

DECISION MEMORANDUM

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

**FROM: DON HOWELL
DEPUTY ATTORNEY GENERAL**

DATE: APRIL 10, 2012

**SUBJECT: IDAHO POWER'S APPLICATION TO INCREASE ITS RATE BASE AND
RATES TO RECOVER ITS INVESTMENT IN THE LANGLEY GULCH
POWER PLANT, CASE NO. IPC-E-12-14**

On March 2, 2012, Idaho Power filed an Application requesting that it be allowed to increase its rate base and rates upon completion of the Langley Gulch power plant. Langley Gulch is a 330 MW natural gas-fired combined-cycle combustion turbine currently under construction near New Plymouth. Certificate No. 486. The Company proposes that the rate increases and the rate base additions become effective July 1, 2012. The Company also proposes that the Application be processed via Modified Procedure.

On March 21, 2012, the Commission issued its Notice of Application and set a deadline for intervention. Order No. 32488. Petitions to intervene were filed by the Industrial Customers of Idaho Power (ICIP); Micron Technology; and the Idaho Irrigation Pumpers Association. These petitions were subsequently granted in Order No. 32503. The Commission's Notice of Application directed the parties to meet informally to discuss the processing and scheduling of this case, and advise the Commission accordingly.

THE PROPOSED SCHEDULE

All the parties participated in the scheduling conference held on April 10, 2012. The parties agreed to process this case via Modified Procedure and proposed that initial comments be due May 30, 2012, and that all parties may file simultaneous reply comments no later than June 13, 2012. Staff counsel also disclosed that the proposed depreciation lives and rates for the Langley plant is contained in the Company's current depreciation case (IPC-E-12-08), but the depreciation expenses attributed to Langley will be recovered in this case (IPC-E-12-14).

The parties further agreed to serve discovery and comments among themselves as attachments to e-mails. Parties shall file an original and seven copies of initial and reply comments with the Commission.

Contemporaneously with the filing of the Langley Gulch Application, Idaho Power also filed two other rate applications: (1) the annual fixed-cost adjustment (FCA); and (2) a request to share \$27 million with customers.¹ The Company asserts that the overall rate impacts of these three cases will result in an increase in billed rates of approximately 4.03%. Order No. 32488 at 1-2. The Company has provided customers with individual notice of the three cases and the proposed rate changes. The Company proposes that the rate adjustment caused by the Langley case become effective on July 1, 2012.

Procedural Rule 127 provides the Commission with discretion to determine when the Staff should conduct a public information meeting when a utility files an application to increase any rate. Rule 127 provides that the purpose of any informational meeting is for the Staff to dispense information concerning the utility's application and to receive public comments prior to Staff filing its comments. Staff believes that an informational meeting is not necessary in this case given the fact that a CPCN has already been issued for Langley, and the parties' recommendation that Modified Procedure be used.

COMMISSION DECISION

1. Does the Commission accept the parties' proposal to process this case via Modified Procedure with initial comments due May 30 and simultaneous reply comments due June 13?
2. Given the agreement of the parties to process the case under Modified Procedure, does the Commission believe there is a need for Staff to conduct an informational meeting regarding the Langley case?



Don Howell
Deputy Attorney General

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¹ The Company asserts that the revenue sharing case represents an overall average rate decrease of 3.21%; the FCA case represents an overall average rate increase of 0.14%; and the Langley Gulch case will have an overall average increase in billed rates of 7.10%.