



Case No: IPC-E-19-08

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Idaho Power proposal calls for slight customer rate adjustment tied to closure of coal plant

BOISE (April 1, 2019) – State regulators are accepting comments on an Idaho Power proposal that would slightly increase rates to allow the company to recover costs associated with the accelerated retirement of a coal-fired power plant in Nevada.

If [the proposal](#) is approved in full by the Idaho Public Utilities Commission, the average residential customer using 950 kilowatt-hours per month would see a 10-cent increase to their monthly bill.

Idaho Power has asked for an effective date of June 1. The Commission is accepting written comments through May 10.

Idaho Power owns 50 percent of the North Valmy Generating Station, a two-unit coal-fired power plant with a nameplate capacity of 522 megawatts that is located near Winnemucca, Nev.

Unit 1 went into service in 1981, while Unit 2 came online in 1985 – each with a 50-year life expectancy.

The facility's co-owner is NV Energy. The two utilities collaborate when making decisions regarding North Valmy.

In 2016, Idaho Power and NV Energy decided to close both units by 2025, six years earlier than the planned retirement of Unit 1 and a decade earlier than Unit 2's planned retirement date.

Idaho Power requested Commission approval to compress the remaining depreciation on the two units into this shorter timeframe, which would have increased base rates by \$28.5 million or about 2.5 percent.

The company contended that Valmy's closure would provide significant long-term savings for customers because a significant decrease in market prices for electricity had made the plant uneconomic to operate except in extremely hot or cold weather, when the demand for energy peaks. At the time, Idaho Power officials said the move also would allow it to forgo

investments required for compliance with environmental regulations as well as routine maintenance and repairs.

In June 2017, the Commission approved a settlement agreement the company reached with several intervening parties that called for shuttering Valmy's Unit 1 in 2019 and Unit 2 in 2025.

The settlement agreement led to a base-rate increase of approximately \$13.3 million, or 1.17 percent, effective June 1, 2017.

As part of the settlement, Idaho Power created a balancing account to track incremental costs and benefits associated with the plant's accelerated end-of-life date, and to create a process to review the prudence of expenditures of Units 1 and 2.

The balancing account consists of four types of costs – accelerated depreciation associated with existing plant investments, the return on undepreciated investments, non-fuel operations and maintenance reductions, and decommissioning costs associated with the plant shutdown.

Changes in these costs since 2016, along with costs outlined in the proposed North Valmy Project Framework Agreement that Idaho Power reached with NV Energy in early 2019, have led to an incremental increase to the revenue requirement assigned to Idaho customers of \$1.21 million.

Idaho Power's proposal calls for those costs to be recovered from all customer classes through a uniform increase to all base rates of 0.11 percent. For the average residential customer using 950 kilowatt-hours per month, that equates to an increase of 10 cents per month.

The proposal also calls for Commission approval of the project framework agreement between Idaho Power and NV Energy, which clarifies the companies' rights and obligations related to the continued operation, retirement and decommissioning of the Valmy facility.

Go [here](#) to submit a comment in this case. Or go to the Commission's web site, www.puc.idaho.gov, click on the "Case Comment Form" under the "Electric" heading. Please be sure to include the case number, IPC-E-19-08.

Comments can also be submitted via mail, to P.O. Box 83720, Boise, ID 83720-0074 or by fax, (208) 334-3762.

All documents filed in the case, including Idaho Power's application, is available [here](#). Or go to 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-19-08.