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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER COMPANY'S APPLICATION 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** **COMMENTS OF THE COMMISSION STAFF**

COMMISSION STAFF ("STAFF") OF the Idaho Public Utilities Commission ("Commission"), by and through its Attorney of record, Claire Sharp, Deputy Attorney General, submits the following comments.

BACKGROUND

On April 14, 2023, Idaho Power Company ("Idaho Power" or "Company") applied for Commission authorization to implement its PCA rates in Schedule 55—Power Cost Adjustment ("Schedule 55") effective June 1, 2023, through May 31, 2024. Application at 1. The Company requests to increase overall revenue through Schedule 55 by approximately $200.2 million or 14.68 percent. *Id.* at 1-2 If approved, the Company's PCA would *increase* rates for all customer classes and residential rates would increase 11.90 percent.

The PCA mechanism permits the Company to increase or decrease its PCA rates to reflect the Company's annual Net Power Supply Expense ("NPSE"). Due to its diverse generation portfolio, the Company's actual cost of providing electricity 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 stated that neither it nor its shareholders receive any financial return from the PCA – money collected from the surcharge may be used only to pay NPSE. *Id.* at 3.

The PCA quantifies and tracks annual differences between actual 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 from April through March ("PCA Year") and includes a forecast component and a Balancing Adjustment. 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.

Except for Public Utility Regulatory Policies Act of 1978 ("PURPA") expenses and demand response ("DR") 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, any actual annual expense deviations 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 in Order No. 34071.

The Company system-level forecast for NPSE for the 2023-2024 PCA Year is $541.5 million, which is $235.8 million higher than the 2022-2023 PCA Year. The forecast is primarily driven by higher forecast natural gas and market energy prices, combined with a limited coal supply. *Id.* at 8-9.

The Balancing Adjustment at the end of March 2023, including interest, was approximately $190.2 million and was primarily driven by high natural gas and market energy prices, combined with a limited coal supply. Also, hydro generation in the 2022-2023 PCA Year was nine percent lower than forecast. *Id.* at 9-10.

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 ten percent or greater. The Company asserts its Idaho jurisdictional year-end ROE in 2022 was below the ten percent ROE threshold for revenue sharing. Thus, the 2023-2024 PCA will not include a revenue sharing component. *Id.*

The Company's uniform PCA rate for the 2023-2024 PCA Year is comprised of (1) the 1.4572 cents per kilowatt-hour ("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. Together these two components result in an approximate 2.7286 cents per kWh charge for all rate classes. *Id.* at 10.

STAFF ANALYSIS

The Company's proposed update to Schedule 55 reflects an increase in billed revenue of approximately $200.2 million, or 14.68 percent, effective June 1, 2023. Staff recommends approval of the Company's Application with reservations, as presented below. This recommendation is based on Staff's review of the Application, audit of sampled transactions, examination of the testimony and workpapers of Company witness Jessica G. Brady, and a review of the Company responses to Staff's audit and production requests.

Staff examined the Company's sales and expenses for the historical 2022-2023 PCA year and its forecasting methods, projected revenues, and expenses for the upcoming 2023-2024 PCA year. Staff also verified that the Company's filing and methods complied with prior, relevant, Commission Orders. Staff concludes that:

1. The Company's forecast for the upcoming PCA year (2023-2024) of electricity sales, loads, fuel consumption, fuel costs, and purchased power costs are reasonable;
2. The Company should notify the Commission if the forecast materially deviates during the PCA Year and if an adjustment to the forecast rate is warranted, the Company should make an off-cycle filing;
3. The Company's balancing adjustment for the last PCA year is reasonable but Staff has concerns about the prudency of the NPSE;

4. The Commission should allow actual NPSE included in the filing to be used to calculate the PCA deferral and Schedule 55 rates, but the Commission withhold its decision on whether actual NPSE is prudent, until the Company, with Staff's review, fully investigate the circumstances that led to the lack of coal supply and provide a report on its findings to the Commission, which should include the items outlined in the NPSE section;
5. The Commission should reserve the right to adjust the recovery of the NPSE until next the next PCA filing if the Company was not prudent in its management of coal supply;
6. The Company should notify the Commission of the outcome of the damage claim for Hells Canyon Unit No. 3; and
7. The Commission should accept late filed comments by customers.

Components of the Proposed PCA Increase

The components of the $200.2 million increase in the PCA are shown in Table No. 1 below.

Table No. 1: Revenue Impact by PCA Rate Component, Idaho Basis

	2022-2023 PCA[1]	2023-2024 PCA[2]	Difference
PCA Forecast	$ 169,966,873	$ 218,005,217	$ 48,038,344
PCA Balancing Adjustment	$ 38,583,273	$ 190,208,504	$ 151,625,231
PCA Total	$ 208,550,146	$ 408,213,721	$ 199,663,575
Revenue Sharing	$ (568,435)	0	$ 568,435
Total Revenue Impact	**$ 207,981,710**	**$ 408,213,721**	**$ 200,232,011**

The Company's NPSE varies each year depending on factors, which may include changes in river streamflow, the amount of purchased power, fuel costs, market energy price of

[1] Because Table 1 contains the expected billed revenue impact to customer, the "2022-2023 PCA" column reflects approved PCA rates applied to the June 2022 through May 2023 sales forecast and will not tie to the specific dollar amounts approved in the 2022 PCA filing.

[2] The "2023-2024 PCA" column reflects the Company's proposed rates applied to the June 2023 through May 2024 forecast and may not tie exactly to the figures listed in the Company's application due to the rounding of rates to six digits.

power, and a limited coal supply. The PCA trues up annually to differences between actual NPSE and the NPSE collected through base rates. With the PCA, customers are paying the actual NPSE incurred by the Company.

The Company's power supply costs and surplus sales are subject to a 95 percent/5 percent sharing band, with the Company responsible for 5 percent of the excess NPSE compared to NPSE revenue the Company collected through base rates. The Commission created this sharing band to provide a financial incentive for the Company to make careful resource acquisition and operating decisions to reduce costs. If actual costs are less than revenue collected, the Company keeps 5 percent of that difference. If costs are more than revenue collected, customers pay 95 percent of the excess costs, and the Company absorbs 5 percent.

1. Forecast Analysis

Based on the 2023-2024 PCA forecast, the Company expects to collect $218.0 million from Idaho customers. Staff believes the 2023-2024 PCA forecast is reasonable and any over- or under-collected amounts due to forecast variance will be trued-up in the following year.

The Company used its March 2023 Operating Plan to forecast the difference between NPSE embedded in base rates and NPSE the Company expects to recover in the coming year. The Company uses a dispatch simulation model to analyze projected load and to determine and analyze resource balance and energy supply for the upcoming PCA Year. The forecast also accounts for forward market energy prices, hydro generation, fuel prices, existing hedge transactions, and costs associated with PURPA and non-PURPA contracts.

In its forecast, the Company projects forward market energy prices, available hydro generation, coal and natural gas prices, and any existing hedge transactions. The Company analyses the forecast against the resulting monthly heavy load and light load dispatch to determine a monthly load and resource balance. Staff recommends the Company keep Staff appraised of how the forecast changes during the PCA Year and if an adjustment to the forecast rate is warranted, the Company should make an off cycle filing with the Commission.

2. Balancing Adjustment Analysis

The Balancing Account incorporates additional components into the PCA as shown in Table No. 2 below.

Table No. 2: Balancing Account Summary

	Amount
Beginning Balance	$ 38,669,526
2022-2023 Incremental Deferral	$ 343,410,716
2022-2023 Forecast Revenues Collections	$ (164,503,384)
2022-2023 Prior Balance Revenues Collected	$ (28,095,102)
Revenue Sharing	$ (571,382)
Current Month Interest	$ 1,295,196
2022-2023 Ending Deferral Balance	$ 190,205,569

Staff discussion will focus on the Incremental Deferral balance for the period of April 2022 through March 2023 first, followed by the remaining components.

Incremental Deferral Balance

The incremental deferral balance of $343 million includes two expenses: (1) the expense difference between actual NPSE from April 1, 2022, to March 31, 2023, and NPSE recovered through base rates; and (2) other PCA expenses. Table No. 3, below, summarizes the two components of the Incremental Deferral balance and are the amounts allocated to Idaho customers after the jurisdictional allocation and the 95 percent/5 percent sharing band are applied.

Staff's review included: (i) a review and audit of the deferral components; (ii) an analysis of the methods and the basis used to calculate the cost deferrals and account balances; (iii) an examination of the actual NPSE, including the Company's energy risk management policies and actions; and (iv) an analysis to determine if the Company prudently dispatched resources, purchased power, and sold power in the wholesale market. Based on its review, Staff has confidence that the Company's proposed deferral is accurate and that it conforms to past Commission Orders. However, Staff has concerns about the prudency of the NPSE, as discussed in the NPSE section below.

Table No. 3: PCA Incremental Deferral Balance Summary

	Amount
NPSE	$ 328,080,234
Other PCA Expenses	$ 15,330,481
Total Incremental Deferral Balance	$ 343,410,716

NPSE

The $328 million in actual NPSE is the main contributor to the $190 million ending deferral balance that is proposed for recovery. The Company determined and Staff verified that the root cause for the extraordinarily high amount was a lack of coal supply needed to run the Company's coal plants, especially during early winter months that experienced colder than usual temperatures. Based on the previous PCA forecast, there are indications that the Company had sufficient lead time to prevent or mitigate these costs. Because of the abnormally large PCA balance this year, Staff recommends that the Commission authorize the use of actual NPSE in the Company's deferral to calculate the PCA rate for this case. However, Staff also recommends the Commission withhold a determination of prudence for the Company's actual NPSE until such time that the Company provide the Commission and ratepayers a full accounting of the coal supply situation and resulting NPSE with the potential for adjustments in the balancing account in next year's PCA. Staff recommends directing the Company to perform a full investigation and to submit a comprehensive report within 6 months of the Commission's final order.

In addition, Staff and the Company performed a similar investigation of an extended downtime for Hells Canyon Dam Unit No. 3 ("Unit 3") that mostly occurred during last year's PCA deferral period. Staff reviewed all supporting documentation and concluded that the Company acted prudently to resolve the downtime as further discussed below.

Lack of Coal Supply

To gain insight as to how the $328 million NPSE was incurred, Table No. 4 below compares the Company's forecast at the outset of the 2022-2023 PCA year with the actual results at the end of the PCA year. The quantities are the absolute values for the year, before the base was removed, or any jurisdictional allocation, or the 95 percent sharing. At the end of the table, the base is removed, and the jurisdictional allocation and 95 percent sharing are applied to reach the $328 million NPSE.

Table No. 4: Comparison of Forecast and Actual NPSE

		Forecast	Actual	Change (Actual - Forecast)
Hydro	MWh	5,972,743	5,458,343	(514,400)
	$	$ -	$ -	$ -
	MWh	5,083,043	3,265,218	(1,817,825)
Coal	Avg $/MWh	$ 29.74	$ 29.08	$ (0.66)
	$	$151,179,160	$ 94,955,998	$ (56,223,162)
	MWh	2,556,322	2,716,835	160,513
Gas	Avg $/MWh	$ 30.93	$ 65.63	$ 34.70
	$	$ 79,067,982	$ 178,317,313	$ 99,249,331
Market	MWh	1,580,326	4,297,723	2,717,397
Purchases	Avg $/MWh	$ 62.32	$ 94.22	$ 31.90
	$	$ 98,482,808	$ 404,938,271	$ 306,455,463
3rd Party Transmission	$	$ 5,149,239	$ 12,819,177	$ 7,669,938
Market	MWh	(1,258,195)	(1,455,119)	(196,924)
Sales	Avg $/MWh	$ 51.73	$ 116.98	$ 65.25
	$	$(65,085,848)	$(170,224,982)	$ (105,139,134)
Total	MWh	13,934,239	14,283,000	348,761
Total Actual NPSE	$	$268,793,341	$ 520,805,777	$ 252,012,436
Idaho Allocation	95.6%		$ 497,897,414	
Idaho Base	$		$(152,549,798)	
Idaho NPSE			$ 345,347,616	
95% NPSE	95.0%		**$328,080,235**	

Table No. 4 shows that the Company under-produced the planned quantity of less expensive hydro and coal electricity and had to make up the difference through its gas plants and by purchasing more from the market. The prices for gas and market electricity were exceptionally high throughout the PCA period causing the Company to incur $357 million in additional expenses. The additional expenses were partially mitigated because the high market prices enabled the Company to recover an additional $105 million selling surplus energy. Overall, the Company incurred $252 million in expenses beyond its forecasted amounts in last year's PCA.

In summary, the three primary contributors to the cost overrun were 1) the sustained higher-than-predicted prices for gas and market electricity; 2) the underproduction of hydro electricity; and 3) the underproduction of coal electricity.

The high prices for gas and market electricity are outside of the Company's control, and can only be mitigated by hedging practices, which the Company utilizes.

The quantity of hydro energy that can be produced is primarily determined by the annual hydro conditions, which are out of the Company's control. Hydrologic data confirms that the lower snowpack was the primary contributor to the reduced hydro generation for the year. Staff investigated the possibility that hydro generation plants were unduly offline but found no evidence of this.

The final primary contributor to the cost overrun was the underproduction of coal energy. The Company had forecast the production of 5.1 million megawatt-hours ("MWh") of coal energy, but only produced 3.3 million MWh, a deficit of 1.8 million MWh. To compensate for this deficit, the Company had to purchase additional gas and market electricty at prices that were two to three times more expensive than coal electricty, which amounted to an additional $114 million.

Preliminary investigation of the cause determined that the Company was unable to obtain sufficient coal to meet its generation target. Although the Company provided evidence that it was aware of this coal shortage in April of 2022, there is also evidence that the Company leadership was not aware of the problem until September. The Company's main efforts to remedy the coal shortage occurred late in the calendar year and were mostly unsuccessful. Staff believes that the Company may have been able to take more effective action early in the calendar year to increase its quantity of coal or to hedge for additional gas and market energy, thereby avoiding some of the $114 million in additional cost.

Therefore, Staff recommends that the Company fully investigate the circumstances that led to this situation and provide a report of its findings to the Commission. This report should be inclusive but not limited to items listed below.

1. Provide an analysis that traces and compares the Company's coal generation forecasts and the corresponding coal supply orders and deliveries starting in January 2022 to the present documenting who was aware of any shortfall between the two, and when;

2. Provide an analysis and a timeline of events such as decisions and actions taken by the Company relative to coal supply contracts or investments to maintain coal supply leading up to and including shortages of coal supply that occurred during the PCA year.
3. Discuss alternatives the Company considered and decision and actions taken by the Company to mitigate the coal supply shortfalls, who initiated the actions, when they were initiated, and the outcomes;
4. Discuss the feasibility of additional coal production or procurement in the first half of the PCA year if the scope of the shortfall had been fully appreciated;
5. Discuss the feasibility of additional hedging measures in the first half of the PCA year if the scope of the energy shortfall had been fully appreciated; and
6. Identify the specific dollar impact if the Company had sufficient coal to run its plants when it was economic for them to run.
7. Discuss and fully explain what the Company will be doing differently in the future to maintain operation of its coal plants needed to meet delivery of electricity at least cost to customers.
8. Provide an appendix to the report with documents that support the Company's analysis and provides evidence showing what the Company knew, and when they knew it.

Lastly, Staff recommends that the Commission reserve the right to adjust the recovery of the NPSE if the evidence shows that the Company was not prudent in this matter in next year's PCA.

Hells Canyon Unit No. 3 Downtime

In last year's PCA, Case No. IPC-E-22-11, Staff identified that Unit 3 was offline from June 2020 until May 2022. The Commission ordered the Company to "work with Staff to review the timing of recent planned and unplanned maintenance at Hells Canyon Unit 3…If the review determines that the downtime could have been reduced and customers would have experienced a net reduction in NPSE as a result, an adjustment should be included in the next PCA to ensure customers were not harmed by the Company's planning." Order No. 35421 at 9.

Staff met with the Company and were provided with detailed information regarding the repairs, the unforeseen problems that developed during the repairs, and the Company's diligence in implementing solutions to the unforeseen problems. Unit No. 3 was brought online in May 2022 so the impact to the 2022-2023 PCA year is minimal. Staff believes the Company acted prudently, and considers the issue resolved. The Company also stated that it is pursuing liquidated damages from the repair contractor and any recovery would be credited to the customers, reducing a future NPSE. Staff recommends that the Company notify the Commission with the outcome when the claim is resolved.

Other PCA Expenses

Other PCA expenses include the difference between forecast expenses from the prior PCA Year and what is embedded in base rates: (1) Idaho Jurisdictional Qualifying Facility ("QF") and PURPA Expense Deferral; (2) the Idaho Revenue Adjustment from the Sales Based Adjustment ("SBA") Rate; (3) the difference between actual DR incentive payments and amounts recovered in base rates; (4) the Actual Renewable Energy Credit ("REC") revenues; and (5) Idaho Power Energy Imbalance Market ("EIM") Participation Costs.

1. *QF/PURPA Expense Deferral*. PURPA contracts are not subject to the 95 percent sharing band but are subject to jurisdictional allocation between the Company's Idaho and Oregon customers. For the PCA deferral year, the actual Idaho jurisdictional PURPA expense was $67.3 million above the amount embedded in base rates. This increases the deferral balance to be recovered from customers.

2. *SBA Rate*. The difference in actual and base rate sales is multiplied by the SBA rate of $26.72/MWh, as set in Order No. 33307, to determine the over- or under-recovery of actual NPSE due to sales that are higher or lower than sales used to determine base rates (subject to 95 percent customer sharing). This year, the Company calculates a $41.8 million SBA decrease to the deferral balance due to the Company's over-recovery of actual NPSE. Staff audited and analyzed the Company's SBA calculations by: (1) auditing actual sales; (2) confirming the SBA rate and sales used to set base rates; and (3) verifying the Company's method for calculating the SBA following the Commission's prior orders. Staff believes the Company accurately calculated the SBA adjustment and complied with Commission orders. This decreases the deferral balance to be recovered from customers.

3. *DR Incentive Payments*. The Company's DR incentive payments are not subject to the sharing band and are wholly allocated to Idaho. Prudency of DR incentive payments will be determined in the Company's annual Demand-Side Management prudence filing currently before the Commission (Case No. IPC-E-23-10). Any DR disallowance in that case will be reflected in next year's PCA deferral balance. Staff audited the Company's actual DR incentive payments included in the 2022-2023 PCA deferral balance. Staff confirms that actual DR incentive expenses in the deferral were $2.9 million less than the amount in base rates. That difference lowers the deferral balance to be recovered from customers.

4. *REC Revenues*. In Order No. 30818, the Commission required the Company to sell all RECs it receives for renewable generation to benefit its customers. Staff audited the Company's REC transactions in the PCA deferral year and verified that the amount included in the deferral period is accurate. In the deferral year, the Company's revenues from REC sales were $9.7 million. Currently, REC sales are not included in base rates. These incremental revenues decrease the deferral balance.

5. *EIM Participation Costs*. The Company's operation and maintenance expenses attributed to its participation in the EIM are included in the PCA deferral in compliance with Order No. 34100. The benefits of the EIM market, such as lower energy purchase prices and increased sales volume, flow through the PCA. Including participation costs appropriately matches costs with benefits. EIM costs and benefits will be reviewed in the next general rate case when the Commission will determine which costs and benefits will be included in base rates. Staff reviewed EIM participation costs and believe they are appropriately recorded and accurate. Idaho's share of the EIM expenses is $2.5 million, which is added to the deferral balance.

Forecasted Revenues Collected

The Company generated $164.5 million in revenues from its PCA forecast rates during the current PCA year. Because the forecast rate changes each June, the deferral period reflects the rates set in previous PCA periods. This amount lowers the overall deferral balance for the 2023-2024 deferral period. Staff verified the revenue that was collected during the PCA period.

Collections of the 2022-2023 Deferral Balance

Last year's PCA rates collected $28.1 million as authorized in Order No. 35421. Staff verified that the collection of the deferral balance revenues during the PCA period is correct.

Interest

The deferral balance accrues interest at the Commission-approved customer deposit rate of one percent in 2022 and two percent in 2023. Staff verified the interest calculations to be accurate. The interest accrued during the current deferral year is $1.3 million, which increases the deferral balance.

Revenue Sharing and Rate Calculation

The revenue sharing mechanism, established in 2010 and last modified in Order No. 34071 in 2018, requires the Company to share revenues with customers based on its actual Idaho jurisdictional year-end ROE, if it exceeds ten percent. In 2022, that ROE was below the ten percent ROE, resulting in no revenue sharing benefit to customers. Staff reviewed the revenue sharing inputs and calculations and agree that there is no revenue sharing. Staff believes that the calculation follows the Commission-approved methodology from previous PCA filings.

PCA Rate Calculations

Staff reviewed the components that make up this year's PCA rates. Based on its review, Staff believes that the methods used comply with Commission orders and are calculated accurately.

Staff's review of all the rate components included verification that rates were calculated accurately and that the Company's methods comply with Commission Orders. Staff confirmed that the revenue requirement was allocated across customer classes on an equal cents per kWh basis, which ensures that customers share the PCA revenue requirement based on the amount of energy consumed.

To evaluate whether there is an opportunity for the Commission to alleviate the impact of this year's PCA, Staff looked into whether a longer deferral is beneficial, or by adding tiered rates. In Order No. 29026, a multiple-year deferral of large PCA amounts was determined not in the public interest given the uncertainty that was present in coal, water, and wholesale market conditions. The Commission generally stated that the public interest is best served by recovering the balance of the PCA over a single year rather than collecting the balance over multiple years with concern with impacts in following years and that the PCA was designed for a single-year recovery of actual PCA costs. In Order No. 28722, the Commission granted an interim PCA tiered rate structure for residential customers. However, in the next PCA filing, the Commission eliminated the tiered rate structure, as the tiered rate structure may have had negative impact on high energy users and may have caused unintentional cost shifting. Thus, Staff does not recommend any adjustments or modifications to the development of rates designed to mitigate the impact of the large PCA balance.

Overall Impact of Filings Effective June 1, 2023

On March 15, 2023, the Company filed its annual Fixed Cost Adjustment ("FCA") in Case No. IPC-E-23-09. 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.

If the PCA and 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. The Company has proposed to implement the PCA and FCA rates on June 1, 2023. The impact by revenue class is reflected in the following tables.

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

PCA

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

FCA

Residential	Small General Service	Large General Service	Large Power	Irrigation
(1.56)%	**(1.63)%**	**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%**

Customer Notice and Press Release

The Company's press release and customer notice were included with its Application. Staff reviewed the documents and determined that both met the requirements of Rule 125 of the Commission's Rules of Procedure (IDAPA 31.01.01.125). The notice was or will be included with bills mailed to customers beginning April 26 and ending May 25, 2023. Customers whose bills will be mailed on May 20, 23, 24, and 25, were sent a direct mail postcard.

Unfortunately, even with the Company's attempt to provide earlier notice to customers, Staff is concerned that they will not have a reasonable opportunity to file timely comments with the Commission by the May 11 comment deadline. Customers must have the opportunity to file comments and have those comments considered by the Commission. Staff recommends that the Commission accept late filed comments by customers. As of May 8, 2023, the Commission received twelve customer comments opposing the proposed increase. The majority of those in opposition cited the high cost of living, inflation, and being on a fixed income. Some customers expressed concern over the need for a rate increase when natural gas and coal prices are steadily decreasing, and water flow levels are projected to be higher.

STAFF RECOMMENDATIONS

1. Staff verified the Company's forecast for the upcoming PCA year (2023-2024) of electricity sales, loads, fuel consumption, fuel costs, and purchased power costs are reasonable;
2. Staff recommends the Company notify the Commission if the forecast materially deviates from what is approved in this case during the PCA Year and if an adjustment to the forecast rate is warranted, the Company should make an off-cycle filing;
3. Staff verified the Company's balancing adjustment for the last PCA year is reasonable but Staff has concerns about the prudency of the NPSE;
4. Staff recommends allowing actual NPSE included in the filing to be used to calculate the PCA deferral and Schedule 55 rates, but the Commission withhold its decision on whether actual NPSE is prudent, until the Company, with Staff's review, fully investigate the circumstances that led to the lack of coal supply and provide a report of its findings to the Commission, which should include the items outlined in the NPSE section;
5. Staff recommends the Commission reserve the right to adjust the recovery of the NPSE until next PCA filing if the Company was not prudent in its management of coal supply;
6. Staff recommends the Company notify the Commission of the outcome of the damage claim for Hells Canyon Unit No. 3; and
7. Staff recommends the Commission accept late filed comments by customers.

Respectfully submitted this 11th day of May 2023.

Claire Sharp
Deputy Attorney General

Technical Staff: James Chandler
Travis Culbertson
Jason Talford
Matt Suess
Curtis Thaden

i:umisc/comments/ipce23.12csjctncjjtmsct comments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 11th DAY OF MAY 2023, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF,** IN CASE NO. IPC-E-23-12, BY E-MAILING A COPY THEREOF TO THE FOLLOWING:

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