

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER) CASE NO. IPC-E-23-12
COMPANY’S APPLICATION FOR)
AUTHORITY TO IMPLEMENT POWER) NOTICE OF APPLICATION
COST ADJUSTMENT (PCA) RATES FOR)
ELECTRIC SERVICE FROM JUNE 1, 2023) NOTICE OF
THROUGH MAY 31, 2024) MODIFIED PROCEDURE
)
)
ORDER NO. 35756

On April 14, 2023, Idaho Power Company (“Idaho Power” or “Company”) applied for Commission authorization to implement its Power Cost Adjustment (“PCA”) rates in Schedule 55—Power Cost Adjustment (“Schedule 55”) effective June 1, 2023, through May 31, 2024. Application at 1. The Company requests its Application be processed by Modified Procedure. *Id.* at 1; 11. If approved, the Company’s PCA would increase rates for all customer classes via an overall revenue increase of approximately \$200.2 million, or 14.68 percent. *Id.* at 1-2. The proposed PCA does not increase the Company’s earnings. Under the Company’s proposed PCA rates, an average residential customer using 950 kilowatt-hours (“kWh”) of electricity would see their monthly bill increase by \$12.72.

The Commission now provides this Notice of Application and establishes comment deadlines for interested persons and the Company’s reply.

BACKGROUND

The PCA mechanism permits the Company to increase or decrease its PCA rates to reflect the Company’s annual “power supply costs.” Due to its diverse generation portfolio, the Company’s actual cost of providing electricity (its power supply cost) varies from year to year depending on changes in such things as the river streamflow, the amount of purchased power, fuel costs, the market price of power, and other factors. The annual PCA surcharge or credit is combined with the Company’s “base rates” to produce a customer’s overall energy rate. The Company states that neither it nor its shareholders receive any financial return from the PCA – money collected from the surcharge can be used only to pay power supply expenses. *Id.* at 3.

The PCA quantifies and tracks annual differences between actual Net Power Supply Expenses (“NPSE”) and the normalized or “base level” of NPSE recovered in the Company’s base

rates, resulting in a credit or surcharge that is updated annually on, June 1. The PCA mechanism uses a 12-month test period of April through March (“PCA Year”) and includes a forecast component and a Balancing Adjustment.¹ The forecast component represents the difference between the Company’s NPSE forecast from the March Operating Plan and base level NPSE recovered in the Company’s base rates. The Balancing Adjustment includes a backward-looking tracking of differences between the prior PCA Year’s forecast and actual NPSE incurred by the Company, and also tracks the collection of the prior year’s Balancing Adjustment. The Balancing Adjustment also incorporates the costs and benefits for the Company’s participation in the Western Energy Imbalance Market (“EIM”) for April 2022 through March 2023. *Id.* at 9.

Except for Public Utility Regulatory Policies Act of 1978 (“PURPA”) expenses and demand response incentive payments, the PCA allows the Company to pass through to customers 95 percent of the annual differences in actual NPSE as compared with base level NPSE, whether positive or negative. With respect to PURPA expenses and demand response incentive payments and actual annual expenses deviate from base level NPSE, the Company is allowed to pass 100 percent of the difference for recovery or credit through the PCA. The PCA is also the rate mechanism used by the Company to provide customer benefits resulting from the revenue sharing mechanism, approved by the Commission in Order No. 34071.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that this year’s PCA Application requests to increase revenue through Schedule 55 by \$200.2 million for the 2023-2024 PCA year. *Id.* at 1.

YOU ARE FURTHER NOTIFIED that the Company’s system-level forecast for NPSE is approximately \$235 million higher in the 2023-2024 PCA year than 2022-2023 PCA year base level NPSE. *Id.* at 8. The forecast is primarily driven by higher forecast market energy and natural gas prices, combined with a limited coal supply. *Id.* at 8-9.

YOU ARE FURTHER NOTIFIED that the Balancing Adjustment at the end of March 2023, including interest, was approximately \$190 million and was primarily driven by “high

¹ In Order No. 35290, the Commission approved a modification to the PCA filing to replace the “true-up” and “true-up of the true-up” with a single balancing account. The two “true-up” rates previously included in PCA filings are now combined into one “Balancing Adjustment” rate. The Balancing Adjustment modification solely impacts the presentment of the PCA but has no material impact on the rates charged to customers.

natural gas and market energy prices during the 2022-2023 PCA Year, combined with a limited coal supply” and a 9% lower hydro generation than forecast. *Id.* at 9-10.

YOU ARE FURTHER NOTIFIED that under Order No. 34071, the Commission requires the Company to share revenue with its customers if its Idaho jurisdictional year-end return on equity (“ROE”) is 10.0 percent or greater. *Id.* at 10. The Company asserts its Idaho jurisdictional year-end ROE in 2022 was 9.8, which is below the 10.0 percent ROE threshold for revenue sharing. *Id.*

YOU ARE FURTHER NOTIFIED that the Company’s uniform PCA rate for the 2023-2024 PCA Year is comprised of (1) the 1.4572 cents per kWh adjustment for the 2023-2024 forecasted power cost of serving firm loads under the current PCA methodology and “95” percent sharing; and (2) 1.2714 cents per kWh for the 2022- 2023 Balancing Adjustment. *Id.* Together, these components total approximately 2.7286 cents per kWh charge for all rate classes. *Id.*

YOU ARE FURTHER NOTIFIED that on March 15, 2023, the Company filed its annual FCA in Case No. IPC-E-23-09. *Id.* The Company’s 2023 FCA filing proposes a \$10.0 million decrease in current billed revenue, or a 1.56 percent decrease for Idaho Residential and Small General Service customers, effective June 1, 2023 through May 31, 2024. *Id.* at 11.

YOU ARE FURTHER NOTIFIED that if the PCA and Fixed Cost Adjustment (“FCA”) Applications are approved as filed, the combined impact is an overall increase in current billed revenue of \$190.2 million, or 13.94 percent.² *Id.* The impact by revenue class is:

**Proposed 2023-2024 Revenue Impact by Class:
Percentage Increase from Current Billed Rates by Proposed Change**

Power Cost Adjustment				
Residential	Small General Service	Large General Service	Large Power	Irrigation
11.90%	9.70%	16.19%	20.26%	15.01%

² If the Company’s FCA and PCA rates are approved as filed, the average residential customer’s monthly bill would increase by \$11.06.

Fixed Cost Adjustment

Residential	Small General Service	Large General Service	Large Power	Irrigation
-1.56%	-1.63³%	N/A	N/A	N/A

Total Combined Impact

Residential	Small General Service	Large General Service	Large Power	Irrigation
10.34%	8.08%	16.19%	20.26%	15.01%

See Application, Attachment 1; and Case No IPC-E-23-09, Application.

YOU ARE FURTHER NOTIFIED that the Application and Attachments are available for public inspection during regular business hours at the Commission’s office. These documents are also available on the Commission’s website 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 it will review the case through written submissions under the Commission’s Rules of Modified Procedure Rules 201-204 of the Idaho Public Utilities Commission’s Rules of Procedure, IDAPA 31.01.01.201-204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

³ In Case No. IPC-E-23-09 (FCA), the Company’s April 20, 2023, Errata to Application and Direct Testimony of Pawel P. Goralski, explained the minor variance between its FCA and PCA was due to the “incorrect assignment of sales between the Idaho and Oregon jurisdictions. *Errata to Application and Direct testimony of Pawel P. Goralski*, filed April 20, 2023, Case No. IPC-E-23-09. For clarity, the Company filed revised versions of Exhibits Nos. 5 and 6 filed with the Goralski Testimony for Case No. IPC-E-23-09.

YOU ARE FURTHER NOTIFIED that persons desiring to state a position on this Application may file a written comment explaining why they support or oppose the Application. Persons who would like a hearing must specifically request a hearing in their written comments. **Persons shall have until May 11, 2023, to file written comments.** 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 website 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 PUC:

Commission Secretary
Idaho Public Utilities Commission
P.O. Box 83720
Boise, ID 83720-0074
secretary@puc.idaho.gov

Street Address for Express Mail:

11331 W. Chinden Blvd.
Building 8, Suite 201-A
Boise, ID 83714

For Idaho Power Company:

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Lisa Nordstrom
Matthew Larkin
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jbrady@idahopower.com
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YOU ARE FURTHER NOTIFIED that the Company must file any reply comments **by May 18, 2023.**

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 Application be processed by Modified Procedure. Persons interested in submitting written comments must do so by May 11, 2023. The Company must file any reply comments by May 18, 2023.

IT IS FURTHER ORDERED that parties comply with Order No. 35375, issued April 21, 2022. Generally, all pleadings should be filed with the Commission electronically and will be deemed timely filed when received by the Commission Secretary. *See* Rule 14.02. Service between parties should continue to be accomplished electronically when possible. However, 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 27th day of April 2023.



ERIC ANDERSON, PRESIDENT

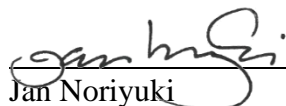


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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