

## Idaho Public Utilities Commission

Case No. IPC-E-14-08, Order No. 33076

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# Idaho Power customers will be credited for overpayments to small-power producer

**BOISE (July 18, 2014)** – The Idaho Public Utilities Commission is accepting, with some modification, an Idaho Power Company accounting order that allows nearly \$2 million in overpayments made by Idaho Power to J.R. Simplot Company to be repaid to the utility's customers.

Idaho Power and Simplot reached an agreement to repay customers after it was learned that Idaho Power had overpaid Simplot \$1.88 million for power generated by Simplot's cogeneration plant in Pocatello. The commission commended the parties for reaching an agreement on how customers would be repaid, but disagreed with the agreement's provision that customers be repaid over an undisclosed number of years. Instead, customers should receive the money in one year, the commission said. One-year recovery offers greater assurance that the same customers who were overbilled receive the benefit of the reimbursement.

The \$1.88 million will be credited against next year's Power Cost Adjustment on June 1. The PCA is either an increase or decrease to customer bills depending on the previous year's water and snowpack levels and other power supply conditions. If the PCA is an increase, the Simplot adjustment would result in a smaller increase. If the PCA is a credit, the Simplot adjustment will increase the amount of the credit.

Under the agreement, Simplot will repay Idaho Power \$1.56 million and Idaho Power shareholders will pay the remaining \$320,000. Commission staff agreed that Idaho Power bears partial responsibility for the overpayment by failing to adequately monitor the payments over the course of the seven-year contract that expired in 2013. The commission directed that Idaho Power's portion of the payment be made by shareholders, not ratepayers.

In February 2006, Idaho Power and Simplot entered into a seven-year power purchase agreement under which Simplot agreed to sell the power generated as a byproduct of the manufacturing process at its Pocatello plant. Under the agreement, Simplot was required to deliver no less than 90 percent or no more than 110 percent of its contracted monthly amount of power. Any power delivered outside that 90/110 band would be accepted by Idaho Power,

but at a lower rate. When the contract ended in 2013, Idaho Power discovered it did not lower its monthly payments to Simplot during those months when power deliveries fell outside the 90/110 band. Customers are impacted because all the money Idaho Power pays for the Simplot power is recovered from customers.

Idaho Power said it has since reviewed its other contracts with similar provisions and found they were properly paid. It has also implemented additional accounting controls to prevent a recurrence of this type of billing overpayment.

Documents related to this case can be found on the commission's Website at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on "Open Cases" under the "Electric" heading and scroll down to Case No. IPC-E-14-08.

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