

DECISION MEMORANDUM

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

FROM: DON HOWELL
DEPUTY ATTORNEY GENERAL

DATE: OCTOBER 7, 2011

SUBJECT: JOINT MOTION IN THE IDAHO POWER RATE CASE TO OPEN A
NEW DOCKET TO EXAMINE THE FIXED COST ADJUSTMENT (FCA),
CASE NO. IPC-E-11-08

On September 23, 2011, Idaho Power Company filed two Motions on behalf of all but one party in its general rate case. The first Motion requests that the Commission accept a partial Settlement Stipulation in the rate case. Briefly, the parties to the rate case (with the exception of the Community Action Partnership Association of Idaho (CAPAI)) agree to settle most of the issues presented in the rate case (including revenue requirement, net power supply expense, the overall rate of return, and the rate design). The signing parties acknowledge they were unable to resolve three issues which the parties intend to litigate at the technical hearing. The three unresolved issues include: (1) the amount of program funding for the Company's low-income weatherization program; (2) the level of the energy efficiency rider (currently at 4.75%); and (3) the methodology used to access facility charges for Schedule 19 customers.

The signing the parties also agree that Idaho Power will remove two issues from the rate case and initiate new separate proceedings. The issues to be removed from the rate case concern: 1) the Company's proposal to increase the overhead charges for new service under the Company's Rule H line extension tariff; and 2) the fixed cost adjustment (FCA) pilot.

The second Motion relates to the signing parties' agreement to open a separate proceeding to determine whether the FCA pilot program should be made permanent. This Memo discusses the second Motion concerning the new FCA proceeding.

THE MOTION REGARDING THE FCA

In its direct case, Idaho Power proposes to implement the existing FCA pilot program as a permanent program. In the Settlement Stipulation, the signing parties agree that this issue should be addressed but recommend that the Commission initiate a separate docket to examine the FCA issues. The signing parties recognize that the decision regarding FCA issues should be issued no later than March 30, 2012. Stipulation at ¶ 10. To allow for the timely processing of a separate FCA case to meet this deadline, the signing parties request that the Commission decide “at its earliest convenience (after a 14-day response period per RP 256) whether to process the FCA case as a separate docket.” *Id.* That part of the Motion addressing the FCA is attached for your review (see ¶ 6).

Procedural Rule 256 generally allows parties the opportunity to respond to motions within 14 days. Under Rule 256, parties had until October 7 to file timely comments regarding the Motion to move the FCA issues to a separate docket. As of the time this Memo was prepared, no party filed a response to the Motion.

COMMISSION DECISION

Given the lack of any objection, does the Commission wish to open a separate docket to examine the FCA issues?



Don Howell
Deputy Attorney General

bls/M:IPC-E-11-08_dh3

LISA D. NORDSTROM (ISB No. 5733)
DONOVAN E. WALKER (ISB No. 5921)
JASON B. WILLIAMS
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
Telephone: (208) 388-5825
Facsimile: (208) 388-6936
lnordstrom@idahopower.com
dwalker@idahopower.com
jwilliams@idahopower.com

Attorneys for Idaho Power Company

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)	MOTION FOR APPROVAL OF
SERVICE IN IDAHO.)	STIPULATION AND MOTION TO
)	OPEN FIXED COST ADJUSTMENT
)	CASE
)	

COMES NOW, Idaho Power Company ("Idaho Power" or "Company"), the Staff of the Public Utilities Commission ("Staff") and the other parties to the settlement Stipulation, and hereby move the Commission for an Order accepting the settlement Stipulation filed herewith. This Motion is based on the following:

1. On June 1, 2011, Idaho Power filed an Application in this case seeking authority to increase the Company's base rates an average of 9.9 percent. If approved, the Company's revenues would have increased approximately \$83 million annually. Idaho Power proposed that the rate increase be spread in varying degrees among all

major customer groups and special contract customers. The Company requested that new rates become effective on July 1, 2011, with the expectation that the Commission would suspend implementation of the Company's proposed rates for the statutory period set forth in Idaho Code § 61-622. The Commission suspended the effective date of the proposed rates for a period of thirty (30) days plus five (5) months from July 1, 2011, in Order No. 32272, which also aligned with the terms of the stipulation approved in Case No. IPC-E-09-30 requiring that any new base rates would not become effective until 2012.

2. Petitions to intervene in this proceeding were filed by the Idaho Irrigation Pumpers Association, Inc. ("IIPA"), the Industrial Customers of Idaho Power ("ICIP"), Micron Technology, Inc. ("Micron"), the United States Department of Energy ("DOE"), The Kroger Co. ("Kroger"), Community Action Partnership Association of Idaho ("CAPAI"), the Idaho Conservation League, Snake River Alliance, NW Energy Coalition, and Hoku Materials, Inc. ("Hoku"). These entities are collectively referred to as the "Parties." By various orders, the Commission granted these interventions. IPUC Order Nos. 32266, 32267, 32282, 32285, 32288, 32289, 32316, and 32349.

3. On July 20, 2011, the Staff convened an informal scheduling conference for the Case Parties to devise a proposed schedule for holding hearings and completing discovery in this proceeding. During the informal conference, an agreement was reached to engage in settlement discussions in accordance with RP 272 with a view toward possibly resolving the issues in this case. Pursuant to the Commission's scheduling Order No. 32316, the Case Parties attended settlement conferences on August 31, 2011, and September 8, 2011.

4. Based on the settlement negotiations, the Parties whose signatures appear on the Stipulation (the "Signing Parties") have agreed to resolve and settle all of the issues in the case with the exception of three issues related to: (1) funding of the low-income Weatherization Assistance for Qualified Customers program; (2) the rate determination methodology used to develop facility charges assessed to Schedule 19 customers and ownership of those facilities; and (3) the percentage amount of the Energy Efficiency Rider Tariff. A copy of the signed Stipulation evidencing that settlement is enclosed as Attachment No. 1.

5. The Signing Parties recommend that the Commission grant these two Motions and approve the Stipulation in its entirety, without material change or condition, pursuant to RP 274.

6. As part of the Stipulation, the Signing Parties recommend that the Commission remove from the rate case the issues pertaining to whether the Fixed Cost Adjustment ("FCA") pilot program should be made permanent, and open a separate proceeding to decide these FCA issues. The Signing Parties propose that the Commission issue its final Order in the FCA case no later than March 30, 2012. Given this proposed timeline, the Signing Parties urge the Commission to decide whether to open a separate FCA proceeding at its earliest convenience. The Commission could decide whether to separate the FCA from the rate case after allowing other Parties fourteen (14) days to respond to this Motion to Open a separate FCA case. RP 256.

7. Technical hearings are scheduled to take place December 6-8, 2011. In addition to addressing matters unresolved by the Stipulation, Idaho Power and the Staff each intend to present prefiled testimony on October 7, 2011, supporting this Motion