

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE COMMISSION'S )  
INQUIRY INTO THE TRUE-UP COMPONENT ) CASE NO. IPC-E-14-16  
AND DEFERRAL BALANCE FOR IDAHO )  
POWER COMPANY'S POWER COST ) NOTICE OF  
ADJUSTMENT ) INTERVENTION DEADLINE  
)  
) NOTICE OF  
) PUBLIC WORKSHOP  
)  
) ORDER NO. 33067  
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On May 30, 2014, the Idaho Public Utilities Commission issued Order No. 33049 in Idaho Power Company's 2014 Power Cost Adjustment (PCA) Case, IPC-E-14-05. As part of that Order, the Commission directed: "that a separate docket be opened to allow Commission Staff, the Company, and other interested persons to hold a workshop to further evaluate the Company's application of the [PCA] true-up [component] and whether a deferral balance adjustment is appropriate." Order No. 33049 at 13.

With this Order, the Commission opens this docket, sets a 14-day intervention deadline, and schedules a public workshop for the Company, Staff, and interested persons to further explore these issues.

**BACKGROUND**

Since 1993, the PCA mechanism has allowed the Company to adjust its PCA rates up or down to reflect the Company's annual "power supply costs." Because about half of the Company's generation is from hydropower facilities, the Company's actual cost to provide electricity (its power supply cost) varies from year-to-year depending on changes in Snake River streamflows, the amount of purchased power, fuel costs, the market price of power, and other factors.<sup>1</sup> The annual PCA surcharge or credit and the Company's "base rates" are major components of the overall rates that customers pay for power. The annual PCA mechanism consists of three standard components.

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<sup>1</sup> For example, the revenue from the sale of sulfur dioxide (SO<sub>2</sub>) allowances.

First, the Company forecasts or projects its power costs for the coming PCA year (June 1, 2014 to May 31, 2015) using its most recent “Operating Plan.” Order No. 30715. Second, the Company “true-up” the prior year’s projected power costs based on the Company’s actual power costs during that year. Third, the Company reconciles the prior year’s “true-up” by crediting to or collecting from this year’s PCA rate any overrecovered or underrecovered balance from the prior year’s “true-up.” This third, “reconciliation” component ensures that the Company recovers its actual approved costs while ratepayers pay only for the actual amount of power that the Company sold to meet native load requirements. Order No. 29334 at 4.<sup>2</sup> Thus, ratepayers receive a rate credit when power costs are low, but are assessed a rate surcharge when power costs are high.

In the Company’s last PCA case, IPC-E-14-05, the Commission approved the Company’s determination of the PCA’s forecast and reconciliation components. *See* Order No. 33049 at 9. The Commission also acknowledged Staff’s concerns about how the Company calculates the PCA’s true-up component. The Commission stated:

Staff’s concern about the true-up is well-taken. The PCA methodology—including the true-up—is designed to “ensure the amount recovered is no more or less than the actual power costs paid by the Company.” Order No. 30828, Case No. IPC-E-09-11. Staff raises serious doubts about whether the Company applies the true-up in a way that achieves this result. Staff believes the Company’s application of the true-up introduces a line-loss bias that leads the Company to inflate the [Net Power Supply Expense] true-up revenue it must collect by \$14.2 million. If Staff is correct, then the Company’s deferral balance should be decreased by \$14.2 million (or \$5.9 million, if the Company is correct that Staff miscalculated its adjustment). However, we believe the abbreviated time allotted for the consideration of a PCA case constrains the parties’ ability to more thoroughly vet this issue and Staff’s proposed adjustment. Accordingly, we find it is reasonable to defer our decision on Staff’s proposed adjustment so a new docket can be opened in which the parties can hold a workshop to evaluate the Company’s application of the true-up and whether a deferral balance adjustment is appropriate. The parties would then report their findings to the Commission, and the Commission would adjust the PCA deferral balance as warranted for inclusion in next year’s PCA.

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<sup>2</sup> This reconciliation component has been referred to as the “true-up of the true-up.”

*Id.* The Commission thus ordered: “that a separate docket be opened to allow Commission Staff, the Company, and other interested persons to hold a workshop to further evaluate the Company’s application of the true-up and whether a deferral balance adjustment is appropriate.” *Id.* at 13.

**NOTICE OF INTERVENTION DEADLINE**

YOU ARE HEREBY NOTIFIED that with this Order, the Commission is opening the new docket referenced above.

YOU ARE FURTHER NOTIFIED that **persons desiring to become parties** in this matter to conduct formal discovery or present evidence or cross-examine witnesses at any hearing **must file a Petition to Intervene** with the Commission under Commission Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073. The Petition to Intervene must be filed **no later than 14 days from the service date of this Order**. Once the intervention deadline runs, a notice shall issue identifying the parties to this case. Persons desiring to present their views without parties’ rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or the parties.

**NOTICE OF WORKSHOP**

YOU ARE HEREBY NOTIFIED that the Commission shall convene a workshop on **WEDNESDAY, JULY 30, 2014, AT 10:00 A.M. IN THE COMMISSION HEARING ROOM, 472 WEST WASHINGTON STREET, BOISE, IDAHO.** The purpose of the workshop is for the Company, interested persons, and Commission Staff to further evaluate the Company’s application of the true-up and whether a deferral balance adjustment is appropriate, as noted above. Following the workshop, the Commission will schedule further proceedings as needed.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act (ADA). Persons needing the help of a sign language interpreter or other assistance in order to participate in or to understand testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing. The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION  
PO BOX 83720  
BOISE, IDAHO 83720-0074  
(208) 334-0338 (Telephone)  
(208) 334-3762 (FAX)  
E-Mail: [secretary@puc.idaho.gov](mailto:secretary@puc.idaho.gov)

YOU ARE FURTHER NOTIFIED that all documents filed in this case will be available for public inspection during regular business hours at the Commission offices, and on the Commission's web site at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on the "File Room" tab at the top of the page, scroll down to "Electric Cases," and then click on the case number as shown on the front of this document.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code. The Commission may enter any final order consistent with its authority under Title 61.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this <sup>1<sup>st</sup></sup> day of July 2014.



PAUL KJELLANDER, PRESIDENT

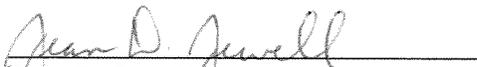


MACK A. REDFORD, COMMISSIONER



MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

N:IPC-E-14-16\_kk

NOTICE OF INTERVENTION DEADLINE  
NOTICE OF PUBLIC WORKSHOP  
ORDER NO. 33067