

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION |) | CASE NO. IPC-E-24-17 |
| OF IDAHO POWER COMPANY FOR |) | |
| AUTHORITY TO IMPLEMENT POWER |) | ORDER NO. 36202 |
| COST ADJUSTMENT (“PCA”) RATES FOR |) | |
| ELECTRIC SERVICE FROM JUNE 1, 2024, |) | |
| THROUGH MAY 31, 2025 |) | |
| |) | |

On April 15, 2024, Idaho Power Company (“Company”) filed an application (“Application”) with the Idaho Public Utilities Commission (“Commission”) requesting an order approving an update to Schedule 55 based on the Company’s quantification of the 2024-2025 Power Cost Adjustment (“PCA”), to become effective June 1, 2024, for the period of June 1, 2024, through May 31, 2025.

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 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 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 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 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, when 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.

THE APPLICATION

The Company represented that the update to Schedule 55, based on the Company's quantification of the 2024-2025 PCA, would result in an overall decrease to current billed revenue of approximately \$35.7 million. Application at 15.

The Company represented that the system-level forecast of NPSE for the 2024-2025 PCA Year was \$509,555,990, which was \$24,648,746 higher than the currently approved base level NPSE of \$484,907,244, and \$31,943,394 lower than last year's forecast amount of \$541,499,384. *Id.* at 7-8. The Company stated that the 2024-2025 PCA forecast component to be collected from Idaho customers was \$22,712,031. *Id.* at 8.

The Company represented that the PCA Balancing Adjustment deferral balance at the end of March 2024, with interest applied, was approximately \$90 million, which represented a decrease to customers rates in this year's PCA Balancing Adjustment. *Id.*

The Company represented that the Company's Idaho jurisdictional year-end Return on Equity ("ROE") was below the 10.0 percent ROE threshold for revenue sharing; therefore, the 2024-2025 PCA did not include a revenue sharing component. *Id.* at 9.

The Company represented that for the 2024-2025 PCA Year, the Company's uniform PCA was comprised of: (1) the 0.1501 cents per kilowatt-hour ("kWh") for the 2024-2025 projected power cost of serving firm loads under the current PCA methodology and 95 percent sharing, and (2) the 0.5946 cents per kWh for the 2023-2024 Balancing Adjustment, with the sum of these two components resulting in a 0.7447 cents per kWh charge for all rate classes. *Id.* at 10-11.

The Company represented that the 2024-2025 total PCA amount, as measured from the currently approved base level NPSE, was \$112.7 million, which represents a decrease in total billed revenue of \$35.7 million, or 2.31 percent, for Idaho customers, effective June 2024 through May 2025. *Id.* at 11.

STAFF COMMENTS

Commission Staff (“Staff”) reviewed the Application, an audit of sampled transactions, the testimony and workpapers of Company witness Jessica G. Brady, and the Company responses to Staff’s audit and production requests. Staff examined the Company’s sales and expenses for the historical 2023-2024 PCA Year, forecasting methods, projected revenues, and expenses for the upcoming 2024-2025 PCA Year. Staff also verified that the Company’s filing and methods complied with prior, relevant Commission Orders.

Based on its review, Staff recommended that the Commission approve the Company’s Application. Staff also believed that:

1. The Company’s forecast for the upcoming PCA Year (2024-2025) of electricity sales, loads, fuel consumption, fuel costs, and purchased power costs were reasonable;
2. The Company should apprise the Commission 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;
3. The Company’s balancing adjustment is accurate and the NPSE is prudent;
4. The NPSE from the previous PCA case is prudent; and
5. The Commission should consider late filed comments by customers.

COMPANY REPLY COMMENTS

The Company supported Staff’s recommendation for the Company to keep the Commission and Staff apprised of changes to the PCA forecast that could warrant an out of-cycle PCA adjustment. Company Comments at 3.

The Company represented that it manages NPSE risk through the Company’s Energy Risk Management Standards (“ERMS”), which set forth guidelines for setting volumetric and financial exposure limits that dictate the Company’s allowed hedging activity, and the Company agreed to review these guidelines and discuss potential changes with Staff throughout the 2024-2025 PCA Year. *Id.* The Company also indicated that it would include a discussion of those efforts in next year’s PCA filing, and the Company agreed to adjust its annual PCA testimony to focus more on actual generation and expenses as opposed to the PCA forecast and include a table that contains actual generation and expenses by resource type. *Id.*

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.

The Commission reviewed the Application, all submitted materials, and all submitted comments. The Commission notes that there were no late filed comments. Based on its review of the record, the Commission finds it fair, just, and reasonable to approve the Application.

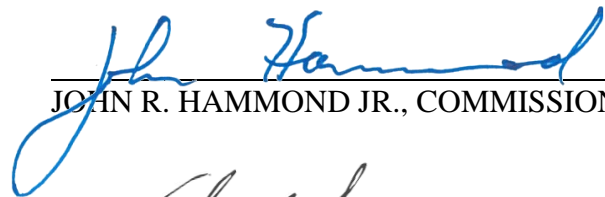
ORDER

IT IS HEREBY ORDERED that Idaho Power’s Application is approved as discussed above. The Company shall have a uniform PCA rate of 0.7447 cents per kWh, effective June 1, 2024. The Company’s proposed Schedule 55 is approved as filed.

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 and 62-619.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 31st day of May 2024.


ERIC ANDERSON, PRESIDENT


JOHN R. HAMMOND JR., COMMISSIONER


EDWARD LODGE, COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary

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