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LISA D. NORDSTROM
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May 21, 2014

VIA HAND DELIVERY

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, Idaho 83702

Re: Case No. IPC-E-14-05
2014-2015 Power Cost Adjustment – Idaho Power Company's Reply Comments

Dear Ms. Jewell:

Enclosed for filing in the above matter please find an original and seven (7) copies of Idaho Power Company's Reply Comments.

Very truly yours,

Lisa D. Nordstrom

Lisa D. Nordstrom

LDN:csb
Enclosures

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Attorney for Idaho Power Company

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR AUTHORITY TO IMPLEMENT POWER COST ADJUSTMENT (PCA) RATES FOR ELECTRIC SERVICE FROM JUNE 1, 2014 THROUGH MAY 31, 2015, AND TO UPDATE BASE RATES IN COMPLIANCE WITH ORDER NO. 33000	)	CASE NO. IPC-E-14-05 IDAHO POWER COMPANY'S REPLY COMMENTS

Idaho Power Company ("Idaho Power" or "Company") respectfully submits the following Reply Comments in response to the comments filed by the Idaho Public Utilities Commission ("Commission") Staff ("Staff"), the Idaho Conservation League ("ICL"), and the Industrial Customers of Idaho Power ("ICIP") on May 15-16, 2014.

I. BACKGROUND

On April 15, 2014, Idaho Power requested that the Commission issue an order that (1) approves the Company's calculation of new base rates resulting in approximately $99.3 million of additional base rate recovery of net power supply expense annually in compliance with Order No. 33000; (2) approves the 2014-2015

Power Cost Adjustment ("PCA") recovery amount of approximately $87.5 million, as the measured deviation from newly established base rates, resulting in a net increase in annual billed revenue of approximately $27.1 million; and (3) approves a one-time PCA mitigation measure intended to lessen the impact of this year's PCA on customers by utilizing an additional $16 million of surplus Energy Efficiency Rider funds to offset this year's PCA collection, resulting in an adjusted net increase of approximately $11.1 million to become effective June 1, 2014.

II. PCA RATE COMPUTATIONS

The Staff conducted an extensive review and audit of the Company's filing through multiple rounds of discovery requests and numerous on-site visits. Based on its review of the Company's case, the Staff verified that the Company correctly calculated the proposed base rates in a manner that complies with Order No. 33000 and concluded that the Company correctly calculated the proposed PCA rates according to the Commission-approved PCA methodology.[1] Through its audit, the Staff also verified that the Company's power purchase and sales transactions and gas transactions during the 2013/2014 PCA year "were reasonable and followed Risk Management Committee recommendations."[2] Based on its review, the Staff recommends that the Commission approve the Company-proposed base rates and PCA rates effective June 1, 2014.

Staff suggests that its ability to achieve a thorough review of the Company's annual PCA filings would be aided by the provision of Idaho Power's workpapers in functional format with the initial Application.[3] The Company has an interest in facilitating a timely and thorough review of its annual PCA filings and is committed to working with

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[1] Staff Comments, pp. 5-15.

[2] Staff Comments, p. 9.

[3] Staff Comments, p. 19.

Staff to identify the desired supporting information and documentation to be filed concurrently with future PCA requests.

III. PCA METHODOLOGY

While no party to this case found that the Company's proposed rate calculations included any computational errors, ICIP and Staff both raise concerns with the Company's application of the Commission-approved PCA methodology. While the concerns raised by ICIP and the Staff both relate to the true-up component of the PCA, each issue is quite different. With these differences in mind, the Company responds to each concern separately.

A. Idaho Power Correctly Implemented the Commission's Directive to Include Actual Idaho Jurisdictional Sales in the Calculation of the True-up Component of the PCA Effective June 1, 2013.

In Case No. IPC-E-13-10, the Commission issued Order No. 32821, which directed the Company to begin using actual Idaho jurisdictional sales in the calculation of the true-up component of the PCA, effective June 1, 2013. ICIP acknowledges in its Comments that the Company complied with the "literal reading of the Commission Order."[4] However, ICIP suggests that "such a reading however creates a possibly unintended mix of normalized and actual data in the true-up calculation."[5] The Company disagrees with ICIP's interpretation of the Commission's intent on this issue. ICIP's concern regarding the "possibly unintended mix of normalized and actual data in the true-up calculation" is not supported by analysis or a demonstrated understanding of how the PCA true-up is intended to function. In fact, implementation of the change from a normalized sales basis to an actual sales basis in the calculation of the PCA true-up

[4] ICIP Comments, p. 3.

[5] *Id.*

component on any day other than June 1 would result in the very "unintended mix of normalized and actual data" that ICIP is concerned about.

The Company believes that the Commission literally and purposefully directed the Company to implement the change in methodology on June 1, 2013, to coincide with the beginning of the 2013/2014 PCA collection period. The June 1, 2013, implementation date properly aligned the new method of revenue recognition in the PCA true-up calculation with the entire 12-month effective period of the 2013/2014 PCA rates. It should also be noted that the Commission Staff verified through its audit that the "monthly calculated and actual amounts for revenue" used in the true-up computation were correct.[6]

B. Idaho Power Correctly Applied the Commission-Approved Load Change Adjustment Rate in the Calculation of the True-up Component of the PCA.

Since the implementation of the PCA in 1992, the Company has applied a load change adjustment (formerly load growth adjustment) to remove the impacts that changes in load have on net power supply expense ("NPSE"). In other words, the load change adjustment "adjusts" actual power supply expenses to reflect normal load conditions before determining the level of NPSE eligible for recovery or credit through the PCA. Because the loads directly affect the level of NPSE incurred by the Company, the load change adjustment has always been based upon changes in load, sometimes referred to as "loads at generation level."

In this PCA case, Staff has concluded that because actual line losses in the 2013/2014 PCA year were less than the line losses assumed in the last rate case, the Commission should consider modifying the load change adjustment to be based upon sales rather than loads. According to Staff, its proposed modification would result in a

[6] Staff Comments, p. 7.

$14.2 million reduction to this year's PCA true-up. Staff suggests that the Commission "hold its decision on the $14.2 million adjustment so the parties can hold a workshop to evaluate the adjustment and its justification."[7]

Idaho Power has reviewed Staff's analysis and conclusions related to the load change adjustment as described in Staff's Comments, and detailed in Attachments D, E, and F thereto. Based on this review, the Company has a number of technical and policy concerns. First, the Company believes that the Staff incorrectly calculated its intended adjustment. Second, while the Company recognizes and appreciates Staff's desire to further investigate the merits of its proposed adjustment before the Commission makes a final decision, Idaho Power is concerned that Staff is suggesting that the adjustment could be applied retroactively, thus undermining the mechanistic certainty the PCA is intended to provide. As described in greater detail below, the Company also believes the methodology change Staff suggests could have unintended retroactive ratemaking impacts.

The Company welcomes the opportunity to explore perceived improvements to the PCA mechanism that could be applied prospectively. However, it would be inappropriate and inconsistent with past Commission practice[8] to retroactively apply such a major modification to a longstanding component of the PCA methodology.

1. <u>The Company Believes That the Staff Incorrectly Calculated Its Intended Adjustment</u>.

A review of Attachment D to Staff's Comments suggests Staff incorrectly assumes that the difference between June 2012 through May 2013 sales and January

[7] Staff Comments, p. 14.

[8] The Commission has previously reviewed proposed adjustments to PCA methodology in separate proceedings and applied changes prospectively. *See* Case Nos. AVU-E-00-02 (Order No. 28402), AVU-E-00-06 (Order No. 28616), IPC-E-08-07 (Order No. 30563), IPC-E-08-19 (Order No. 30715), and IPC-E-12-17 (Order No. 32552).

2011 through December 2011 loads represents "Line Loss Embedded in Base Rates." It is inappropriate to compare sales and loads from two different time periods with differing forecast assumptions and conclude that the difference reflects line losses. It would be more appropriate to compare January 2011 through December 2011 loads to January 2011 through December 2011 sales, the test period used to determine base rates in the Company's last general rate case. Upon reviewing Attachment E to Staff's Comments, the Company also found that the Staff incorrectly included demand-classified Public Utility Regulatory Policies Act of 1978 and demand response costs in its proposed modification to the load change adjustment included in the PCA true-up. After correcting for these two errors, the Company recalculated what it believes represents the Staff's intended adjustment. These corrections result in a reduction to Staff's proposed adjustment from $14.2 million to approximately $5.9 million.

Included as Attachment 1 to these Reply Comments is a revised version of Staff's Attachment E, which details the Company's corrections to Staff's proposed adjustment. Idaho Power's revisions to the Staff's adjustment should not be viewed as an endorsement of the proposed method change; rather, they are provided for informational purposes only to facilitate discussion of any prospective methodology changes.

2. <u>It Would Be Inappropriate and Inconsistent With Past Commission Practice to Retroactively Apply the Staff's Proposed Modification to the PCA Methodology</u>.

The Staff states that it does not believe that its recommended modification to the application of the load change adjustment represents a change to the PCA methodology.[9] The Company disagrees. Idaho Power believes that Staff's proposal represents a significant change in methodology to a longstanding component of the

[9] Staff Comments, p. 16.

PCA that has been consistently applied by the Company and approved by the Commission since the PCA was originally established. Not only does the Staff's proposed adjustment represent a change in PCA methodology, it would require that the current, Commission-approved Load Change Adjustment Rate ("LCAR") be recalculated using a sales denominator instead of a load denominator. The Company correctly computed 2013/2014 PCA true-up using the Commission-approved LCAR of $17.64 per megawatt-hour ("MWh").[10] If the Commission were to accept the Staff's recommended adjustment to the 2013/2014 PCA true-up of $14.2 million (or $5.9 million as recalculated by Idaho Power), it would require retroactively replacing the Commission-approved LCAR with a rate developed under a new methodology. Recognizing that actual line losses on Idaho Power's system vary from year to year, it is neither appropriate nor fair to retroactively implement a change to a longstanding component of the PCA methodology based on the results in a single year. The merits of the proposed methodology change should be thoroughly reviewed and, if found to be appropriate, applied only on a prospective basis.

The Company further believes that the retroactive application of a revised LCAR would be inconsistent with past Commission practice. The last time the Commission revised the methodology used to develop the LCAR was in Case No. GNR-E-10-03 ("2010 LCAR Case"). In the 2010 LCAR Case, the Commission adopted a new methodology for computing the LCAR that continued to utilize loads in the denominator of the calculation, but revised the cost components included in the numerator. In Order No. 32206 in that case, the Commission directed Idaho Power to implement the newly calculated LCAR effective April 1, 2011, to coincide with the subsequent PCA year. In

[10] The current LCAR of $17.64/MWh was approved in Case No. IPC-E-12-14, Order No. 32585.

other words, the Commission directed the Company to apply the new LCAR rate on a prospective basis.

Retroactive application of the Staff's proposed PCA methodology change would also invalidate the Company's 2013 revenue sharing computation presented in this case. Approximately 75 percent of the Staff's PCA true-up adjustment would be associated with the 2013 calendar year. If adopted, the Staff's adjustment would increase NPSE associated with 2013, and thereby reduce 2013 earnings. A reduction in 2013 earnings would require recalculation of 2013 revenue sharing, which would result in a reduction to the revenue sharing amount presented for Commission approval in this case.

For these reasons, if the Commission ultimately finds merit in the Staff's recommended modification to the PCA methodology, it should only consider applying such a modification prospectively.

IV. ENERGY EFFICIENCY RIDER

All parties addressed their respective views on the Company's proposal to transfer surplus Energy Efficiency Rider funds to offset this year's PCA. ICL and ICIP are both critical of the Company's pursuit of cost-effective energy efficiency in their Comments. The Company believes that the criticisms addressed by ICL and ICIP are not supported by the facts. The Staff suggests that the Commission approve the use of energy efficiency funds as an offset to this year's PCA. However, the Staff proposes that the crediting of energy efficiency funds be reflected in the "Energy Efficiency Services" line item on customers' bills.[11] The Commission should reject the Staff's recommendation because it adds unnecessary complexity from an administrative

[11] Staff Comments, pp. 17-18.

perspective, is inconsistent with past Commission practice and could cause customer confusion.

A. ICL Inappropriately Characterizes Idaho Power's Demand-Side Management ("DSM") Acquisition Efforts as "Lackluster."

ICL incorrectly concludes that the surplus balance in the Energy Efficiency Rider is due to what ICL perceives as "lackluster energy savings acquisition in 2013 and subpar forecasts for future savings."[12] ICL's conclusion is based upon incomplete and inaccurate information. Idaho Power agrees that the incremental energy savings from its energy efficiency programs decreased in 2013 as compared to the prior year. However, Idaho Power's reduced growth in incremental energy savings is consistent with declining energy savings in the Northwest region.[13]

The decline in growth of incremental energy savings for Idaho Power is due in part to increased evaluation, measurement, and verification activities, including new lower deemed-savings amounts approved by the Regional Technical Forum ("RTF"). This decline in energy savings growth may give the perception that the Company has diminished its efforts toward pursuing DSM activities. This is not the case. Idaho Power's Demand-Side Management 2013 Annual Report ("DSM Report"), filed with the Commission on March 15, 2014, demonstrated that Idaho Power has developed a DSM portfolio that offers cost-effective energy efficiency programs available to all customer classes. The Company's continued support and pursuit of cost-effective energy efficiency activities is evidenced by the customer participation in its DSM programs offered to the residential class. Of the twelve energy efficiency programs available to

[12] ICL Comments, p. 1.

[13] *Tom Eckman and Gillian Charles, Northwest Power and Conservation Council, 2012 Regional Conservation Achievements and Projects for 2013-2015 – Projects for 2013-2015 Savings by RCP Reporting Utilities, Memorandum, January 7, 2014.* The Memorandum can be viewed via the following link: http://www.nwcouncil.org/media/6914345/8.pdf.

the Residential customer class, 8 programs had an increase in customer participation when comparing 2013 and 2012. "Energy Efficient Lighting" and "See ya later, refrigerator," the two programs with the largest energy savings for residential customers, experienced increases in customer participation, while also experiencing a decline in incremental annual energy savings. Although energy savings and participation have decreased in the Commercial/Industrial programs, both participation and energy savings increased in the Irrigation Rewards program.

In its Comments, ICL makes several comparisons to the cost-effective energy savings identified as cost-effective in the Company's most recent Energy Efficiency Potential Study. In these comparisons, ICL is inappropriately comparing Idaho Power's program energy savings to the "economic" potential savings and not to the level of energy savings Idaho Power's third-party consultant identified as "achievable." EnerNOC Utility Solutions Consulting ("EnerNOC"), the third-party company that developed the *Idaho Power Energy Efficiency Potential Study* (or "EnerNOC Study")[14] dated February 15, 2013, defines economic and achievable potential as:

> Economic potential represents the adoption of all cost-effective energy efficiency measures. . . . Economic potential assumes that customers purchase the most cost-effective option at the time of equipment failure and also adopt every other cost-effective and applicable measure.
>
> Achievable potential takes into account market maturity, customer preferences for energy-efficient technologies, and expected program participation. Achievable potential establishes a realistic target for the energy efficiency savings that a utility can hope to achieve through its programs.

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[14] The *Idaho Power Energy Efficiency Potential Study* can be found in Idaho Power's Demand-Side Management 2012 Annual Report, Supplement 2: Evaluation filed in Case No. IPC-E-13-08 or on-line at https://www.idahopower.com/pdfs/AboutUs/RatesRegulatory/Reports/60.pdf.

It should be noted that the achievable energy efficiency potential identified in the EnerNOC Study for 2012 and 2013 was 128,000 MWh and 86,000 MWh, respectively, (excluding special contract customers and Northwest Energy Efficiency Alliance or "NEEA" savings). Idaho Power's reported energy savings were 169,107 MWh and 98,632 MWh (excluding NEEA savings and at generation level), respectively, for those same years. Based on this data, Idaho Power is exceeding what its third-party consultant defined as "a realistic target for the energy efficiency savings that a utility can hope to achieve" through its programs. The Company does not view the achievable savings as identified in the EnerNOC Study as a ceiling for energy efficiency savings and plans to continue to pursue cost-effective savings beyond what is identified as "achievable."[15]

The Company is continually investigating potential new measures and initiatives. Idaho Power meets regularly with the Energy Efficiency Advisory Group ("EEAG") to report on its DSM activities and solicit input on its programs. As recently as May 19, 2014, the Company held a workshop with EEAG members and other interested parties to obtain input and ideas the Company may use to close the gap between the economic and achievable energy efficiency potentials as identified in the EnerNOC Study with the express goal of obtaining greater energy efficiency savings.

B. ICIP Incorrectly Represents the Commission's Statement in Order No. 33016 Regarding The Suspension of Idaho Power's Demand Response Programs.

In its Comments, ICIP incorrectly represents Commission Order No. 33016 issued in Case No. IPC-E-13-21 to support its recommendation to reduce the Energy Efficiency Rider percentage from 4 percent of base revenues to 3 percent. While the

[15] The *Idaho Power Energy Efficiency Potential Study*, Executive Summary, p. VI (p. 434 of Supplement 2: Evaluation of Idaho Power's Demand-Side Management 2012 Annual Report).

Company believes that ICIP's proposal to modify the Energy Efficiency Rider percentage is well beyond the scope of this proceeding and should be rejected by the Commission, it is important that the record in this case properly characterizes the facts with regard to the referenced order.

ICIP incorrectly represents Order No. 33016 as stating that "The Company has made what the Commission has termed, 'a business decision' [footnote omitted] to curtail its DSM programs, while at the same time it proposes to continue to collect from ratepayers funds for programs it does not intend to implement."[16] Page 5 of Order No. 33016 actually states, "Idaho Power made a business decision to suspend its demand response programs." In fact, with Commission approval, Idaho Power temporarily suspended two out of three of its demand response ("DR") programs, which successfully saved customers nearly $10 million at a time when there was no near-term need identified for those programs. The temporary suspension allowed Idaho Power and stakeholders to collaboratively determine how these programs should be designed and implemented in the future. The result of this collaborative process was a settlement stipulation in Case No. IPC-E-13-14 that was approved by the Commission in Order No. 32923. Consistent with the terms of the settlement stipulation, all three DR programs are currently active and will be used in the summer of 2014.

ICIP's recommendation to reduce the Energy Efficiency Rider in this case has no basis in fact. The Company has not discontinued any of its DSM programs and the incentive expenses associated with the DR programs referenced by ICIP are not funded by the Energy Efficiency Rider. However, should ICIP continue to believe that a reduction in the Energy Efficiency Rider percentage is warranted, it may file an

[16] ICIP Comments, p. 4.

application with the Commission requesting such a reduction. This would allow all interested parties an opportunity to consider the request and participate in the filing.

C. Staff's Proposal to Refund the Energy Efficiency Funds Adds Unnecessary Complexity.

Staff recommends that the Commission approve the Company's request to transfer $20 million from the Energy Efficiency Rider to offset this year's PCA. However, Staff recommends that the transferred funds be credited to customers as a reduction to the "Energy Efficiency Services" line item of the bill for the upcoming PCA year, using the rates for each customer class as the Company calculated.[17] Staff points out that the financial effect on customers' bills is the same under both the Company's and the Staff's refund methods.[18] Staff's recommendation is unnecessarily complex and could result in customer confusion.

Reintroducing the combination of a fixed charge per kilowatt-hour ("kWh") with the energy efficiency percentage is counter to concerns expressed by Staff in a previous case. In Case No. IPC-E-11-19, Staff addressed the concept of combining a fixed charge per kWh and the Energy Efficiency Rider, which is based on a percentage of base rate billing components. In its Comments, Staff stated the difference between the Energy Efficiency Rider at 4 percent of base rate charges and the Fixed Cost Adjustment ("FCA") as a fixed charge per kWh increases the complexity of the calculation for customers trying to verify that their bills are correct.[19] In that same case, Staff recommended that the FCA component be removed from the Energy Efficiency Services line item, as a simple step to improve customers' understanding of the

[17] Staff Comments, p. 18.

[18] *Id.*

[19] Case No. IPC-E-11-19, Staff Comments, p. 11.

components that make up the total bill.[20] The Company agrees with Staff's previously stated view and believes that reintroducing a fixed charge per kWh to the Energy Efficiency Rider would add unnecessary complexity to customers' bills.

In Case No. IPC-E-10-27, the Commission authorized the recovery of DSM-related expenses through the PCA line item.[21] In this case, instead of increasing the PCA rates due to a deficit in Energy Efficiency Rider funds, as was approved by the Commission in Order No. 32217, the Company is requesting to reduce the PCA rates due to a current surplus in Energy Efficiency Rider funds. As previously stated, the financial effect on customers' bills is the same under both the Company and the Staff's refund methods. The added complexity of Staff's proposal is unwarranted. The Company continues to recommend that its proposal for mitigating the PCA be approved as filed.

V. CUSTOMER COMMUNICATION

The Company's Customer Notice Complies with Commission Rules of Procedure and is a Low-Cost Method of Notification.

Staff expressed concern about the timing of the Company's customer notice regarding the PCA.[22] Rule 125.03 of the Commission Rules of Procedure allows for customer notices to be mailed to customers as bill stuffers over the course of a billing cycle. Idaho Power is in compliance with this Rule and normally includes the customer notices as a bill stuffer in customers' bills. The Company uses this approach simply because it is a cost-effective method of notifying customers of rate changes associated with the PCA mechanism. For estimating purposes, using the current United States

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[20] Case No. IPC-E-11-19, Staff Comments, pp. 10-11.

[21] Order No. 32217, p . 6.

[22] Staff Comments, p. 21.

Postal Service postage rate of 49 cents per piece of First-Class mail, sending a separate mailer to 460,000 customers would cost more than $225,000 in postage alone. The Company avoids this incremental cost by including the customer notices in the bills that are already being mailed.

If the Commission prefers that Idaho Power incur the additional costs of a separate direct mailing to facilitate customer notice of its PCA filing, the Company would expect to recover such costs from customers. Staff also expressed concern that the Company includes information about its fuel mix in its PCA customer notices.[23] While the Company believes that the fuel mix information is pertinent to the PCA filing because the fuel mix is the significant driver of the PCA, the Company once again is not opposed to working with Staff to determine the appropriate information to include in PCA customer notices.

VI. CONCLUSION

The Company welcomes the opportunity to explore perceived improvements to the PCA mechanism that could be applied prospectively. However, it would be inappropriate and inconsistent with past Commission practice to retroactively apply Staff's proposed change to the PCA methodology presented in this case. The Company disagrees with ICL's claim that the surplus balance in the Energy Efficiency Rider is a result of "lackluster" DSM acquisition.

Based on an extensive review of the Company's case, the Staff has verified that the Company correctly calculated the proposed base rates in a manner that complies with Order No. 33000 and concluded that the Company correctly calculated the proposed PCA rates according to the Commission-approved PCA methodology. Idaho Power reaffirms its request that the Commission issue an order that (1) approves the

[23] *Id.*

Company's calculation of new base rates resulting in approximately $99.3 million of additional base rate recovery of net power supply expense annually in compliance with Order No. 33000; (2) approves the 2014-2015 PCA recovery amount of approximately $87.5 million, as the measured deviation from newly established base rates, resulting in a net increase in annual billed revenue of approximately $27.1 million; and (3) approves a one-time PCA mitigation measure intended to lessen the impact of this year's PCA on customers by utilizing an additional $16 million of surplus DSM Energy Efficiency Rider funds to offset this year's PCA collection resulting in an adjusted net increase of approximately $11.1 million to become effective June 1, 2014.

Respectfully submitted this 21st day of May 2014.

Lisa D. Nordstrom

LISA D. NORDSTROM
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 21st day of May 2014 I served a true and correct copy of IDAHO POWER COMPANY'S REPLY COMMENTS upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff Karl T. Klein Deputy Attorney General Idaho Public Utilities Commission 472 West Washington (83702) P.O. Box 83720 Boise, Idaho 83720-0074	____Hand Delivered ____U.S. Mail ____Overnight Mail ____FAX _X_ Email karl.klein@puc.idaho.gov
Industrial Customers of Idaho Power Peter J. Richardson RICHARDSON ADAMS, PLLC 515 North 27th Street (83702) P.O. Box 7218 Boise, Idaho 83707	____Hand Delivered ____U.S. Mail ____Overnight Mail ____FAX _X_ Email peter@richardsonadams.com
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Christa Bearry

Christa Bearry, Legal Assistant

BEFORE THE

IDAHO PUBLIC UTILITIES COMMISSION

CASE NO. IPC-E-14-05

IDAHO POWER COMPANY

ATTACHMENT 1

IDAHO POWER COMPANY
MODIFIED STAFF BASE RATE OVER COLLECTION ADJUSTMENT
COMPANY MODIFICATIONS HIGHLIGHTED IN GRAY

Adjustment for Non-QF Deferral	System	Idaho	Adjustment Total
Actual Idaho Non-QF NPSE ($)	$238,430,561		$226,509,033
Recovery of Actual Idaho Non-QF NPSE			
Recovery of Actual Non-QF NPSE through Base Rates			
Idaho Non-QF NPSE Embedded in Base Rates ($)	$125,890,058	$119,595,555	
Annual Idaho Base Sales from 2011 GRC (Sales @ Customer Meter - MWh)		13,498,892	
Non-QF NPSE Base Rate ($/MWh)		$8.86	
Idaho Actual Sales for PCA Deferral Period (@ Customer Meter - MWh)		13,847,795	
Revenue Collected through Base Rates ($)		$122,686,716	$122,686,716
Recovery of Actual Idaho Non-QF NPSE through PCA			
Company Proposed Non-QF Deferral (before Sharing - $)	$112,540,503		$106,913,478
Non-QF NPSE portion of LCAR ($/MWh)	$8.10		
Load Change (MWh)	36,461		
Company Proposed LCA Deferral - NPSE Portion Only ($ - Before Sharing)	($295,341)		($280,574)
Total Recovery of Actual Non-QF NPSE			$229,319,620
Over/(Under) Collection before Sharing			$2,810,587
Over/(Under) Collection with Sharing	Sharing =	95%	$2,670,058

Adjustment for Recovery of Energy-Classified Fixed Production Cost	System	Idaho	Adjustment Total
Actual Idaho Energy-Classified Fixed Production Cost ($)		$109,080,535	$109,080,535
Recovery of Idaho Energy-Classified Fixed Production Cost			
Recovery of Actual Energy-Classified Fixed Production Cost through Base Rates			
Idaho Energy-Classified Fixed Production Cost Embedded in Base Rates ($)		$109,080,535	
Annual Idaho Base Sales from 2011 GRC (Sales @ Customer Meter - MWh)		13,498,892	
Energy-Classified Fixed Production Cost Base Rate ($/MWh)		$8.08	
Idaho Actual Sales for PCA Deferral Period (@ Customer Meter - MWh)		13,847,795	
Revenue Collected through Base Rates ($)		$111,899,916	$111,899,916
Recovery of Energy-Classified Fixed Production Cost through PCA			
Fixed Cost Portion of LCAR ($/MWh)	$7.36		
Load Change (MWh)	36,461		
Company Proposed LCA Deferral - Fixed Cost Portion Only ($ - Before Sharing)	($268,329)		($254,912)
Total Recovery Idaho Fixed Cost Portion of Energy Classified Production Rev Req			$111,645,004
Over/(Under) Collection before Sharing			$2,564,469
Over/(Under) Collection with Sharing	Sharing =	95%	$2,436,246

Adjustment for QF Deferral	System	Idaho	Adjustment Total
Actual QF NPSE	$133,003,093		$126,352,938
Recovery of QF NPSE			
Recovery of QF NPSE in Base Rates			
Demand-Related QF Costs Embedded in Base Rates **(Not Subject to LCAR)**	$28,987,719	$27,538,333	$27,538,333
Energy-Related QF Costs Embedded in Base Rates **(Subject to LCAR)**	$33,863,735	$32,170,548	
Annual Idaho Base Sales from 2011 GRC (Sales @ Customer Meter - MWh)		13,498,892	
Energy-Related QF Cost Base Rate ($/MWh)		$2.38	
Idaho Actual Sales for PCA Deferral Period (@ Customer Meter - MWh)		13,847,795	
Energy-Related Revenue Recovered through Base Rates ($)		$33,002,053	$33,002,053
Recovery of QF NPSE through PCA			
Company Proposed QF Deferral ($ - before sharing)	$70,151,639		$66,644,057
QF NPSE portion of LCAR ($/MWh)	$2.18		
Load Change (MWh)	36,461		
Company Proposed LCA Deferral - QF NPSE Portion Only ($ - Before Sharing)	($79,445)		
Sharing for LCAR Only	95%		
	($75,473)		($75,473)
Total Recovery of QF NPSE ($)			$127,108,971
Over/(Under) Collection before sharing ($)			$756,033
Over/(Under) Collection with sharing ($)	Sharing =	100%	$756,033

Adjustment for DSM Incentive Deferral (Not Subject to LCAR)	$0
Total Over Collection Adjustment	$5,862,336