

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
IN IDAHO)	PARTIAL SETTLEMENT
)	
)	AMENDED NOTICE OF
)	TECHNICAL HEARING
)	
)	NOTICE OF
)	PUBLIC HEARINGS
)	
)	ORDER NO. 32380

On June 1, 2011, Idaho Power Company filed an Application seeking authority to increase its base rates for electric service by approximately \$83 million per year, or an overall average of 9.9%. The Commission suspended the proposed effective date and subsequently granted intervention to: Idaho Irrigation Pumpers Association (IIPA), Industrial Customers of Idaho Power (ICIP), U.S. Department of Energy (DOE), The Kroger Company, Community Action Partnership Association of Idaho (CAPAI), Micron Technology, Idaho Conservation League (ICL), Snake River Alliance (SRA), NW Energy Coalition and Hoku Materials. The Commission Staff also participated as a party.

On August 5, 2011, the Commission issued its Scheduling Order that included two settlement conferences. Order No. 32316. All parties participated in the settlement conferences on August 31 and September 8, 2011. Following the settlement conferences, all the parties with the exception of CAPAI entered into a Stipulation that proposes to settle many but not all issues in the rate case. On September 23, 2011, Idaho Power filed a Motion to Approve the Stipulation.

NOTICE OF PARTIAL SETTLEMENT

The signing parties agreed to resolve all issues in the rate case except for the three issues discussed in paragraphs 6 and 7, below. As set out in the Stipulation, the signing parties agreed that Idaho Power should be allowed to recover \$34 million in annual revenues from its Idaho jurisdiction. This represents a 4.07% overall increase in the Company's annual Idaho base

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rate revenues. Stipulation at ¶ 6. The signing parties further agreed that the Company's net power supply cost is \$208,100,936, which includes \$11,252,265 of demand response incentive payment and \$23,921,466 of retail sales revenue associated with Hoku's first-block energy sales. The revenue from Hoku's first-block is an offset to power supply expenses in the Company's Power Cost Adjustment (PCA) mechanism. Other elements of the Stipulation include:

1. Amortization. The signing parties agreed to a deferral of \$299,546 in expenses associated with the Bennett Mountain turbine inspection over a four-year period beginning on the date the Company's new base rates become effective. In addition, the parties agreed to deferral of \$436,047 in expenses associated with the "Light Detection and Ranging" (LiDAR) survey over a 10-year period beginning on the date the new base rates become effective. Stipulation at ¶ 6(b).

2. Rate of Return. The signing parties agreed that it would be just and reasonable to allow the Company to earn a 7.86% rate of return on an authorized Idaho jurisdictional rate base of \$2,355,906,412. *Id.* at ¶ 6(c).

3. Rate Spread. The signing parties agreed that the proposed \$34 million annual revenue requirement increase should be recovered by increasing the rates for each customer class and special contract customers by a uniform percentage amount of approximately 4.19%.¹ The signing parties further agreed that the Company's proposed cost-of-service study will be used to determine fixed costs for purposes of the fixed-cost adjustment (FCA) mechanism until such time as the Commission approves a different cost-of-service study. *Id.* at ¶ 7.

4. Rate Design. In determining the individual rates for each tariff schedule and customer class, the signing parties agreed to use the 2011 test year customer billing determinant with the exception of the monthly service charge for Schedule 1 (residential customers). The parties agreed that the monthly service charge for residential Schedules 1, 4, and 5 be increased from \$4.00 to \$5.00 per month. *Id.* at ¶ 8.

5. Load Change Adjustment Rate. In calculating the load change adjustment rate (LCAR) to be applied in the Company's PCA mechanism, the parties agreed to use Idaho

¹ The uniform percentage increase of 4.19% is greater than the overall increase of 4.07% because the overall increase does not apply to first-block rates under the Hoku Materials special contract. Stipulation at n.2.

Power's filed cost-of-service methodology to determine the energy-related jurisdictional revenue requirement. The resulting LCAR of \$18.16 per MWh was developed using 2011 normalized system-wide loads in the amount of 14,822,063 MWh. *Id.* at ¶ 9.

6. Separate Proceedings. The signing parties also agreed that two issues will be removed from the rate case and resolved in separate proceedings. In particular, the Company will initiate separate cases related to: (1) increasing the overhead amounts paid by persons or entities requesting new service under the Company's Rule H Line Extension tariff; and (2) whether the FCA pilot program should be made permanent. The parties further agreed that the FCA case should be processed to allow a final Order to be issued no later than March 30, 2012. *Id.* at ¶ 10.

7. Unresolved Issues. The signing parties were unable to reach agreement on: (1) the amount of funding for the Company's low-income weatherization program; (2) the surcharge level for the Energy Efficiency Rider in Schedule 91 (currently at 4.75%); and (3) the methodology used to assess facility charges for Schedule 19 customers. These unresolved issues will be addressed by the parties at the technical hearing. *Id.* at ¶ 11.

AMENDED NOTICE OF TECHNICAL HEARING

YOU ARE HEREBY NOTIFIED that the Commission has advanced the start date for the technical hearing in this matter. The technical hearing will commence on **MONDAY, DECEMBER 5, 2011, COMMENCING AT 9:30 A.M. AT THE COMMISSION'S HEARING ROOM, 472 WEST WASHINGTON STREET, BOISE, IDAHO** and continuing as necessary through Tuesday, December 6, 2011.

NOTICE OF PUBLIC HEARINGS

YOU ARE FURTHER NOTIFIED that the Commission has decided to conduct three public hearings in this matter. The first public hearing will convene on **THURSDAY, NOVEMBER 3, 2011 AT 7:00 P.M. IN THE POWER COUNTY COURTHOUSE ANNEX, 500 POCATELLO AVENUE, AMERICAN FALLS, IDAHO**. The purpose of the public hearings is for the Commission to take the formal testimony of customers and interested members of the public. Testimony will be recorded and made part of the Commission's formal record. The Company's customers and interested members of the public are encouraged to attend and give testimony.

YOU ARE FURTHER NOTIFIED that the Commission will hold its second public hearing in this matter on **WEDNESDAY, NOVEMBER 9, 2011, AT 7:00 P.M. IN THE GOODING COUNTY PLANNING & ZONING BUILDING, 145 SEVENTH AVENUE EAST, GOODING, IDAHO.**

YOU ARE FURTHER NOTIFIED that the Commission will hold its third public hearing in this matter on **MONDAY, DECEMBER 5, 2011, AT 7:00 P.M. IN THE COMMISSION'S HEARING ROOM, 472 WEST WASHINGTON STREET, BOISE, IDAHO.**

YOU ARE FURTHER NOTIFIED that the Stipulation and its accompanying Motions and supporting testimony can be viewed at the Commission's office in Boise. The Stipulation and supporting documents are also available for viewing on the Commission's web site at www.puc.idaho.gov by clicking on "File Room," then "Electric Cases" and scrolling down to the number of this case "IPC-E-11-08."

YOU ARE FURTHER NOTIFIED that the Commission is not bound by any settlement reached by the parties. The Commission will independently review any proposed settlement to determine whether the settlement is just, fair and reasonable, and in the public interest, or otherwise in accordance with law or regulatory policy. The Commission may accept the settlement, reject the settlement, or state additional conditions under which the settlement will be accepted. IDAPA 31.01.01.274-.276.

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:

IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0338 (Telephone)
(208) 334-3762 (FAX)
E-Mail: secretary@puc.idaho.gov

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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, 61-622, and 61-623. The Commission may enter any final Order consistent with its authority under Title 61.

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

THE FCA MOTION

As part of the Settlement Stipulation, Idaho Power filed a Motion requesting that the Commission decide "at its earliest convenience . . . whether to separate the FCA [issues] from the rate case. . . ." Motion at ¶ 6. The Stipulation requested that the Commission decide whether to institute a separate FCA case after allowing a 14-day response period. Stipulation at ¶ 10(b). The Stipulation explained that the request for expedited consideration was so the Commission would be ready to issue its final Order no later than March 30, 2012. *Id.*

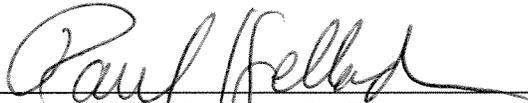
No party opposed separating the FCA issues from the rate case. Based upon our review of the Motion and the lack of any objection, we find that it is reasonable for the FCA issues to be removed from the rate case and considered in a separate proceeding. Consequently, we grant the Company's Motion and direct the Company to initiate a separate proceeding to determine whether the FCA pilot program should be made permanent.

ORDER

IT IS HEREBY ORDERED that start date for the technical hearing in this matter is changed to December 5, 2011, as set out above.

IT IS FURTHER ORDERED that the Motion to remove the FCA issues from the rate case and initiate a separate proceeding to consider the FCA issues is granted. Idaho Power shall initiate a new, separate proceeding for the FCA issues as soon as possible.

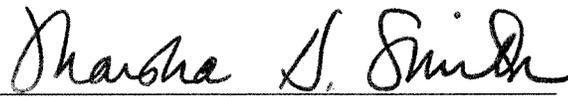
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 13th
day of October 2011.



PAUL KJELLANDER, PRESIDENT

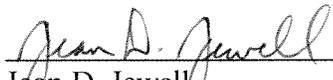


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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