

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL**

**FROM: KARL T. KLEIN
DEPUTY ATTORNEY GENERAL**

DATE: JUNE 27, 2014

**SUBJECT: COMMISSION INQUIRY INTO IDAHO POWER'S PCA TRUE-UP
COMPONENT AND DEFERRAL BALANCE, CASE NO. IPC-E-14-16**

On May 30, 2014, the Idaho Public Utilities Commission issued Order No. 33049 in Idaho Power Company's Power Cost Adjustment (PCA) Case, IPC-E-14-05. In the Order, the Commission approved the Company's determination of the PCA's forecast and reconciliation components. *See* Order No. 33049 at 9. But the Commission acknowledged Staff's concerns about how the Company calculates the PCA's true-up component. The Commission stated:

Staff's concern about the true-up is well-taken. The PCA methodology—including the true-up—is designed to “ensure the amount recovered is no more or less than the actual power costs paid by the Company.” Order No. 30828, Case No. IPC-E-09-11. Staff raises serious doubts about whether the Company applies the true-up in a way that achieves this result. Staff believes the Company's application of the true-up introduces a line-loss bias that leads the Company to inflate the [Net Power Supply Expense] true-up revenue it must collect by \$14.2 million. If Staff is correct, then the Company's deferral balance should be decreased by \$14.2 million (or \$5.9 million, if the Company is correct that Staff miscalculated its adjustment). However, we believe the abbreviated time allotted for the consideration of a PCA case constrains the parties' ability to more thoroughly vet this issue and Staff's proposed adjustment. Accordingly, we find it is reasonable to defer our decision on Staff's proposed adjustment so a new docket can be opened in which the parties can hold a workshop to evaluate the Company's application of the true-up and whether a deferral balance adjustment is appropriate. The parties would then report their findings to the Commission, and the Commission would adjust the PCA deferral balance as warranted for inclusion in next year's PCA.

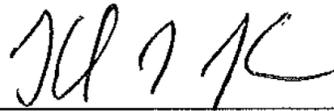
Id. The Commission thus ordered: “that a separate docket be opened to allow Commission Staff, the Company, and other interested persons to hold a workshop to further evaluate the Company’s application of the true-up and whether a deferral balance adjustment is appropriate.” *Id.* at 13.

STAFF RECOMMENDATION

Staff recommends the Commission issue a Notice of Intervention Deadline that initiates this case, sets a 14-day intervention deadline, and directs that a workshop occur on July 30, 2014. After the workshop occurs, another Order can be issued setting further procedure as necessary.

COMMISSION DECISION

1. Would the Commission like to issue a Notice of Intervention Deadline that initiates this case, sets a 14-day intervention deadline, and orders a July 30, 2014 workshop?



Karl Klein
Deputy Attorney General

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