearing and customer hearing on the Proposed Settlement. IDAPA 31.01.01.274. Proponents of a proposed settlement must show "that the settlement is reasonable, in the public interest, or otherwise in accordance with law or regulatory policy." IDAPA 31.01.01.275. The Commission is not bound by settlement agreements. IDAPA 31.01.01.276. Instead, the Commission "will independently review any settlement proposed to it to determine whether the settlement is just, fair and reasonable, in the public interest, or otherwise in accordance with law or regulatory policy." *Id.*

#### **A. Proposed Settlement**

The Commission has reviewed the record including the Application, Proposed Settlement, testimony, public comments, all submitted materials, and the arguments of the Parties. The Commission notes that the Parties and the public have built a detailed record through discovery, filings, negotiations, comments, and participation in hearings.

The Commission finds that the Proposed Settlement incorporates input from different Parties and customers, and the Proposed Settlement attempts to reach a balance between customers' desires for a smaller rate increase and the Company's recovery of the costs it incurs to provide safe and reliable service as well as an opportunity to earn a fair rate of return. Notably, the Proposed Settlement, among other things, reduces the Company's initial proposed base revenue increase of \$111,304,981 to \$54.7 million.

The Commission finds that the Proposed Settlement allows the Company to operate sustainably while reducing the effects of the rate increase on customers, and the Proposed Settlement represents a responsible approach to costs and rate design, while balancing the unique circumstances of the Company and the challenges that higher energy costs pose for customers. The Commission finds that the Proposed Settlement is fair, just, reasonable, and in the public interest.



## **B. Intervenor Funding**

Intervenor funding is available pursuant to *Idaho Code* § 61-617A and the Idaho Public Utilities Commission Rules of Procedure 161-165. *Idaho Code* § 61-617A(1) provides that it is the “policy of this state to encourage participation at all stages of all proceedings before the commission so that all affected customers receive full and fair representation in those proceedings.” The Commission may award a cumulative amount of intervenor funding not to exceed \$40,000 for all intervening parties in a single case. *Idaho Code* § 61-617A(2).

Commission Rule 162 provides the form and content of petitions for intervenor funding. Each petition must contain: (1) an itemized list of expenses broken down into categories; (2) a statement of the intervenor’s proposed findings or recommendation; (3) a statement showing that the costs the intervenor wishes to recover are reasonable; (4) a statement explaining why the costs constitute a significant financial hardship for the intervenor; (5) a statement showing how the intervenor’s proposed recommendations differed materially from the testimony and exhibits of the Staff; (6) a statement showing how the intervenor’s recommendation or position addressed issues of concern to the general body of the utility users or consumers; and (7) a statement showing the class of customer on whose behalf the intervenor appeared. IDAPA 31.01.01.162.

### **1. IIPA**

IIPA is an Idaho nonprofit corporation representing farm interests in electric utility rate matters in southern and central Idaho. IIPA relies solely upon dues and contributions voluntarily paid by members, together with intervenor funding, to support its activities. Based upon our review of IIPA’s petition, the Commission finds that the funding request complies with the procedural and substantive requirements of the statute and the rules. The Commission finds that IIPA has materially contributed to the Commission’s decision-making; IIPA’s participation added a unique and well-informed perspective to the record; and it is fair, just, and reasonable to award intervenor funding. The Commission finds it appropriate to award IIPA intervenor funding in the amount of \$27,841.10. The award shall be chargeable to the irrigation class. *Idaho Code* § 61-617A(3).

### **2. CEO**

CEO is a nonprofit organization that represents its members and supporters who are Idaho Power ratepayers. CEO does not have a direct financial interest in the outcome of this case that is distinct from a ratepayer. Based upon our review of CEO’s petition, the Commission finds that the funding request complies with the procedural and substantive requirements of the statute and the rules. The Commission finds that CEO has materially contributed to the Commission’s decision-

making; CEO's participation added a unique and well-informed perspective to the record; and it is fair, just, and reasonable to award intervenor funding. The Commission finds it appropriate to award CEO intervenor funding in the amount of \$3,596.40. The award shall be chargeable to the irrigation, residential, and small commercial classes. *Idaho Code* § 61-617A(3).

### **3. NWEC**

NWEC represents over one hundred (100) member organizations in the Northwest, including eleven in Idaho, to pursue sustainable and equitable energy policy, and is funded through membership dues and individual donations. Based upon our review of NWEC's petition, the Commission finds that the funding request complies with the procedural and substantive requirements of the statute and the rules. The Commission finds that NWEC has materially contributed to the Commission's decision-making; NWEC's participation added a unique and well-informed perspective to the record; and it is fair, just, and reasonable to award intervenor funding. The Commission finds it appropriate to award NWEC intervenor funding in the amount of \$2,325.00. The award shall be chargeable to the residential and small commercial classes. *Idaho Code* § 61-617A(3).

### **4. ICL**

ICL is a non-profit organization primarily funded through membership donations, private grants, endowment fund revenue, and ICL does not have a direct financial interest in the outcome of this case that is distinct from a ratepayer. Based upon our review of ICL's petition, the Commission finds that the funding request complies with the procedural and substantive requirements of the statute and the rules. The Commission finds that ICL has materially contributed to the Commission's decision-making; ICL's participation added a unique and well-informed perspective to the record; and it is fair, just, and reasonable to award intervenor funding. The Commission finds it appropriate to award ICL intervenor funding in the amount of \$6,237.50. The award shall be chargeable to the general residential class. *Idaho Code* § 61-617A(3).

## **ORDER**

IT IS HEREBY ORDERED that the Motion and Proposed Settlement are approved as filed with attachments. The Company is authorized to implement revised tariff schedules consistent with the terms of the Proposed Settlement, effective January 1, 2024.

IT IS FURTHER ORDERED that IIPA's petition for intervenor funding is granted in the amount of \$27,841.10.

IT IS FURTHER ORDERED that CEO's petition for intervenor funding is granted in the amount of \$3,596.40.

IT IS FURTHER ORDERED that NWECC's petition for intervenor funding is granted in the amount of \$2,325.00.

IT IS FURTHER ORDERED that ICL's petition for intervenor funding is granted in the amount of \$6,237.50.

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

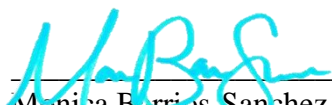
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 28<sup>th</sup> day of December 2023.

  
ERIC ANDERSON, PRESIDENT

  
JOHN R. HAMMOND JR., COMMISSIONER

  
EDWARD LODGE, COMMISSIONER

ATTEST:

  
Monica Barrios-Sanchez  
Interim Commission Secretary

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