

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
LEGAL
WORKING FILE**

**FROM: KEITH HESSING
MATT ELAM**

DATE: JANUARY 27, 2012

**RE: FACILITIES CHARGE COMPLIANCE FILING
CASE NO. IPC-E-11-08**

On January 13, 2012, Idaho Power Company filed revised tariff schedules in compliance with Commission Order No. 32426 and served the other parties to the rate case. (On January 26, 2012 the Company filed a replacement Schedule 66.) The Commission's final rate case Order required Idaho Power to update some schedules to reflect ordered changes in facilities charge rates and methodology. The Company filed revised Schedules 9, 15, 19, 29 and 66. Schedule 66 (Miscellaneous Charges) contains the new Facilities Charge Rates and the other schedules show relatively small rate increases to offset lost facilities charge revenue. The rate increases for the other schedules are:

	<u>Amount</u>	<u>Percent</u>
Schedule 9 – Large General Service	\$ 52,429	0.27
Schedule 15 – Dusk/Dawn Lighting	\$ 489	0.04
Schedule 19 – Large Power Service	\$154,037	0.18
Schedule 29 - Simplot	\$ 28,876	0.47

The Schedule 9, 19 and 29 increases are caused by the reduction in facilities charge revenue due to the application of a reduced facilities charge rate applied to facilities over 31 years old. The Schedule 15 increase is due to a reduction in the facilities charge rate caused by recalculation of the rate using the Rate of Return approved by the Commission in the general rate case. (The other Facilities Charge rates were also recalculated using the Commission approved Rate of Return but the new rates rounded to the same rates proposed by Idaho Power in its original filing.)

In this filing Idaho Power indicates that it is unable to comply with one aspect of the Commission's Order. It is unable to identify the age of installed facilities for Schedules 15 and 41 (Municipal Street Lighting) because it does not keep that information. For purposes of implementing the Commission's Order, Idaho Power proposes to assume that all Schedule 15 and 41 facilities subject to the Facilities Charge be assumed to be 31 years or less in age and, therefore, be subject to the higher facilities charge rate.

In order to determine the reasonableness of Idaho Powers proposal for the treatment of Schedules 15 and 41, Staff analyzed the amount of facilities charge investment less than or equal to 31 years in age and the amount of investment greater than 31 years of age for the other schedules. We found that 93% of the facilities charge investment was 31 years or less in age and 7% was grater than 31 years old. Staff believes that this finding supports a conclusion that all or nearly all of the facilities charge investment can be assumed to be 31 years or less in age when the age of the equipment is not known. Staff supports Idaho Power's assumption that all Schedule 15 and 41 facilities charge investment be treated as being 31 years or less in age.

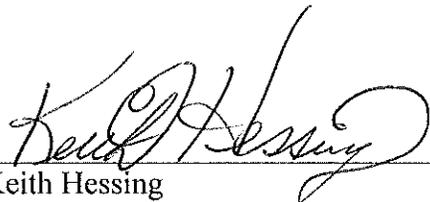
STAFF RECOMMENDATION

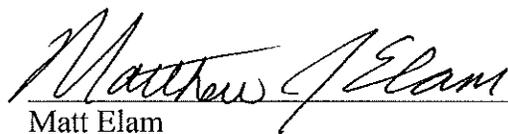
Staff believes the revised Schedules filed by Idaho Power are in compliance with Order No. 32426 except as discussed above. Staff believes that the variation from the Order proposed by Idaho Power Company is a reasonable solution to the identified implementation problem. Staff recommends approval of the tariff schedules as filed by Idaho Power Company with an effective date of February 1, 2012.

The staff believes that the Commission has good cause (Idaho Code 61-307) to approve the new tariff schedules on less than 30 days notice. The good cause being that the Commission ordered a reduction in facilities charges in Order No. 32426 and that the rate for other schedules offset any revenue reduction caused by the adjustments to the facilities charges.

COMMISSION DECISION

Does the Commission wish to approve the tariff schedules as filed?


Keith Hessing


Matt Elam

Udmemos/IPC-E-11-08 Facilities Charge dec memo