



Case No. IPC-E-18-06

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IPUC accepting comments on Idaho Power proposal reflecting lower power costs

BOISE (April 26, 2018) – Idaho Power has proposed decreasing the portion of its rates that changes every year due to the variable costs of providing power to its customers.

If approved by the Idaho Public Utilities Commission, the change to the company's Power Cost Adjustment (PCA) mechanism would lead to a decrease of \$1.29 per month for the typical residential customer who uses 950 kilowatt-hours (kWh) per month.

That equates to a 1.29-percent decrease.

The Commission is accepting comments on the proposal through May 3.

The change would take effect June 1.

Idaho Power said the proposed decrease to the PCA is due primarily to water conditions that were better than expected, which helps its hydro generation. Expenses related to coal-fired generation are also projected to decrease in the coming year.

The PCA allows Idaho Power to adjust its rates up or down each year to reflect the actual power-supply costs incurred by the company over the previous year.

Those costs can vary significantly based on a number of factors beyond the company's control, including market prices for power, transmission costs, revenue from selling surplus power and water conditions that affect hydro generation, which accounted for nearly 50 percent of Idaho Power's energy portfolio in 2017.

There are three components to the PCA: a forecast component, a true-up component and a "true-up of the true-up."

In the first step, the company forecasts its power costs for the coming year – June 1, 2018 to May 31, 2019.

Then the prior year's forecasted costs are "trued up" based on the actual costs incurred, reflecting either a surplus or a deficit. The company then reconciles the true up by adjusting the PCA to either credit customers when there was a surplus or increasing the surcharge when a deficit occurred. This final step, or "true-up of the true-up," ensures the company recovers its actual approved costs, and that customers pay only for the power supply costs the company incurred to meet the demand for energy.

The PCA proposal now before the Commission calls for a revenue decrease of approximately \$22.6 million for the year beginning June 1. With the proposed change, the company expects revenue from the PCA to exceed \$90.3 million in 2018-2019.

If approved, the PCA amount effective June 1 will be \$0.4854 cents per kWh for all customer classes.

A year ago, the Commission approved a PCA increase of 0.93 percent, leading to a 59-cent increase on the monthly bill for a typical residential customer.

The PCA is one of three proposals pending Commission approval that would lead to lower rates – the [Fixed Cost Adjustment](#) and a [direct rate reduction](#) as a result of the new federal tax law.

If the Commission approves the three proposals in full, residential customers would see a price decrease of 7.04 percent effective June 1.

The Commission is accepting comments on the PCA proposal through May 3. Go [here](#) to comment. Or go to the Commission's web site, www.puc.idaho.gov. Under the "Consumers" heading, click on "Case Comment Form." Please include the case number, IPC-E-18-06. Comments can also be mailed to PO Box 83720, Boise, ID 83720-0074, or faxed to (208) 334-3762.

The company's application and all other case documents are available for review on the Commission's web site, www.puc.idaho.gov. Click on "Open Cases" under the "Electric" heading and scroll down to case number IPC-E-18-06. Or go [here](#).