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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. IPC-E-13-10
AUTHORITY TO IMPLEMENT POWER)
COST ADJUSTMENT (PCA) RATES FOR) COMMENTS OF
ELECTRIC SERVICE FROM JUNE 1, 2013) THE UNITED STATES
THROUGH MAY 31, 2014) DEPARTMENT OF ENERGY
)
)
_____)

COMES NOW, The United States Department of Energy ("DOE" or "the Department"), on behalf of the Idaho National Laboratory and Federal Executive Agencies and pursuant to this Commission's Notice of Application and Notice of Modified Procedure in Order No. 32796, ("the Order") and respectfully proffers its comments on the Idaho Power Company's (the Company") annual Power Cost Adjustment ("PCA") Application:

I.
SUMMARY

The PCA mechanism enables the Company to adjust PCA rates to reflect power supply costs. The Company has filed an annual PCA Application for an immediate overall revenue increase of \$140.4 million, or 15.34%. The bases and calculations which underlie this proposed increase are explained in the Order at pages 1-3. The Company asks to be permitted to collect this increase over either one or two years. The Department respectfully asks the Commission to order the Company to implement this increase in the form of a three year amortization.

II.

BOTH OF THE COMPANY'S PROPOSALS FOR IMPOSITION OF THE SUBJECT INCREASE ARE UNDULY BURDENSOME

The Company proposes to impose the entire 15.34% increase over the single twelve month PCA period which begins June 1, 2013, just two weeks from now. Recognizing the inevitable punishing effects of such a steep one-time increase, the Company proffers an alternative proposal under which it would impose an increase of 9.6% for the PCA year 2013-2014 and impose the remainder of the overall 15.34% increase during the following PCA year. (Order, pp. 4-5)

The Department respectfully asserts that either of these proposals, if adopted, would impose unduly burdensome increases. As the Order shows, the Company's unmitigated one-year proposal would produce an increase in billed revenues to Large General Service ("LGS") customers of nearly 17% and to Large Power Service ("LPS") customers of more than 21%. Even the Company's mitigated two-year proposal would impose increases of, respectively, nearly eleven percent and thirteen percent in the first year. (Order, p. 4)

The PCA mechanism is a multifaceted, time-consuming and resource-intense series of exercises in accounting and bookkeeping. As the Department understands it, the purpose, and the *value*, of these exercises is not to attain philosophical evenhandedness or mathematical exactitude. Rather, the mechanism, and all that enters into, aims to enable the Commission to allow the Company to collect prudently incurred costs while making rates that do not harm any ratepayer or class of ratepayers, nor harm the State's economy and areas beyond.

The Department respectfully asserts that the aforesaid rate increases which the Company's proposals would impose would likely harm, at the very least, the State's large users and, by extension, many entities and individuals who depend in various ways upon those large users. This could cause loss of industrial load and, in the wake of that, higher rates for all customers.

III.

THE COMMISSION SHOULD ADOPT A MORE MEANINGFUL MITIGATION PLAN

The Company's mitigated proposal holds the first year rate increase to a single digit percentage increase, or less than 10%, averaged across all customer classes. The Department respectfully suggests that a first year single digit percentage rate increase should be the cap adopted by the Commission in this case for all individual customer classes and special contract customers. Any remaining balance due to the Company could be amortized over the subsequent two years with the single digit percentage increase cap applying again in the second year. If adopted, this will reduce the risk that rate shock will unnecessarily and adversely affect energy intensive customers and Idaho's economy, with negative effects which could extend for years.

RESPECTFULLY SUBMITTED THIS 17th day of May 2013.

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