

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF IDAHO POWER</b>	)	<b>CASE NO. IPC-E-24-38</b>
<b>COMPANY’S FILING IN COMPLIANCE</b>	)	
<b>WITH ORDER NO. 36402 FOR</b>	)	
<b>AUTHORITY TO TRACK ANNUAL</b>	)	
<b>WHEELING REVENUES IN THE POWER</b>	)	<b>ORDER NO. 36502</b>
<b>COST ADJUSTMENT</b>	)	
	)	

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On October 7, 2024, Idaho Power Company (“Company”) filed an application (“Application”) with the Idaho Public Utilities Commission (“Commission”) for authority to track third-party transmission wheeling revenues (“wheeling revenues”) in its Power Cost Adjustment (“PCA”) in compliance with the settlement approved by Order No. 36042 issued in the Company’s 2023 general rate case. *See* Case No. IPC-E-23-11, Order No. 36042. The Company proposed that tracking begin on April 1, 2024, to align with the PCA year. Additionally, the Company requested that the Commission affirm that the Company’s Application complies with Commission Order Nos. 32821 and 36042.

On October 29, 2024, the Commission issued a Notice of Application and Notice of Intervention Deadline. Order No. 36375. No parties intervened. On December 9, 2024, the Commission issued a Notice of Modified Procedure establishing comment deadlines. Order No. 36413. Commission Staff (“Staff”) submitted the only comments in this case.

With this Order, the Commission acknowledges the Company’s compliance with Order Nos. 32821 and 36042. The Commission likewise approves the Company’s request to track wheeling revenues in the PCA, starting April 1, 2024, with the implementation of Staff’s recommended monitoring mechanism.

**BACKGROUND**

The Company stated that “wheeling revenues are revenues billed according to the Company’s Open Access Transmission Tariff (“OATT”) rates when a third-party requests to move power across Idaho Power’s transmission system and capacity is available to do so.” Application at 2. These rates are determined by the Federal Energy Regulatory Commission (“FERC”) and are meant to recover the cost of owning, operating, and maintaining the Company’s transmission system. Because these costs are not considered power supply costs, they have not previously been

included in the Company's PCA—although they are included in customer base rates and credited against the costs of owning, operating, and maintaining the Company's transmission system.

In Case No. IPC-E-13-10, Staff argued that wheeling revenue differences should be incorporated into the PCA—while the Company opposed such inclusion. The Commission decided to include the wheeling revenue differences in the PCA after the base level of revenue was determined in a general rate case. Order No. 32821 at 14.

In the Company's 2023 general rate case (Case No. IPC-E-23-11), a baseline was agreed to in the approved settlement stipulation. *See* Order No. 36042.

### **THE APPLICATION**

The Company stated that the proposed wheeling revenue tracker would “measure the difference between actual wheeling revenues and a sales-adjusted baseline level of wheeling revenues as a component of the PCA Balancing Adjustment effective April 1, 2024.” Application at 4.

The Company explained that “[t]he base level of wheeling revenues from which variances will be tracked will be calculated by multiplying the dollar per megawatt-hour (“MWh”) rate of wheeling revenues embedded in base rates.” *Id.*

The Company stated that, based on the determinations made in Case No. IPC-E-23-11, the base level rate will be \$3.11 per MWh.

The Company explained that the wheeling revenues charged or credited to customers would be determined using the applicable year's PCA. The Company noted that it requested April 1, 2024, as an effective date to align with the PCA.

The Company stated that it had complied with Order Nos. 32821 and 36042 but noted that the Company's OATT rates are established through a separate process at FERC. The Company stated that a disconnect could occur due to the differences in the Commission's and FERC's ratemaking processes. The Company suggested that the Company and Staff closely monitor the situation to be best positioned to avoid any potential financial harm to the Company or its customers.

### **STAFF COMMENTS**

Staff analyzed whether the Company's mechanism trues up actual wheeling revenues against those embedded in base rates and identified potential risks in the event of a significant change to the Company's transmission system. Staff believed that the Company complied with

prior Commission orders but noted the possibility of financial harm to the Company if significant transmission system changes occurred. Staff recommended acknowledging compliance and authorizing revenue tracking in the PCA starting April 1, 2024, while monitoring the implementation of the mechanism to determine if modifications are needed.

### **Order Nos. 32821 and 36042**

Order No. 32821 required including both wheeling revenues and third-party transmission expenses in future PCAs. Order No. 36042 then approved a \$46,361,643 wheeling revenue baseline. The Company proposed tracking the difference between actual wheeling revenues and a sales-adjusted baseline calculated by multiplying the embedded rate (\$3.11 per MWh) by actual Idaho jurisdictional sales. Staff believed this approach complied with both orders by properly tracking wheeling revenues while reflecting the Commission-approved baseline.

### **Potential Risks**

Conceptually, the Company's transmission costs are covered by both transmission customers and company ratepayers—with each group paying their respective share. However, to achieve this, ratepayers pay all transmission costs—offset by expected wheeling revenues from transmission customers as determined in general rate cases. Historically, neither transmission costs nor wheeling revenues were trued up to actual amounts annually.

The proposed mechanism changes this by allowing OATT revenue to be trued-up to actual amounts in the PCA—while keeping transmission costs fixed until an update occurs in a future general rate case. This creates a potential misalignment between the two different ratemaking processes because OATT rates are updated annually through FERC formulas whereas transmission costs are set in irregular rate cases before this Commission.

Staff identified a potential risk when significant transmission investments occurred between rate cases. In such scenarios, wheeling revenues (now trued-up) would reflect new investments while transmission costs recovered through base rates would remain outdated. This timing difference could financially harm the Company, leading Staff to recommend that the Commission order monitoring the proposed mechanism's implementation to avoid potential financial harm.

## **COMMISSION FINDINGS AND DECISION**

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-502 and 61-503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and

contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and to fix the same by order. *Idaho Code* §§ 61-502 and 61-503.

Having reviewed the Application and Staff's Comments in this case. The Commission believes that implementing the monitoring described by Staff, and not objected to by the Company, will mitigate the potential risks stemming from the misalignment between the OATT ratemaking process and the state ratemaking process. Therefore, the Commission finds it fair, just, and reasonable to acknowledge that the Company's proposal complies with Order Nos. 32821 and 36042. Likewise, the Commission finds that it is prudent to authorize the Company to track wheeling revenues in the PCA, starting April 1, 2024. However, this authorization should be subject to the Company monitoring the implementation of the proposed mechanism to determine whether it needs to be modified in a timely manner.

#### **ORDER**


IT IS HEREBY ORDERED that the Commission hereby acknowledges that the Company's proposal complies with the requirements of Order Nos. 32821 and 36042.

IT IS FURTHER ORDERED that the Commission hereby authorizes the Company to track wheeling revenues in the PCA, starting April 1, 2024, while monitoring the implementation of the proposed mechanism to determine whether it needs to be modified in a timely manner.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order about 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.

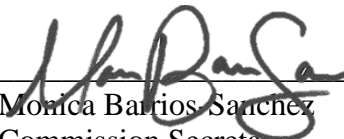
DONE by order of the Idaho Public Utilities Commission at Boise, Idaho this 11<sup>th</sup> day of March 2025.

  
EDWARD LODGE, PRESIDENT

  
JOHN R. HAMMOND JR., COMMISSIONER

*Recused*  
DAYN HARDIE, COMMISSIONER

ATTEST:

  
Monica Barrios-Sanchez  
Commission Secretary

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