

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IDAHO POWER COMPANY’S ) CASE NO. IPC-E-26-06**  
**APPLICATION FOR AUTHORITY TO )**  
**IMPLEMENT FIXED COST ADJUSTMENT )**  
**(“FCA”) RATES FOR ELECTRIC SERVICE ) ORDER NO. 37046**  
**FROM JUNE 1, 2026 THROUGH MAY 31, )**  
**2027 )**  
**)**

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On March 13, 2026, Idaho Power Company (“Company”) applied (“Application”) to the Idaho Public Utilities Commission (“Commission”) requesting: (1) authorization to implement Fixed Cost Adjustment (“FCA”) rates for the Residential classes and Small General Service classes, for electric service from June 1, 2026, through May 31, 2027; and (2) approval of the Company’s corresponding Schedule 54, Fixed Cost Adjustment, effective June 1, 2026. Application at 1. The Company represented that the proposed 2026-2027 FCA rates would increase annual billed revenue by \$5,117,270, or 0.65%, for the Residential and Small General Service (“R&SGS”) classes. *Id.* at 7.

On April 8, 2026, the Commission issued a Notice of Application and a Notice of Modified Procedure, establishing a May 12, 2026, deadline for public and Commission Staff (“Staff”) comments, and a May 19, 2026, deadline for the Company to file reply comments. Order No. 36995. On April 16, 2026, the Company filed an Errata to the Application and Direct Testimony of Connor L. Allen revising the originally stated FCA deferral balance amount of \$2,025,793.18 to \$2,026,190.18. Errata to the Application and Direct Testimony of Connor L. Allen at 3. No petitions to intervene were filed. Six public comments were received.

Based on our review of the record, we issue this Final Order approving the Company’s FCA filing rates for electric service from June 1, 2026, through May 31, 2027, and the proposed Schedule 54.

**BACKGROUND**

The FCA is a rate adjustment mechanism designed to break the link between the energy a utility sells and the revenue it collects to recover fixed costs of providing service, thus separating the utility’s revenues from its customers’ energy usage. Under traditional rate design, a utility

recovers much of its fixed costs through volumetric rates. Fixed costs are a utility's cost to provide service to customers, such as infrastructure and customer service, which do not vary with energy use, output, or production, and remain relatively stable between a company's rate cases. Variable costs vary based on the energy generated and consumed.

When a utility's customers demand less energy, the utility's variable costs decline in proportion to the reduced demand. However, the utility's fixed costs to meet customer demand stay the same. Therefore, when fixed costs are recovered through volumetric rates, an economic disincentive exists for the utility to invest in energy efficiency and demand-side management ("DSM") programs, which reduce customer consumption.

The decoupling of the utility's revenues from its customers' energy usage via the FCA rate adjustment mechanism removes a utility's incentive to increase sales to increase revenue and profits and encourages energy conservation through DSM programs. Thus, the FCA makes the utility agnostic to increasing sales and incentivizes it to implement DSM programs. The FCA rate adjustment applies to R&SGS customers because these customers are more affected by DSM.

#### **THE APPLICATION**

The Company represented that in 2024-2025, it under-collected on the fixed costs it was authorized to recover in the amount of \$2,026,190.18 ("2025 FCA Deferral Balance"). Application at 5-7. The Company stated it intended to collect the 2025 FCA Deferral Balance by increasing the FCA rates for the R&SGS classes in 2026 and 2027. *Id.* at 7.

The Company represented that the 2026-2027 FCA rates would be a charge of 0.0330 cents per kilowatt-hours ("kWh") for the Residential classes, and 0.0402 cents per kWh for the Small General Service classes for the June 1, 2026, through May 31, 2027, period. *Id.* The Company represented that if the 2026-2027 FCA rates were approved as filed, a residential customer using 900 kWh per month would see an increase of \$0.75 on their monthly bill. *Id.* at 1-2.

#### **STAFF COMMENTS**

Staff reviewed the Company's Application, calculations of its R&SGS FCA rates, Company workpapers, and supporting testimony. Staff Comments at 2. Staff recommended the Commission approve the Company's proposed Schedule 54 as filed and approve the 2025 FCA Deferral Balance. *Id.*

Staff audited the components used to calculate the FCA balance and confirmed that they complied with prior Commission Orders and were calculated correctly by the Company. *Id.* Specifically, Staff verified that the Fixed Cost per Customer (“FCC”) and Fixed Cost per Energy (“FCE”) were updated in accordance with Order No. 36042. *Id.* Staff verified that the Use per Customer for new and existing R&SGS customers were calculated with the proper annual kWh sales and customer counts from the Company’s last general rate case (Case No. IPC-E-23-11). *Id.* Staff believed that the proposed increase to the FCA rate for the R&SGS customer classes, 0.0330 cents per kWh for the Residential Class and 0.0402 cents per kWh for the Small General Service class (or a 0.65% increase), from June 1, 2026, through May 31, 2027: (1) would help the Company recover the 2025 FCA Deferral Balance; and (2) were reasonable and coincided with the forecast the Company used in its 2026-2027 Power Cost Adjustment filing (Case No. IPC-E-26-10). *Id.* at 4.

Staff reviewed the Company’s press release and notice that was sent to impacted customers. *Id.* Staff believed the press release and notice met the requirements of Rule 125 of the Commission’s Rules of Procedure, IDAPA 31.01.01.125. *Id.* at 4–5.

#### **PUBLIC COMMENTS**

The Commission received six timely filed customer comments that opposed the Company’s proposed rate adjustment. Customers were concerned that residential customers were subsidizing large corporations, the Company’s infrastructure for large industrial customers, and rapid regional growth. Customers asked the Commission to consider the cumulative impact of the Company’s concurrent rate increase applications (i.e., the PCA filing in Case No. IPC-E-26-10) and cost of living increases.

One customer felt that because the rate increase was only affecting one set of customers (R&SGS), that the Company’s increase was discriminatory. Further, one customer felt that the FCA did not factor in major contributions to the Company’s system, such as industrial expansion, data centers, etc. One customer opposed processing the Application via modified procedure and wanted the Commission to determine if the Company’s shareholders and its internal efficiencies have been considered. Finally, one customer asked the Commission to permit the Company to charge heavy power use customers more so that costs are not shouldered by small/household ratepayers.

## COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over the Company's Filing and the issues in this case under Title 61 of the Idaho Code including, *Idaho Code* §§ 61-501, -502, and -503. 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, -502, and -503.

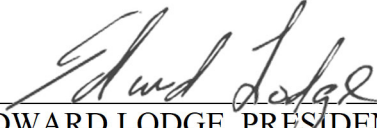
The Commission has reviewed the record in this case. Based on our review, we find it fair, just, and reasonable to approve the Company's requested FCA rates for electric service, effective June 1, 2026, through May 31, 2027, and the corresponding Schedule 54, FCA.

### ORDER

IT IS HEREBY ORDERED that the Company's Application is approved as filed. The Company shall implement FCA rates for electric service of 0.0330 cents per kWh for the Residential classes, and 0.0402 cents per kWh for the Small General Service classes, effective June 1, 2026. The Company's proposed Schedule 54 is approved as filed, with an effective date of June 1, 2026.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within 21 days of the service date of this Order regarding any matter decided in this Order. Within seven days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *Idaho Code* § 61-626.

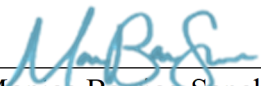
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 22<sup>nd</sup> day of  
May 2026.

  
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EDWARD LODGE, PRESIDENT

  
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JOHN R. HAMMOND JR., COMMISSIONER

  
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DAYN HARDIE, COMMISSIONER

ATTEST:

  
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Monica Barrios-Sanchez  
Commission Secretary  
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