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IDAHO PUBLIC
UTILITIES COMMISSION

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Industrial Customers of Idaho Power

BEFORE THE IDAHO

PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR AUTHORITY TO IMPLEMENT POWER COST ADJUSTMENT ("PCA") RATES FOR ELECTRIC SERVICE FROM JUNE 1, 2023, THROUGH MAY 31, 2024. | Case No.: IPC-E-23-12<br><br>COMMENTS OF THE INDUSTRIAL CUSTOMERS OF IDAHO POWER<br>-- |

Pursuant to Notice of the Idaho Public Utilities Commission ("Commission") issued on April 27, 2023, the Industrial Customers of Idaho Power ("ICIP") by and through their attorney of record, Peter J. Richardson, herby provides the following Comments.

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## INTRODUCTION:
## A PROPOSED RATE INCREASE OF UNPRECEDENTED MAGNITUED

Idaho Power Company ("Idaho Power" or the "Company") proposes a 2023-2024 Power Cost Adjustment ("PCA") rate of 2.7286 cents per kWh, which is 1.3391 cents per kWh higher than the current PCA for the year ending May 31, 2023. This represents an increase in billed revenue for the Company in excess of two hundred million dollars or an overall increase of 14.68 percent! In the thirty-plus year history of the PCA only two years were higher. Indeed, not counting the anomalous two years following the West Coast energy crisis of 2001 and 2002, this year's PCA is the highest in the Company's history. The following graph shows the annual PCA for each year since its inception in 1992:

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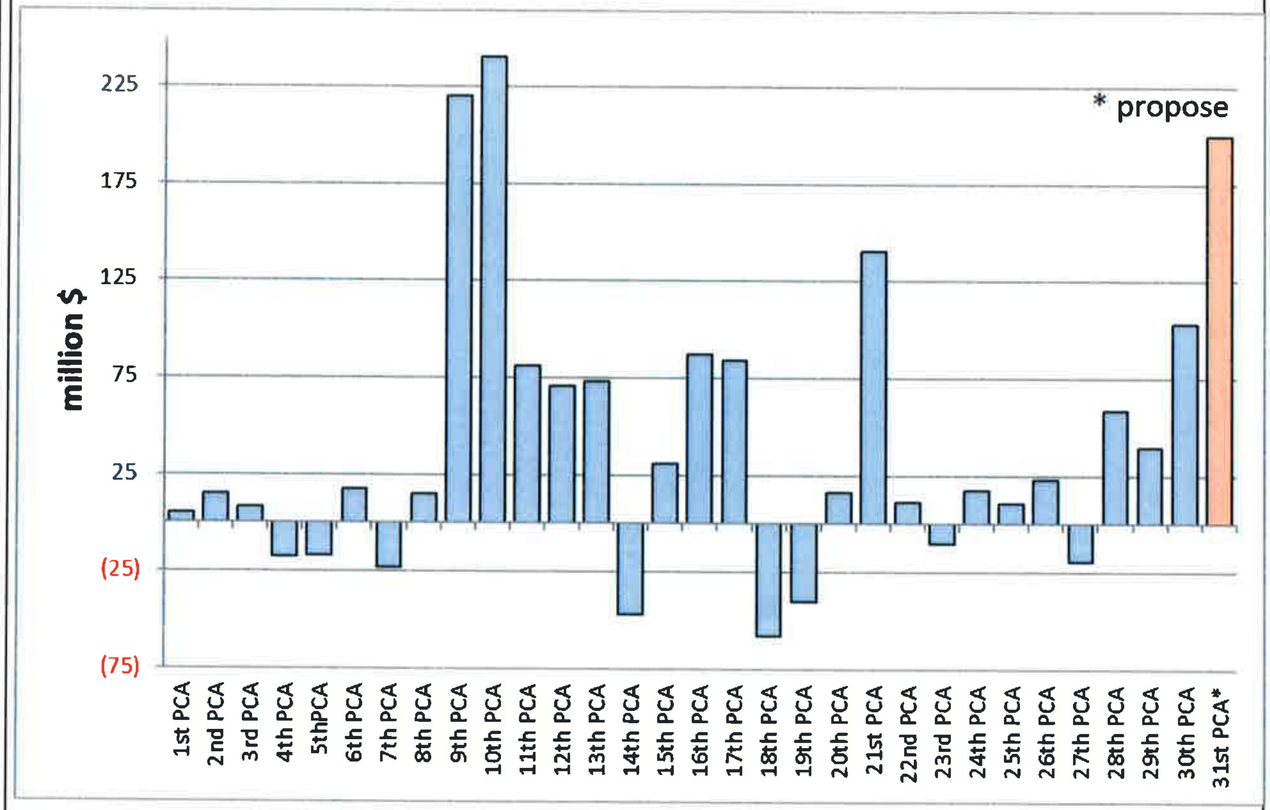


Again, discounting the 9th and 10th PCA years, this is, from a ratepayer perspective, the worst PCA by far. Magnifying and exacerbating the negative impact, from the ICIP's perspective, is that high load factor customers, (customers who impose relatively fewer peak demand-related costs on the Company) are disproportionately hurt by the PCA. That is because changes in the PCA rate are recovered on a cents-per-kWh basis. This cents-per-kWh recovery method results in good load factor customers experiencing relatively higher rate increases. Thus, if approved as filed, this year's PCA will punish the industrial and special contract customers with a proposed twenty-plus percentage rate increase while poor load factor customers are rewarded with lower-than-average percentage increases of less than the overall average of fourteen percent.

For the reasons stated below, the ICIP urges the Commission to, for the very first time, adopt significant PCA-related rate mitigation measures in response to this unprecedented and extraordinarily high PCA rate increase request by Idaho Power.

## THE PCA HAS SACRAFICED RATE STABILITY IN ORDER TO EXCESSIVELY REWARD THE COMPANY WITH EARNINGS STABILITY

Early on, this Commission recognized that rate stability and earnings stability are mutually exclusive concepts when it comes to designing a just and reasonable power cost adjust mechanism. The inherent conflict between rate stability and earnings stability was elegantly articulated by this Commission in its initial order adopting Idaho Power's PCA:

> [M]any of the parties expressed concern about the frequent and significant rate changes that would occur under the Company's proposed PCA, and these parties proposed various rate stability mechanisms. Concerns about rate stability are legitimate. *The dilemma, though, for the Commission is that the goals of earnings stability for the Company and rate stability for the*

> *customers are in direct conflict with each other*. To the extent we promote one goal, we necessarily impinge on the other.[1]

In the thirty-year history of the PCA the Commission has never adopted an overall rate mitigation measure.[2] *Exclusively* and *consistently* promoting *only earnings stability* for Idaho Power "is in direct conflict" with rate stability for its customers. The pendulum has reached its zenith in favor of Earnings Stability for Idaho Power's shareholders. It is beyond fair, just and reasonable for this Commission to *respond* to the needs of the Company's customers for rate stability.

In consistently rejecting customer requested rate mitigation proposals in the past, the Commission has taken the approach that it must somehow save the customers from their requests that recovery deferral mechanisms be implemented. For example, in 2009 the Commission declared that "it was best for customers and the company to authorize [PCA] recovery in a single year." [3] Naturally, it is always better (for the Company) to get all of its money in a single year. But the

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[1] Case No. IPC-E-92-25; Order No. 24806 at pp. 22 – 23.

[2] In the 2002-2003 PCA order the Commission made implemented a small rate deferral for the irrigation and the small commercial classes, but declined to do so for any other class of customer. See Case IPC-E-02-2; IPC-E-02-3; Order No. 29026 at pp/ 17 – 18.

[3] Case No. IPC-E-09-11; Order No. 30828 at p. 10.

Commission has never identified why it is "best" for the customers to pay all of their future obligations in a single year. The Commission does generically express sympathetic concern for customers that a deferral may result in 'pancaked' rate increases. However, not quantified nor objectively supported, this concern is thoroughly rebutted by the fact that it is Idaho Power's customers (who are sentient entities) who are making the request for deferral. The prior Commission decisions rejecting deferral requests are not based on an objective (indeed any) record that it is, in fact, objectively or quantifiably "best" for the Power Company's customers to pay the full PCA balance in a single year.

Of course, it is always true that the utility is better off if it receives its PCA balance in a single year. The Commission has also consistently recognized that fact in its decisions rejecting deferral recovery of excessive PCA balances. For example, in the order quoted above, the Commission was blunt in observing that "[F]ull recovery in a singe year 'assures the financial community that the Company will be allowed to recover its reasonably incurred power supply costs. [internal citation omitted]'"[4] Thus the "inherent conflict" between earnings stability and

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[4] *Id.*

rate stability has been consistently decided by the Commission in favor of the "financial community" and earnings stability. The ICIP therefore respectfully requests that the Commission move the pendulum, for the first time, a bit toward the rate stability side of the continuum.

## ICIP'S PROPOSAL

With visions of Lucy pulling the football away from Charlie Brown at the last minute – once again the ICIP hereby requests the Commission adopt a two- or three-year deferral of recovery of this year's unprecedentedly high PCA balance.

The ICIP is fully aware that Idaho Power has a general rate case waiting in the wings. It is also fully aware that the annual PCA often results in a rate increase. The ICIP makes this recommendation with the full knowledge of pending potential rate increases (general rate case and next year's PCA) coming on top of a deferral of this year's PCA. Nevertheless, the ICIP avers that its members will be better off economically and also from a budget/planning perspective, if this year's 20% PCA rate increase is mitigated by mandating its balance be recovered over three years with an equal annual percentage increase or even over two years with an equal annual percentage increase.

**WHEREFORE,** the Industrial Customers of Idaho Power respectfully request the Commission issue its order approving recovery of Idaho Power's PCA balance, as discussed above, over a three or two year period.

Respectfully submitted, this 11th day of May 2023.

Peter J. Richardson

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 11th day of May 2023, I served a true and correct copy of the Comments of the Industrial Customers of Idaho Power in Docket No. IPC-E-23-12 upon the following by electronic mail only.

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