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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	
COMPANY’S APPLICATION FOR ITS)	CASE NO. IPC-E-24-15
ANNUAL UPDATE TO MARGINAL PRICING)	
USED IN CERTAIN SCHEDULES)	
)	COMMENTS OF THE
)	COMMISSION STAFF
)	

COMMISSION STAFF (“STAFF”) OF the Idaho Public Utilities Commission, by and through its Attorney of record, Chris Burdin, Deputy Attorney General, submits the following comments.

BACKGROUND

On April 1, 2024, Idaho Power Company (“Company”) filed an application (“Application”) with the Idaho Public Utilities Commission (“Commission”) to update the marginal cost-based energy prices in Schedule No. 20, Speculative High-Density Load (“Schedule 20”), and Schedule No. 34, Lamb Weston Special Contract (“Schedule 34”).

The Company represents that the resulting annual and time-differentiated marginal costs are included as Attachment 3 to the Application, and that to the extent that service is provided under Schedule 20 or Block 2 of Schedule 34, all associated energy sales will be tracked in the Power Cost Adjustment and included as an offset to power supply expenses.

STAFF ANALYSIS

The Company proposed to update the marginal energy price component of Schedule 20 and Schedule 34 with an effective date of June 1, 2024. Staff's review of the proposal focused on the overall methodology that determined the marginal cost of energy, the incremental load on the margin used to determine the marginal cost of energy, the appropriateness of using a 50th percentile load forecast, the Schedule 20 time-of-use period, and the effective date of the updated rates.

Staff recommends approval of the updated marginal cost component of Schedule 20 and Schedule 34 with an effective date of June 1, 2024. Staff also recommends approval of the tariff updates of Schedule 20 and Schedule 34 contained in Attachment No. 1 of the Application.

Overall Methodology

The Commission ordered the Company to evaluate and compare methods for determining a marginal cost of energy for Schedule 20 customers. Order No. 35428 at 7. The Company and Staff met and developed five principles¹ to guide the determination of the marginal cost of energy. Staff believes the overall methodology used in this case reflects the principles, which are included in Attachment 2 of the Application. The methodology is also consistent with the method used to determine the marginal cost of energy for Lamb Weston in Case No. IPC-E-23-18 and for Schedule 20 in Case No. IPC-E-23-11. Based on its review of the Company's proposal, Staff believes that the overall methodology is reasonable.

The Company used an AURORA-based modeling method to determine the marginal cost of energy for a forward test year from April 2024 through March 2025. The model simulated the hourly operation of the Company's power supply system over expected streamflow conditions for the test year. First, base case net power supply expenses were quantified, and then the model was run with 15 megawatts ("MW") of load added across all hours. The difference in power

¹ The principles include: 1. The resources used in a model for determining marginal cost should be based on the resources that are highly likely to exist during the rate period. 2. The amount of incremental load used to determine the marginal cost rate should reflect the amount of incremental load for the portion of load that will be priced at marginal cost. 3. The marginal cost rates should have enough granularity to reflect time difference (e.g. seasonality, time of day) value of marginal cost within the Company's system to provide accurate price signals. 4. If the marginal cost rates are based on a forecast, due to the lack of Marginal Costs being trued-up in the PCA, they should be updated often enough that they reflect current conditions or find a way to true up the marginal cost to actual marginal cost. 5. If market costs are used, cost of transmission transaction and wheeling costs should be included.

supply expenses between the base run and the base-plus-15-MW run was divided by the difference in megawatt-hours to produce a marginal cost of energy.

Incremental Load

The 15-MW incremental load used in the base-plus-15-MW model run was based on Lamb Weston's expected incremental load alone without considering any potential Schedule 20 loads. Response to Staff Production Request No. 1. Because this treatment aligns with how Schedule 20 rates were determined in Case No. IPC-E-23-11 and also because the Company currently does not have any customers taking service under Schedule 20, Staff believes this treatment is acceptable. The Company stated that it plans to continue its investigation of methodologies for calculating marginal cost rates for current and future customers and will engage with Staff to determine the best method(s) moving forward. *Id.* Staff agrees with this plan.

50th Percentile of Load

The load input for the AURORA model was based on a 50th percentile energy load forecast. Staff believes the 50th percentile level is a reasonable expectation for load forecasts when AURORA model runs are used for rate-making purposes, because it reflects normal expected weather conditions.

Time-of-Use Period

In determining the proposed seasonalized on-peak, mid-peak, and off-peak Schedule 20 rates, the Company used the currently approved time-of-use period for the authorized Schedule 20. Staff believes it is reasonable to use the currently authorized time-of-use period because the recently approved period still reflects the Company's current risk hours.

Effective Date

The Company proposes that the updated marginal cost component of Schedule 20 and Schedule 34 become effective on June 1, 2024. Staff believes this is a reasonable effective date because it is consistent with Lamb Weston's annual June 1 update approved in Order No. 35929 and the proposed update schedule for Schedule 20 in Case No. IPC-E-23-11.

STAFF RECOMMENDATION

Staff recommends the Commission approve the updated marginal cost component of Schedule 20 and Schedule 34 with an effective date of June 1, 2024. Staff also recommends the Commission approve the tariff updates of Schedule 20 and Schedule 34, as filed, that are contained in Attachment No. 1 of the Application.

Respectfully submitted this 14th day of May 2024.



Chris Burdin
Deputy Attorney General

Technical Staff: Yao Yin

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 14th DAY OF MAY 2024, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. IPC-E-24-15, BY E-MAILING A COPY THEREOF, TO THE FOLLOWING:

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