

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER) CASE NO. IPC-E-24-14
COMPANY’S APPLICATION FOR AN)
ORDER AUTHORIZING INCLUSION IN) ORDER NO. 36330
THE BRIDGER BALANCING ACCOUNT OF)
ALL NON-FUEL OPERATIONS AND)
MAINTENANCE EXPENSES ASSOCIATED)
WITH PLANT OPERATIONS)
)

On March 29, 2024, Idaho Power Company (“Company”) filed an application (“Application”) with the Idaho Public Utilities Commission (“Commission”) requesting an order authorizing inclusion of all non-fuel operations and maintenance (“O&M”) expenses associated with plant operations in the Jim Bridger Power Plant (“Bridger”) balancing account.

The Company represented that the rates resulting from the Company’s last general rate case, Case No. IPC-E-23-11, in effect January 1, 2024, were based on a 2023 test year and do not include non-fuel O&M expenses associated with gas-fired operations at Bridger. Application at 6.

The Company represented that because Bridger will continue to produce steam for electric generation regardless of if the fuel source is coal or natural gas, all Bridger gas-fired investments and O&M expenses will be recorded in steam production accounts in the same manner as coal-fired investments and O&M expenses. *Id.* The Company stated that it will be unable to differentiate non-fuel O&M expenses by unit, and the Company sought authorization to include the Idaho jurisdictional share of all non-fuel O&M expenses associated with Bridger operations, whether gas-fired or coal-fired, in the Bridger balancing account. *Id.*

The Company also represented that it was proposing to track all actual non-fuel O&M expenses associated with the four Bridger units and common facilities within the mechanism, comparing the actual non-fuel O&M expenses to the \$18.2 million forecast of non-fuel O&M expense currently reflected in customer rates, effective January 1, 2024. *Id.* at 7. The Company stated that it would seek to update the current level of Bridger-related costs in customer rates to include all non-fuel O&M expenses in the Bridger levelized revenue requirement mechanism in a future rate proceeding. *Id.*

STAFF COMMENTS

Staff reviewed the Company's request to record all non-fuel O&M expenses associated with plant operations, whether coal or natural gas, in the Bridger balancing account. Staff Comments at 2. Based on its review of the Company's Application, production request responses, and related previous cases, Staff believed that: (1) the Company's decision to convert the Bridger Units from coal to natural gas is prudent; (2) recording Bridger non-fuel O&M expenses, both natural gas and coal, in the Bridger balancing account is proper; (3) account 502, Steam expenses, is the appropriate account to record non-fuel O&M Bridger expenses; and (4) prudence of non-fuel O&M expenses recorded to the Bridger balancing account should be reviewed in a future rate proceeding. *Id.*

Staff recommended that the Commission:

1. recognize the Company's decision to convert Bridger Units 1 and 2 from coal to natural gas as prudent, but prudence of actual cost will be determined in a future case before being included in rates; and
2. approve the Company's accounting methods proposed for all non-fuel O&M expenses in the Bridger Balancing Account.

Id. at 5.

PUBLIC COMMENTS

One public comment was filed by the Sierra Club. The Sierra Club argued that comingling coal and gas expense for the Bridger Units was inappropriate and would frustrate future prudence reviews. The Sierra Club reasoned that under Order No. 35423, the Commission accelerated the depreciation schedule for the Bridger plant so that the plant would be fully depreciated and recovered by December 31, 2030; simultaneously established a balancing account to track the costs associated with the Company ending its participation in coal-fired operations; and did not contemplate that the Company would decide to not retire all four units and instead continue operating some of those units on gas. The Sierra Club also argued that the Company could separate costs for the gas units from the coal units in different accounts instead.

The Sierra Club recommended that the Commission deny the Company's request and direct the Company to maintain accurate and separate accounting of costs and benefits associated with the Bridger gas units and the Bridger coal units.

COMPANY REPLY COMMENTS

The Company disagreed with Sierra Club's recommendation that the Commission deny the Company's Application. Company Reply Comments at 4. The Company reiterated that it was not requesting prudence for any non-fuel O&M, fuel, or capital expenditures in this case, and a Commission order approving the Company's Application would have no negative impact on the ability to perform a prudence review of expenditures at the facility in a future rate filing. *Id.*

The Company represented that the Sierra Club's concerns were unfounded as differences resulting from the gas conversions related to capital expenditures and fuel costs would be separately tracked between gas-related and coal-related costs, and would be subject to a prudence review by the Commission and intervening parties in a future filing. *Id.* at 4-5.

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.

Having reviewed the Application, all submitted comments, and the record, the Commission finds it fair, just, and reasonable to approve the Company's Application. The Company is authorized to include all non-fuel O&M expenses associated with plant operations in the Bridger balancing account. Prudence of those expenses shall be determined in a future rate proceeding.

ORDER

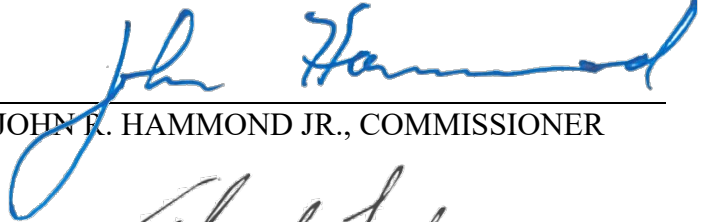
IT IS HEREBY ORDERED that the Company's Application is approved.

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 26th day of September 2024.



ERIC ANDERSON, PRESIDENT

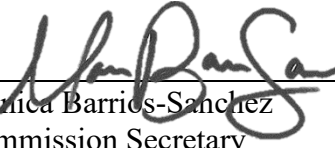


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Monica Barrios-Sanchez
Commission Secretary

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