

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION) OF IDAHO POWER COMPANY'S REQUEST) FOR AUTHORIZATION TO IMPLEMENT) FIXED COST ADJUSTMENT (FCA) RATES) FOR SERVICE EFFECTIVE JUNE 1, 2013) THROUGH MAY 31, 2014)	CASE NO. IPC-E-13-06 ORDER NO. 32811
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On March 15, 2013, Idaho Power Company filed an Application to implement Fixed Cost Adjustment (FCA) rates for electric service effective June 1, 2013 through May 31, 2014. The FCA is a mechanism that allows Idaho Power to collect a portion of revenue separately from its volumetric energy sales to pay certain fixed costs. The FCA creates a surcharge or credit when fixed-cost recovery per customer varies above or below a Commission-established base. The FCA rates are identified in the Company's tariff Schedule 54 and are applicable to the residential and small general service customer classes. The Company proposed an FCA rate of 0.1770 cents per kWh for residential customers and 0.2262 cents per kWh for small general service customers, representing a decrease of 0.30% from current FCA rates.

The FCA mechanism functions by first identifying an authorized fixed-cost recovery amount for the residential and small general service customer classes. This amount is a product of the actual number of customers in each class multiplied by a fixed-cost per customer rate, which is established as part of determining the Company's revenue requirement in its most recent general rate case. The authorized recovery amount is then compared to the amount of fixed costs actually recovered by the Company, which is determined by multiplying the weather-normalized sales for each class by the fixed-cost per energy rate, also established in the Company's most recent rate case. The difference between the amount authorized for fixed-cost recovery and the amount actually recovered results in an adjustment each year to the FCA rate.

The Company's Application states there is a 2012 FCA balance of \$8,362,974 for the residential class and \$533,387 for the small general services class, for a total amount to be recovered of \$8,896,361. The FCA deferral balance is a small decrease below the amount currently collected in customer rates through the FCA. Accordingly, the Company proposes an FCA rate decrease of 0.30% for both the residential and small general service customer classes.

On April 3, 2013, the Commission issued a Notice of Application and Notice of Modified Procedure establishing a period for filing written comments on the Company's Application. Comments were filed only by Staff.

The FCA operated under pilot status for three years beginning in 2007, and was then extended for an additional two years to evaluate issues raised by Staff and other parties. *See* Order No. 31063. The FCA was subsequently approved as a permanent program in Order No. 32505. The Company's current filing represents the sixth FCA rate adjustment and the first since the Commission approved the mechanism as a permanent program.

Staff reviewed the Company's filing and supporting testimony from Company witness Harris, verified the calculation and use of the fixed-cost per customer (FCC) and fixed-cost per energy (FCE) components, the accumulation of fixed costs deferred in 2012 and the resulting balance of uncollected fixed costs. Staff verified that sales per customer for both residential and small commercial classes were lower in 2012 in relation to the base year established in the Company's 2011 general rate case. The result is that weather-normalized actual sales were below the necessary level to collect authorized fixed costs.

Residential and small commercial use per customer continued to decline when compared to 2011 normalized consumption. For 2012, the residential class grew by roughly 1% while class energy consumption remained flat. The decline in residential use per customer results in an under recovery of authorized fixed costs and a positive FCA deferral balance. For the small commercial class, the Company had a net loss of 184 customers, an approximate reduction of 0.7% from 2011, and a decline in class energy sales of roughly 1.9%.

The Company proposed to spread the FCA surcharge uniformly to both customer segments on an equal percentage basis, consistent with the previous FCA filings and Commission Orders. Using weather-normalized forecasted sales for June 1, 2013 through May 31, 2014, the Company calculates that a surcharge of 2.12% over current residential and small commercial base rates provides a sufficient opportunity to recover approved fixed costs. If the recovery amounts for each class were allocated separately, residential customers would receive a surcharge of 0.1837 cents per kWh, a 9% decrease over the current FCA rate of 0.2028 cents per kWh. The small commercial customers would receive a 0.3720 cents per kWh surcharge, an increase of over 43%.

On the record presented, the Commission has determined to approve the residential FCA rate of 0.1770 cents per kWh, and for commercial customers, the proposed FCA rate of 0.2262 cents per kWh. The record supports a finding that these FCA rates are fair, just and reasonable and are adequate to give the Company the opportunity to collect its authorized fixed costs in the coming FCA year.

ORDER

IT IS HEREBY ORDERED that Idaho Power's Application to implement an FCA rate of 0.1770 cents per kWh for residential customers, and an FCA rate of 0.2262 cents per kWh for small general service customers, is approved. These rates are effective June 1, 2013 through May 31, 2014.

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 22nd day of May 2013.



PAUL KJELLANDER, PRESIDENT

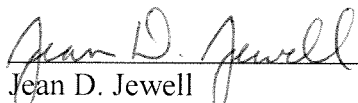


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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