

DECISION MEMORANDUM

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

**FROM: KARL KLEIN
DEPUTY ATTORNEY GENERAL**

DATE: MARCH 1, 2012

**SUBJECT: IDAHO POWER'S APPLICATION TO INCREASE RATES TO
RECOVER THE BOARDMAN BALANCING ACCOUNT, CASE NO. IPC-
E-12-09**

On February 15, 2012, Idaho Power Company applied to the Commission for an order authorizing the Company to increase its rates to begin recovery of the Boardman balancing account.¹ The Company seeks to recover \$1,583,373 in annual revenue, which the Company says results in a uniform percentage increase of 0.18 percent to all customer classes. The Company asks that the rate changes take effect on June 1, 2012, and that the case be reviewed using Modified Procedure.

THE APPLICATION

Idaho Power owns 10 percent of the coal-fired, Boardman power plant in Oregon. On February 15, 2012, the Commission authorized the Company to establish a balancing account related to Boardman's early closure, which is set to occur by December 31, 2020. Application at 2-3; Order No. 32457. The Company says the balancing account will let it track, on a cumulative basis, the difference between revenues and expenses associated with the Boardman shutdown. Application at 2. The Company says the balancing account also will ensure that customers only pay for actual expenditures. *Id.* The Company is replacing the base rate revenue

¹ The Company has concurrently filed three other applications. *See* Case Nos. IPC-E-12-06, IPC-E-12-07, and IPC-E-12-08. The Company says these four filings will cumulatively *decrease* rates for most customers, with the cumulative rate impact by customer class being: Residential Customers, (0.80%); Small General Service, (0.56%); Large General Service (1.03%); Large Power, 0.54%; and Irrigation, (1.10%). *See* Application, Attachment No. 5.

recovery associated with the Company's existing investment in Boardman with a levelized revenue requirement to be tracked in the balancing account. *Id.* at 2-3.

With this Application, the Company asks to recover the levelized revenue requirement. This includes the return associated with Boardman capital investments net of accumulated depreciation forecasted through Boardman's remaining life, the costs of accelerating the Boardman depreciation, and the decommissioning costs associated with the Boardman shutdown. *Id.* at 3. The Idaho jurisdictional incremental annual change to base rates the Company is requesting to recover in this proceeding is \$1,583,373. *Id.* The Company proposes to uniformly spread this amount to all customer classes and to recover it through a uniform percentage increase to all base rate components except the service charge. *Id.* The Company says the overall, Boardman-related rate change will be a 0.18% increase, and that the per-customer class impact will be: Residential Customers, 0.18%; Small General Service, 0.17%; Large General Service 0.19%; Large Power, 0.16%; and Irrigation, 0.19%. *Id.* at 3; Attachment No. 5. The Company clarifies that its four, concurrently-filed applications will result in an overall, customer rate decrease. *See* fn. 1, above.

With this Application, the Company filed a set of proposed tariff sheets that identifies all four cases' cumulative impact. The Company says it will make an appropriate, final compliance filing when all final Orders are received. *Id.* at 3-4.

The Company also says it will keep its Application open for public inspection at its Idaho offices, and that it will notify customers through a press release and bill inserts, with the last notice to be sent on March 20, 2012. *Id.* at 4-5. The Company says, in the alternative, it will bring the Application to the attention of customers as directed by the Commission. *Id.* at 5.

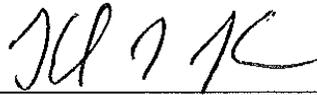
STAFF RECOMMENDATION

Staff is comfortable with the Company filing a single revised tariff instead of filing a revised tariff in all four cases. Staff also believes the Company's press release and customer bill inserts will adequately notify customers of this proceeding.

Staff recommends the Commission issue a Notice of Application and Notice of Intervention Deadline setting a 14-day intervention period. After the intervention period, Staff will convene workshops with the Company and other parties to attempt to agree on appropriate rates. After the workshops conclude, a Notice of Modified Procedure can be issued to establish a comment period.

COMMISSION DECISION

Should the Commission issue a Notice of Application and Notice of Intervention Deadline, and then later issue a Notice of Modified Procedure after Staff, the Company, and other interested parties have held workshops?



Karl Klein
Deputy Attorney General

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