

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) **CASE NO. IPC-E-11-08**
AUTHORITY TO INCREASE ITS RATES)
AND CHARGES FOR ELECTRIC SERVICE) **NOTICE OF APPLICATION**
IN IDAHO)
) **NOTICE OF**
) **INTERVENTION DEADLINE**
) **ORDER NO. 32272**

On June 1, 2011, Idaho Power Company filed an Application seeking authority to increase the Company's base rates for electric service in Idaho by an overall average of 9.9%. If approved, the Company's revenues from base rates would increase by approximately \$83 million per year.

Idaho Power is a public utility primarily engaged in the generation, transmission and distribution of electric power in southern Idaho. It serves nearly 500,000 customers in southern Idaho and eastern Oregon.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that Idaho Power maintains that since its last general rate case in 2008, it has invested more than \$450 million in infrastructure necessary to provide service to customers. Company Vice-President Greg Said indicates that continued growth in the demand for electricity, investments in aging infrastructure, and expenses related to additional compliance and reliability requirements are driving the need for investments to expand and improve the Company's electric system.

YOU ARE FURTHER NOTIFIED that Idaho Power's Application is based upon actual 2010 data updated to 2011 levels. The Company requests that calendar year 2011 be used as its test year. Application at 5. The Company also requests that the Commission grant it a 10.5% return on equity resulting in a return on its rate base of 8.17%. The Company projects that its Idaho retail rate base will be \$2,355,906,412. *Id.*

A. Proposed Rates

1. Rates and Charges. YOU ARE FURTHER NOTIFIED that the Company proposes that the monthly service charge for residential and small business customers be increased by \$1.00 to \$5.00 per month. *Id.* at 3-4. The Company also proposes to increase the tiered residential rates except the non-summer third tier and is proposing to modify Schedules 4 and 5 to offer two time-of-day periods for energy charges during the summer and non-summer months. *Id.* at 3.

YOU ARE FURTHER NOTIFIED that the proposed percentage increases for the major rate schedules are reflected in the table below:

<u>Customer Class</u>	<u>Proposed Increase</u>
Residential (Sch. 1)	8.83%
Small Commercial (Sch. 7)	14.85%
Large Commercial (Sch. 9)	7.28%
Industrial (Sch. 19)	14.84%
Irrigation (Sch. 24)	14.85%

Source: Application, Atch. 3

Idaho Power also proposes to increase the rates for three of its four special contract customers (Simplot, Department of Energy (INL), and Micron) by 14.85%. For Hoku Materials, the Company proposes to increase the second block demand in energy charges by 14.84%. Application at 3, Atch. 3.

2. Cost-of-Service. YOU ARE FURTHER NOTIFIED that the Company is proposing to increase the rates for small commercial customers (Schedule 7), large business customers (Schedule 9), industrial customers (Schedule 19), and irrigation customers (Schedule 24) by moving those rates “five percent closer to the cost-of-service for these customer classes.” *Id.* at 4.

3. Rule H. YOU ARE FURTHER NOTIFIED that the Company seeks authority to remove the 1.5% limitation for recovery of “general overhead costs” in its Rule H (New Service Attachments, Installations and Alterations) and instead recover its actual overhead costs. *Id.* at 5.

4. Energy Rider and LCAR. YOU ARE FURTHER NOTIFIED that the Company claims that its expenditures related to energy efficiency and demand response have outpaced the recovery of these costs through the “Energy Efficiency Rider” currently set at 4.75%. Application at 5. Consequently, the Company seeks authorization to treat demand response incentives as power supply expenses and establish a “normal” level of cost recovery in base rates

of approximately \$11.3 million. *Id.* at 6. The Company also calculates its load change adjustment rate (LCAR) at \$19.28 per MWh using the methodology set out in Commission Order No. 32206. *Id.*

5. Fixed Costs. YOU ARE FURTHER NOTIFIED that the Company also proposes to update its “fixed-cost per customer” and the “fixed-cost per energy” adjustments for residential and small business customers. The Company has calculated that the annual fixed-cost per residential customer is \$678.96, and the fixed-cost recovery is \$0.053849 per kilowatt-hour (kWh). For small commercial customers, the Company calculates that its annual fixed-cost is \$395.28 per customer with a fixed-cost recovery of \$0.075239 per kWh. *Id.* The Company also requests that the three-year pilot program for the FCA mechanism be made permanent.

B. Effective Date

YOU ARE FURTHER NOTIFIED that the Company proposes that its tariff schedules become effective for service rendered on or after July 1, 2011. Application at 8. However, the Company recognizes that under the terms of the Stipulation approved in the Company’s last rate case (IPC-E-09-30), it is prohibited from increasing its base rates before January 1, 2012.¹ More specifically, the Stipulation provides that “Idaho Power will not file a general revenue requirement case which would result in a general rate adjustment becoming effective prior to January 1, 2012.” Stipulation at 5.1 (Case No. IPC-E-09-30). In comments supporting the Stipulation, Idaho Power Vice President John Gale explained that the moratorium benefits customers because the Company “will delay a general rate change until on or after January 1, 2012.” Dir. at 17.

Even though the Company acknowledges that it cannot increase its base rates until January 1, 2012, the Company “expects the Commission will suspend implementation of the Company’s proposed rates for the statutory period set forth in *Idaho Code* § 61-622 (30 days plus 6 months). Thus, any new rates established [in the present case] would not become effective until 2012.” Application at 8. In summary, the Company believes that under the terms of the Stipulation it may file a general rate case so long as its base rates do not become effective prior to January 1, 2012.

¹ The Stipulation does allow specific increases from other rate mechanisms such as the Power Cost Adjustment (PCA), the Fixed-Cost Adjustment (FCA), recovery of advanced metering deployment, pension expenses, and changes in the Energy Efficiency Rider. Order No. 30978 at 4.

YOU ARE FURTHER NOTIFIED that the Commission finds it appropriate to suspend the proposed effective date of July 1, 2011, for a period of thirty (30) days plus five (5) months, or until such time as the Commission may issue an Order accepting, rejecting or modifying the Application in this matter.

C. General Rate Case Issues

YOU ARE FURTHER NOTIFIED that Idaho Power's intrastate revenue requirement, and every component of it, both rate base and expense, are at issue. The Commission may grant, deny, or modify the revenue requirement requested and may find a revenue requirement different from that proposed by any party to be just, fair, and reasonable.

YOU ARE FURTHER NOTIFIED that the rates and charges of all Idaho Power retail customers, both recurring and non-recurring, including those of any special contract customers are at issue, and every component of every existing and proposed rate and charge is at issue. The Commission may approve, reject, or modify the rates and charges proposed and may find that rates and charges different from those proposed by any party are just, fair, and reasonable.

YOU ARE FURTHER NOTIFIED that the Commission may approve, reject, or modify existing or proposed relationships between and among rates and charges within, between or among customer classes or rate groupings. The Commission may approve, reject, or modify existing or proposed relationships among and between customer classes or rate groupings.

YOU ARE FURTHER NOTIFIED that the Commission may abolish, amend, or create rate blocks (tiers) or categories of rates and charges; abolish, amend, or create components of rates and charges; abolish, amend, or create customer classes or rate groupings; and abolish, amend, or create absolute or relative differences among and between existing classes or rate groupings of customers.

YOU ARE FURTHER NOTIFIED that the tariffs, practices, rules and regulations, services, instrumentalities, equipment, facilities, classifications, and customer relations of the utility are at issue, and the Commission may address any of these issues in its Order.

YOU ARE FURTHER NOTIFIED that the Company's Application, supporting workpapers, testimonies, and exhibits can be reviewed at the Commission's office in Boise, Idaho during regular business hours. The Application and supporting documents are also available for public inspection on the Commission's website at www.puc.idaho.gov by clicking

on “File Room” and then “Electric Cases” and scrolling down to the case number that appears on the first page of this Order.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission’s jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* §§ 61-502, 61-503, 61-507, 61-520, 61-523, and 61-622. The Commission may enter any final Order consistent with its authority under Title 61.

NOTICE OF INTERVENTION DEADLINE

YOU ARE FURTHER NOTIFIED that **persons desiring to intervene** in this matter for the purpose of presenting evidence or cross-examining witnesses at hearing **must file a Petition to Intervene** with the Commission pursuant to this Commission’s Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073. Persons intending to participate at the hearing must file a Petition to Intervene **on or before July 1, 2011**. Persons desiring to present their views without parties’ rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or the parties.

YOU ARE FURTHER NOTIFIED that once the deadline for intervention has passed, the Commission Secretary will prepare and distribute a Notice of Parties. The Commission anticipates that the parties will subsequently convene an informal prehearing conference to determine the scheduling of discovery, testimony, technical hearings, and other matters. The Notice of Parties shall also assign exhibit numbers to each party in this proceeding.

YOU ARE FURTHER NOTIFIED that the following persons are designated as Idaho Power’s representatives in this matter:

Lisa D. Nordstrom	Gregory W. Said
Donovan E. Walker	V.P. Regulatory Affairs
Jason B. Williams	Idaho Power Company
Idaho Power Company	PO Box 70
PO Box 70	Boise, ID 83707-0070
Boise, ID 83707-0070	E-mail: gsaid@idahopower.com
E-mail: lnordstrom@idahopower.com	
dwalker@idahopower.com	
jwilliams@idahopower.com	

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted according to the Commission’s Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

YOU ARE FURTHER NOTIFIED that all hearings and prehearing conferences in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act (ADA). Persons needing the help of a sign language interpreter or other assistance in order to participate in or to understand testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing. The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

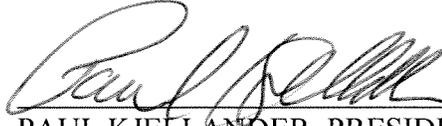
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ORDER

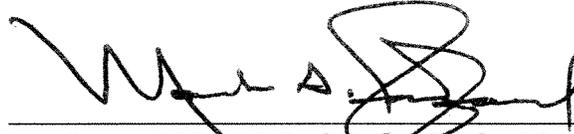
IT IS HEREBY ORDERED that the proposed rates in this case are suspended for a period of thirty (30) days plus five (5) months from the proposed effective date of July 1, 2011, or until such time as the Commission may issue an Order accepting, rejecting or modifying the Application in this matter.

IT IS FURTHER ORDERED that persons desiring to intervene in this matter shall file a Petition to Intervene no later than July 1, 2011.

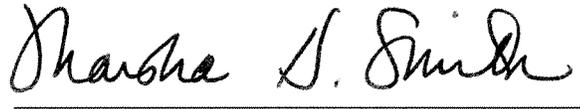
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 22nd
day of June 2011.



PAUL KJELLANDER, PRESIDENT



MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

bls/O:IPC-E-11-08_dh