

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF TARIFF ADVICE NO. )**  
**12-13 OF IDAHO POWER COMPANY FOR ) CASE NO. IPC-E-12-28**  
**AUTHORITY TO UPDATE SCHEDULE 89. )**  
**) ORDER NO. 32758**  
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On November 28, 2012, Idaho Power Company filed Tariff Advice No. 12-13 with the Commission seeking authority to update Schedule 89 with a backdated effective date of January 1, 2012. Staff recommended that the tariff advice be suspended and that the case be processed by Modified Procedure. *See* IPUC Rule of Procedure 134.02 (a “tariff advice not suspended or approved goes into effect thirty (30) days after filing or on the proposed effective date, whichever is later”).

At the Commission’s December 17, 2012 Decision Meeting, the Commission suspended the tariff advice and determined that the case be processed by Modified Procedure. On January 4, 2013, the Commission issued a Notice of Filing and Notice of Modified Procedure setting a comment deadline of January 25, 2013. Order No. 32708. Reply comments were due no later than February 1, 2013. By this Order, the Commission approves the update to Idaho Power’s Schedule 89 with a backdated effective date of June 1, 2010, and as more fully set out in the body of this Order.

**TARIFF ADVICE NO. 12-13**

Idaho Power’s tariff advice states that, based on previous Commission Orders, the pricing under Schedule 89 is to be adjusted as a result of an Idaho Power general rate case proceeding where net power supply expense (NPSE) changes. However, Schedule 89 was not updated as part of the Company’s original general rate case compliance filing on December 30, 2011.

The Company filed Tariff Advice No. 12-13 after reviewing Schedule 89 and concluding that, while the separate events of (1) an update to NPSE and (2) the occurrence of a general rate case proceeding did not occur simultaneously as they had historically, the combined effect of the consecutive occurrences of these individual events should have the same result. Accordingly, the Company proposes to update Schedule 89 now as if it had been part of the

Company's original compliance filing on December 30, 2011, with an effective date of January 1, 2012.

## COMMENTS

### ***Tamarack Comments***

Tamarack Energy Partnership (Tamarack) stated that the unit avoided energy cost contained in Schedule 89 is used to calculate the monthly payments made by Idaho Power under "certain vintage power sales agreements." Comments at 1. Tamarack is party to such an agreement – entered into between Idaho Power and Tamarack in 1981. Tamarack does not dispute the need for Schedule 89 to be updated. Tamarack, however, contends that the update should reflect an effective date of June 1, 2010, and not January 1, 2012, as proposed by Idaho Power.

Tamarack argued that the intent of its power sales agreement and the policy of the Commission is to provide payments to QFs that reflect Idaho Power's actual avoided costs at the point in time when those avoided costs are known and determined regardless of whether they are determined in a general rate case. Tamarack stated that Idaho Power's base level NPSE was adjusted upward in the 2010 PCA and became effective as of June 1, 2010. As a result, Tamarack contends that its monthly payments should be adjusted based on the timing of Idaho Power's change in NPSE.

Tamarack further maintained that, but for negotiations between Idaho Power, its customers and Commission Staff in the fall of 2009 that led to a stipulated rate case moratorium, Idaho Power would have filed a general rate case in 2009. A 2009 general rate case would have resulted in new rates, including the current base level for NPSE, effective June 1, 2010. Tamarack explained that the stipulated moratorium postponed a general rate case filing until 2011. However, "the parties agreed to, and the Commission approved prospectively, an increase in Idaho Power's base level for NPSE to be used in the 2010 PCA and next [general rate case]." *Id.* at 2.

### ***Idaho Power's Reply***

Idaho Power explained that pricing under Schedule 89 is adjusted as a result of an Idaho Power general rate case proceeding within which NPSE changes. The Company asserted that, in the Company's most recent general rate case proceeding (IPC-E-11-08), the Company did not examine or update the NPSE because the NPSE had changed between rate cases. Reply

at 3. The NPSE included in the general rate case proceeding was the NPSE previously approved in Order No. 31042 (Case No. IPC-E-10-01). “That Case, IPC-E-10-01, was not a general rate case but had been filed to establish a base level for net power supply expenses for 2010, to be used prospectively to set both base rates and establish the base level of NPSE for the Company’s 2010-2011 power cost adjustment (PCA) calculations.” *Id.*

Upon review, Idaho Power determined that the intent of the adjustment to the unit avoided energy cost rate at the time of a general rate case proceeding was to reflect the change in NPSE from the NPSE approved in the prior general rate case. The Company concluded that, although the update to NPSE and general rate case proceedings did not occur simultaneously, “the combined effect of the consecutive occurrences of these individual events had the same effect.” *Id.* at 4. Based on this reasoning, Idaho Power proposed to update Schedule 89 as if it were part of the Company’s original compliance filing on December 30, 2011, with rates effective on January 1, 2012.

Idaho Power disagreed with Tamarack’s logic regarding the intent in its power sales agreement and the intent of the Commission based on previous Orders. The Company maintains that both an update to NPSE and a general rate case proceeding are required to trigger an update to Schedule 89. “Historically, these two events have occurred at the same time. However, at the time of the last [general rate case], the combined effect of the consecutive occurrences of these individual events has the same effect as if they had occurred simultaneously.” *Id.* at 6. Therefore, Idaho Power contends that the appropriate time to update Schedule 89 should coincide with the effective date of the rates from the last general rate proceeding – January 1, 2012.

### **FINDINGS AND CONCLUSIONS**

The Idaho Public Utilities Commission has jurisdiction over Idaho Power, an electric utility, pursuant to the authority granted by Title 61 of the Idaho Code and the Commission’s Rules of Procedure, IDAPA 31.01.01.000. We have reviewed the record in this case, including the tariff advice and the comments of the parties. Based on our review, we find it reasonable, just and consistent with prior Commission Orders to approve an update to Idaho Power’s Schedule 89 with an effective date of June 1, 2010.

On August 28, 2009, Idaho Power filed a notice of intent to file a general rate case. *See* Case No. IPC-E-09-30, Application at 2. As a result of detailed negotiations between the

parties to that case, several ratemaking and revenue sharing provisions were agreed upon that would “allow the Company to implement a multi-year rate case moratorium while at the same time giving the Company the opportunity to recover a maintenance level of earnings over the term of the moratorium.” *Id.* at 3. A stipulation was entered into among the parties and presented to the Commission for approval. On January 13, 2010, the Commission approved the stipulation. Order No. 30978. Section 7.1 of the stipulation provided for an update of Idaho Power’s base level NPSE to be used prospectively for both base rates and PCA calculations.

On January 19, 2010, Idaho Power filed an application in compliance with Section 7.1 of the stipulation approved by the Commission in order to obtain approval of an increased base level NPSE. *See* IPC-E-10-01, Application at 2. On April 13, 2010, the Commission issued Order No. 31042 approving an increase in the Company’s base level NPSE and “deferring final calculation of authorized NPSE to the PCA case.” Order No. 31042 at 9. Idaho Power filed an application for authority to adjust its PCA on April 15, 2010. *See* IPC-E-10-12. The Commission issued Order No. 31093 on May 28, 2010, finally approving Idaho Power’s base level NPSE as contemplated by Section 7.1 of the stipulation approved by the Commission in Case No. IPC-E-09-30. The new rates became effective on June 1, 2010.

We agree with Idaho Power that, historically, an update of Schedule 89 is triggered by *both* (1) an update to NPSE and (2) the occurrence of a general rate case proceeding. This approach is consistent with prior Commission Orders. However, we also find that the change in NPSE as a result of the IPC-E-09-30 stipulation should have triggered an update to Schedule 89. IPC-E-09-30 was initiated by Idaho Power as a notice of intent to file a general rate case. Within the context of that case, and among other provisions, the parties agreed to update the NPSE. A stipulation was submitted by the parties and approved by the Commission; thus, the proceedings amounted to the functional equivalent of a general rate case – including an agreement for a moratorium on future rate increases until January 1, 2012. Consequently, we find that the update to the NPSE and the filing of IPC-E-09-30 is an appropriate circumstance to update Schedule 89. Accordingly, we direct that the update be effective June 1, 2010 – the date that the new rates became effective.

Historically, NPSE changed in the context of general rate case proceedings. As is evident through the comments provided by both Idaho Power and Tamarack this is no longer the only circumstance for those updates. As a result, on a prospective basis, we find that it is

reasonable and appropriate for Idaho Power to update its Schedule 89 each time NPSE in base rates changes whether as part of a general rate case or through some other proceeding.

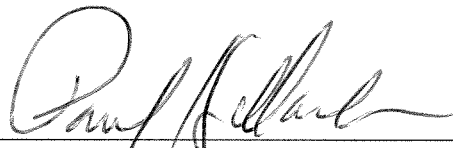
**ORDER**

IT IS HEREBY ORDERED that Idaho Power's request for authority to update its Schedule 89 is approved. The update shall be effective as of June 1, 2010.


IT IS FURTHER ORDERED that Idaho Power, on a prospective basis, update its Schedule 89 each time net power supply expense in base rates changes.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 7<sup>th</sup> day of March 2013.



PAUL KJELLANDER, PRESIDENT

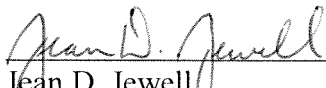


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell  
Commission Secretary

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