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LISA D. NORDSTROM  
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September 29, 2014

**VIA HAND DELIVERY**

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

Re: Case No. IPC-E-14-14  
Extension of Accumulated Deferred Investment Tax Credits/Revenue  
Sharing Mechanism – Idaho Power Company's Comments

Dear Ms. Jewell:

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

Very truly yours,



Lisa D. Nordstrom

LDN:evp  
Enclosures



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Attorney for Idaho Power Company

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER	)	
COMPANY'S APPLICATION TO EXTEND	)	CASE NO. IPC-E-14-14
ITS ACCUMULATED DEFERRED	)	
INVESTMENT TAX CREDITS/REVENUE	)	IDAHO POWER COMPANY'S
SHARING MECHANISM BEYOND 2014	)	COMMENTS
	)	
	)	

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Idaho Power Company ("Idaho Power" or "Company"), by and through its undersigned attorney, hereby submits to the Idaho Public Utilities Commission ("Commission") these Comments in the above-captioned proceeding. Idaho Power urges the Commission to adopt the settlement stipulation submitted in this proceeding ("Stipulation") as filed, without modification, and to issue an accounting order authorizing the terms of the agreement on or before December 31, 2014.

**I. BACKGROUND**

On May 30, 2014, Idaho Power submitted an Application in this proceeding to extend the terms set forth in the settlement stipulation approved by Order No. 32424 under which Idaho Power is authorized to either: (1) amortize additional accumulated deferred investment tax credits ("ADITC") or (2) share a portion of revenues with its

Idaho customers. The Company's Application sought to extend the terms of the mechanism, as it was approved in Order No. 32424, until the Company had accelerated the amortization of up to a total of \$45 million in additional ADITC (including any ADITC applied toward 2014) or until the terms were otherwise modified or terminated by a Commission order. On August 11, 2014, discussions were held at a workshop/settlement conference between the Company, Commission Staff, Industrial Customers of Idaho Power (ICIP), and Idaho Irrigation Pumpers Association, Inc. (IIPA), collectively referred to as the "Parties." These discussions resulted in a settlement of all the issues in the case.

## **II. COMMENTS**

Idaho Power urges the Commission to adopt the proposed Stipulation without modification. Idaho Power believes the Stipulation is a reasonable compromise between the Parties and acceptance of the Stipulation is in the public interest. The terms of the agreement as set forth in the proposed Stipulation, and discussed below, represent a reasonable compromise among differing points of view. Concessions were made by all Parties to strike an appropriate balance between the interests of the Company and its customers.

The proposed Settlement modifies the Company's original request, as detailed in the May 30 Application, in three ways. First, the revenue sharing benefit for customers under the first earnings tier (Idaho jurisdictional Return on Equity ("ROE") between 10 and 10.5 percent) would increase from 50 percent to 75 percent, which would continue to be applied as an offset to customer rates through the Power Cost Adjustment ("PCA") mechanism. Second, the revenue sharing benefit for customers under the second

earnings tier (Idaho jurisdictional ROE above 10.5 percent) would be modified to allow 50 percent of the earnings above a 10.5 percent ROE to be applied as an offset to rates through the PCA and 25 percent as an offset to the pension balancing account. Under the current mechanism, the entire customer share of earnings above a 10.5 percent ROE (75 percent) is applied as an offset to the pension balancing account. Third, the “evergreen” term requested in the Application was modified to limit the effective period of the stipulated terms to five years (2015–2019) or until the entire \$45 million of ADITC has been fully amortized.

When viewed in its entirety, the agreement strikes an appropriate balance between customer and shareowner interests. The modifications to the sharing provisions agreed to in the Stipulation will extend the opportunity for customers realize future benefits from the mechanism while increasing the customer proportion of earnings sharing potential. The agreement also allows for the continuation of the current provisions for the use of accelerated ADITC. By not changing the ADITC amortization provisions, the agreement preserves the components of the mechanism that have been viewed favorably by investors and credit rating agencies alike. Finally, the implementation of a five-year effective period for the agreement will provide the Commission with an opportunity to review the effectiveness of the mechanism, should a portion of the original \$45 million in ADITC remain unamortized at the end of that five-year term.

### **III. CONCLUSION**

To date, the ADITC/Revenue sharing mechanism has provided customers with more than \$93 million in benefits as either a direct offset to rates or as an offset to



amounts that would otherwise be collected in future rates. The proposed Stipulation will extend the opportunity for customers realize future benefits from the mechanism. Further, the terms of the Stipulation will allow the qualitative benefits recognized by the Company to continue as well as provide the Company the opportunity to achieve earnings near the Commission-authorized rate of return in years when revenue from rates alone would not have otherwise provided that same opportunity. The continuation of the mechanism affords customers the opportunity for future rate relief and increases the potential for rate stability.

The Company would like to acknowledge its appreciation for the willingness by the Commission Staff and the other Parties to consider and discuss the merits of the Company's Application in this case in a thoughtful and productive manner. The proposed Stipulation is a direct result of the collaborative nature of those settlement discussions.

For all the reasons presented in these Comments, Idaho Power urges the Commission to adopt the settlement Stipulation submitted in this proceeding as filed, without modification, and to issue an accounting order authorizing the terms of the agreement on or before December 31, 2014.

DATED at Boise, Idaho, this 29<sup>th</sup> day of September 2014.

  
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LISA D. NORDSTROM  
Attorney for Idaho Power Company

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 29<sup>th</sup> day of September 2014 I served a true and correct copy of IDAHO POWER COMPANY'S COMMENTS upon the following named parties by the method indicated below, and addressed to the following:

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### Idaho Irrigation Pumpers Association

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Elizabeth Paynter, Legal Assistant