

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER RAPER  
COMMISSIONER ANDERSON  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL

**FROM:** BRANDON KARPEN  
DEPUTY ATTORNEY GENERAL

**DATE:** APRIL 20, 2016

**SUBJECT:** IDAHO POWER'S PCA APPLICATION, CASE NO. IPC-E-16-08

On April 15, 2016, Idaho Power Company filed its annual Power Cost Adjustment (PCA) Application. Since 1993, the PCA mechanism has allowed the Company to adjust its rates up or down to reflect the Company's annual "power supply costs." Because about half of the Company's generation is from hydropower facilities, the Company's actual cost to provide electricity (its power supply cost) varies from year-to-year depending on changes in Snake River stream flows, the amount of purchased power, fuel costs, the market price of power, and other factors.

The Company states that if the Application is approved, its Idaho customers collectively would pay about \$17.3 million (1.57%) more for electricity in the upcoming year than they do now, and a typical residential customer's bill would increase by about \$1.32 per month. The Company's Application would impact major customer classes as follows:

**Proposed 2016 Revenue Impact by Class:  
Percentage Increase from Current Billed Rates**

<b>Residential</b>	<b>Small General Service</b>	<b>Large General Service</b>	<b>Large Power</b>	<b>Irrigation</b>	<b>Overall Charge</b>
1.35%	1.16%	1.68%	2.06%	1.58%	1.57%

The Company attributes this year's PCA forecasted increases to costs associated with power purchase agreements under PURPA. Application at 6. According to the Company, "PURPA costs have increased by approximately \$10 million over last year primarily because of

the addition of new solar contracts.” *Id.* Specifically, the Company claims an addition of approximately 320 megawatts (MW) of PURPA solar projects, and 50 MW of PURPA wind projects are expected to come on-line in the 2016-2017 PCA year. Larkin Direct at 10-11. The Company also estimates lower projected hydro generation attributed to decreased flows from the Upper Snake Basin. Reservoir levels in this region are lower than initially forecasted in 2015. *Id.* at 12.

The Company’s proposed PCA adjustments are reflected in an updated Schedule 55, which is attached to the Application. The Company requests that the new rates take effect on June 1, 2016, and that the case be processed by Modified Procedure.

#### **STAFF RECOMMENDATION**

As in past years, the Company asks the Commission to process its Application under Modified Procedure. Staff concurs with the use of Modified Procedure. Given the current demands on Staff, Staff recommends a May 20, 2016 comment deadline and a May 23, 2016 reply deadline.

#### **COMMISSION DECISION**

Does the Commission wish to process the PCA Application by Modified Procedure with a May 20, 2016 comment deadline and a May 23, 2016 reply deadline?



Brandon Karpen  
Deputy Attorney General