

DECISION MEMORANDUM

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

**FROM: BRANDON KARPEN
DEPUTY ATTORNEY GENERAL**

DATE: APRIL 20, 2017

**SUBJECT: IDAHO POWER'S ANNUAL POWER COST ADJUSTMENT
CASE NO. IPC-E-17-06**

On April 14, 2017, Idaho Power Company applied to the Commission for an Order authorizing the Company to implement its Power Cost Adjustment (PCA) rates effective June 1, 2017, through May 31, 2018. If approved, the Company's PCA adjustment would *increase* rates in all customer classes, with an average residential customer's bill increasing by about \$0.59 per month.

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 \$10.6 million (0.93%) more for electricity in the upcoming year than they do now. The Company's Application would impact major customer classes. Application would impact major customer classes as follows:

**Proposed 2017 Revenue Impact by Class:
Percentage Increase from Current Billed Rates**

Residential	Small General Service	Large General Service	Large Power	Irrigation	Overall Charge
0.58%	0.27%	1.10%	1.75%	0.94%	0.93%

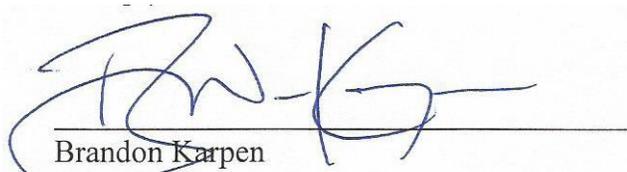
The Company attributes this year's PCA forecasted increases to costs associated with power purchase agreements under PURPA and higher coal-fired generation costs. The Company also claims that last year's actual power costs exceeded forecast levels due to worse-than-expected water conditions. Additionally, this year, customers will receive a \$13 million refund of previously-collected but unspent energy efficiency rider funds. 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, 2017, and that the case be processed by Modified Procedure.

STAFF RECOMMENDATION

Staff concurs with the use of Modified Procedure. Given the current demands on Staff, Staff recommends a May 12, 2017 comment deadline, and a May 19, 2017 reply deadline.

COMMISSION DECISION

Does the Commission wish to process the PCA Application by Modified Procedure with a May 12, 2017 comment deadline, and a May 19, 2017 reply deadline?



Brandon Karpen
Deputy Attorney General

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