BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR APPROVAL TO DECREASE BASE RATE TO REMOVE ACCELERATED DEPRECIATION EXPENSE FOR ITS ADVANCED METERING INFRASTRUCTURE

CASE NO. IPC-E-12-07 NOTICE OF APPLICATION NOTICE OF MODIFIED PROCEDURE ORDER NO. 32483

YOU ARE HEREBY NOTIFIED that on February 15, 2012, Idaho Power Company filed an Application requesting authority to decrease base rates as the result of removing the accelerated depreciation expense associated with its advanced metering infrastructure (AMI) metering equipment. The Commission first directed Idaho Power to begin installing AMI in 2003. The first meters were installed in Emmett and McCall in 2004. In May 2007, the Company filed a status report and implementation plan proposing a three-year deployment of an AMI system covering roughly 99% of the Company's customers. The plan called for completion of the meter installations by the end of 2011.

YOU ARE FURTHER NOTIFIED that in August 2008, the Company filed a request with the Commission asking for a Certificate of Public Convenience and Necessity for the AMI technology. The Commission subsequently issued Order No. 30726 approving the Company's request for a CPCN and accelerating the depreciation of existing AMI metering equipment over a three-year period. Idaho Power thereafter filed an application requesting an increase in rates caused by including the AMI investment in rate base. On May 29, 2009, the Commission approved the Company's application authorizing a \$10,497,354 increase to revenues.

YOU ARE FURTHER NOTIFIED that with the Commission's approval, Idaho Power began accelerating the depreciation of its AMI metering equipment over a three-year period, and also began recovery of the incremental increase in depreciation expense on June 1, 2009. The net plant value of the metering equipment as of May 31, 2009 was \$31,653,649. A three-year straight-line depreciation resulted in an annual depreciation expense of \$10,551,216. The Company's metering equipment will be fully depreciated by May 31, 2012, and as a result,

NOTICE OF APPLICATION NOTICE OF MODIFIED PROCEDURE ORDER NO. 32483 the depreciation expense will be removed. Accordingly, Idaho Power proposes to decrease annual base rate revenue that is recovered from the affected customer classes by \$10,551,216.

YOU ARE FURTHER NOTIFIED that the Company proposes that the new rates reflecting the reduced depreciation expense for AMI be effective June 1, 2012. The Company did not, however, file tariff sheets with its Application in this case. The Company simultaneously filed applications in three other cases, all of which will affect rates, and all proposed to be effective June 1, 2012.¹ The tariff sheets in this case are included in the Company's application for authority to increase rates to recover the Boardman balancing account, Case No. IPC-E-12-09.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201-204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or in opposition with the Commission within twenty-one (21) days from the service date of this Notice. The comment must contain a statement of reasons supporting the comment.

YOU ARE FURTHER NOTIFIED that persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application may be mailed to the Commission and Idaho Power at the addresses reflected below:

¹ The Company has concurrently filed three other applications. *See* Case Nos. IPC-E-12-06, IPC-E-12-08, and IPC-E-12-09. The Company says the four filings cumulatively will *decrease* rates for most customers. The Company's press release and customer notice describe the cumulative rate-impact by customer class as: Residential Customers, (0.80%); Small General Service, (0.56%); Large General Service (1.03%); Large Power, 0.54%; and Irrigation, (1.10%).

Commission Secretary Idaho Public Utilities Commission PO Box 83720 Boise, Idaho 83720-0074

Street Address for Express Mail:

472 W. Washington Street Boise, ID 83702-5918 Jason B. Williams Lisa D. Nordstrom Idaho Power Company PO Box 70 Boise, ID 83707-0070 Email: <u>jwilliams@idahopower.com</u> Inordstrom@idahopower.com

Courtney Waites Tim Tatum Greg Said Idaho Power Company PO Box 70 Boise, ID 83707-0070 E-mail: <u>cwaites@idahopower.com</u> <u>ttatum@idahopower.com</u> gsaid@idahopower.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at <u>www.puc.idaho.gov</u>. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document. These comments must also be sent to Idaho Power at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application is also available on the Commission's web site at <u>www.puc.idaho.gov</u> by clicking on "File Room" and then "Electric Cases."

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 § 61-501, 61-502, and 61-503. 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.

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons and the parties may file written comments within 21 days of the service date of this Order.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 20^{+4} day of March 2012.

PAUL KJEL/LANDER, PRESIDENT

MACK A. REDFORD, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Jeán D. Jewell Commission Secretary

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