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LISA D. NORDSTROM
Lead Counsel
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March 26, 2015

VIA HAND DELIVERY

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

Re: Case No. IPC-E-14-17
Inquiry Into Idaho Power Company's Fixed Cost Adjustment – Settlement
Stipulation and Motion to Approve Settlement Stipulation

Dear Ms. Jewell:

Enclosed for filing in the above matter are an original and seven (7) copies of a
Settlement Stipulation and Motion to Approve Settlement Stipulation.

Very truly yours,

Lisa D. Nordstrom

LDN/kkt

Enclosures

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UTILITIES COMMISSION

Attorney for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF COMMISSION)	CASE NO. IPC-E-14-17
STAFF'S INQUIRY INTO IDAHO POWER)	
COMPANY'S FIXED COST ADJUSTMENT)	SETTLEMENT STIPULATION AND
MECHANISM)	MOTION TO APPROVE
)	SETTLEMENT STIPULATION
)	

Idaho Power Company ("Idaho Power" or "Company") requests that the Idaho Public Utilities Commission ("Commission") approve the settlement stipulation ("Settlement Stipulation") contained in this filing. The Settlement Stipulation contains the following provisions related to the Company's Fixed Cost Adjustment ("FCA"): (1) the elimination of the weather normalization of energy sales used in the FCA deferral calculation, (2) a request for clarification regarding the quantification of the FCA rate cap, (3) an agreement that computational changes to the Fixed Cost per Energy ("FCE") and Fixed Cost per Customer ("FCC") are better evaluated when base rates are reset, and (4) an agreement to consider rate design modifications for residential and small general service customers.

The Settlement Stipulation is entered into between Idaho Power, Commission Staff ("Staff"), the Idaho Conservation League ("ICL"), and the Snake River Alliance ("SRA"), hereafter jointly referred to as "Parties."¹

I. INTRODUCTION AND MOTION

1. The terms and conditions of this Settlement Stipulation are set forth herein. The Parties agree that this Settlement Stipulation represents a fair, just, and reasonable compromise of the dispute(s) between the Parties, and that this Settlement Stipulation is in the public interest. The Parties maintain that the Settlement Stipulation as a whole and its acceptance by the Commission represent a reasonable resolution of all issues between the Parties identified herein. Therefore, the Parties hereby respectfully move the Commission, in accordance with RP 56 and RP 274-76, for an order approving the Settlement Stipulation executed between the Parties and all of its terms and conditions without material change or condition, and closing the current proceeding.

II. BACKGROUND

2. On June 27, 2014, Commission Staff issued a Decision Memorandum recommending the Commission initiate a case to investigate the Company's FCA, set a 14-day intervention deadline, and direct Staff to convene an informal prehearing conference following the intervention deadline.

3. On July 1, 2014, the Commission issued a Notice of Intervention Deadline in Order No. 33068, setting forth a deadline for intervention 14 days from its issuance. Petitions to Intervene were subsequently filed by ICIP on July 3, 2014, and by ICL and

¹ The Industrial Customers of Idaho Power ("ICIP") has intervened in this case. ICIP has advised the Parties that the Stipulation does not directly affect it, and that ICIP will, therefore, not sign it or support or oppose its approval by the Commission.

SRA on July 15, 2014, all of which were granted in Order Nos. 33074 and 33081, respectively.

4. The Parties met on September 10, 2014, October 16, 2014, February 17, 2015, and March 11, 2015, for settlement discussions regarding the Company's FCA mechanism. Based upon these settlement discussions, as a compromise of the respective positions of the Parties, and for other considerations as set forth below, the Parties agree to the following terms:

III. TERMS OF THE SETTLEMENT STIPULATION

5. Weather Normalization. The Parties agree that Idaho Power will modify the quantification of the annual FCA deferral by replacing weather normalized billed sales utilized in the current annual FCA determination with actual billed sales. The Parties agree that this modification will occur with the determination of the year-end 2015 FCA deferral, impacting rates effective June 1, 2016.

6. Rate Adjustment Cap. In Order No. 30267, the Commission approved a discretionary rate adjustment cap for annual FCA-related rate changes as follows: "The FCA mechanism...incorporates a 3% cap on annual increases with carryover of unrecovered deferred costs to subsequent years." Order No. 30267 at 13. The Company's current methodology for determining the 3 percent cap is calculated using the following equation:

$$\text{(Proposed FCA Deferral Change) / (Forecasted Base Rate Revenue}^2\text{)}$$

The Parties respectfully request that the Commission clarify that this computational method of determining the 3 percent cap is appropriate.

² Forecast reflects currently-approved base rates applied to forecasted usage for the subsequent June 1 through May 31 FCA rate-effective year.

7. Fixed Cost per Energy (FCE) and Fixed Cost per Customer (FCC). The Parties acknowledge that Staff has identified concerns surrounding the calculation of the FCE and FCC, but agree that these issues are more effectively addressed when base rates are reset.

8. Rate Design. Absent the FCA, the Parties agree that current rate design causes a financial disincentive for the Company to pursue all cost-effective demand-side management. Consequently, the Parties agree to consider modified rate design for residential and small general service customers. This may include, but is not limited to, reduced energy charges, increased monthly service charges, and the introduction of demand charges for these rate classes.

9. The Parties submit this Settlement Stipulation to the Commission and recommend approval in its entirety pursuant to RP 274-76. The Parties shall support this Settlement Stipulation before the Commission and shall not appeal a Commission order approving the Settlement Stipulation or an issue resolved by the Settlement Stipulation. If this Settlement Stipulation is challenged by anyone who is not a party, then each Party reserves the right to file testimony, cross-examine witnesses, and put on such case as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlements embodied in this Settlement Stipulation. Notwithstanding this reservation of rights, the Parties agree that they will continue to support the Commission's adoption of the terms of this Settlement Stipulation.

10. If the Commission or any reviewing body on appeal rejects any part or all of this Settlement Stipulation or imposes any additional material conditions on approval of this Settlement Stipulation, then each Party reserves the right, upon written notice to

the Commission and the other Parties to this proceeding within 14 days of the date of such action by the Commission, to withdraw from this Settlement Stipulation. In such case, no Party shall be bound or prejudiced by the terms of this Settlement Stipulation and each Party shall be entitled to seek reconsideration of the Commission's order, file testimony as it chooses, cross-examine witnesses, and do all other things necessary to put on such case as it deems appropriate. In such case, the Parties immediately will request the prompt reconvening of a prehearing conference for purposes of establishing a procedural schedule for the completion of Case No. IPC-E-14-17, and the Parties agree to cooperate in development of a schedule that concludes the proceeding on the earliest possible date, taking into account the needs of the Parties in participating in hearings and preparing briefs.

11. The Parties agree that this Settlement Stipulation is in the public interest and that all of its terms and conditions are fair, just, and reasonable.

12. No Party shall be bound, benefited, or prejudiced by any position asserted in the negotiation of this Settlement Stipulation, except to the extent expressly stated herein, nor shall this Settlement Stipulation be construed as a waiver of rights unless such rights are expressly waived herein. Except as otherwise expressly provided for herein, execution of this Settlement Stipulation shall not be deemed to constitute an acknowledgment by any Party of the validity or invalidity of any particular method, theory, or principle of regulation or cost recovery. No Party shall be deemed to have agreed that any method, theory, or principle of regulation or cost recovery employed in arriving at this Settlement Stipulation is appropriate for resolving any issues in any other proceeding in the future. No findings of fact or conclusions of law other than those stated herein shall be deemed to be implicit in this Settlement Stipulation. This

Settlement Stipulation sets forth the complete understanding of the Parties, and this Settlement Stipulation includes no other promises, understandings, representations, arrangements or agreements pertaining to the subject matter of this Settlement Stipulation, or any other subject matter, not expressly contained herein.

13. The obligations of the Parties are subject to the Commission's approval of this Settlement Stipulation in accordance with its terms and conditions and upon such approval being upheld on appeal, if any, by a court of competent jurisdiction. All terms and conditions of this Settlement Stipulation are subject to approval by the Commission, and only after such approval, without material change or modification, has been received shall the Settlement Stipulation be valid.

14. This Settlement Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

IV. PROCEDURE

15. Pursuant to RP 274, the Commission has discretion to determine the manner with which it considers a proposed settlement. In this matter, the Parties have reached agreement on a final resolution to this case. This Settlement Stipulation is reasonable and in the public interest. Pursuant to RP 201, the Parties believe the public interest does not require a hearing to consider the issues presented by this Motion and request it be processed as expeditiously as possible by Modified Procedure with a 14-day comment deadline, without waiving the right to a hearing on the previously disputed matters in this proceeding should the Commission reject the settlement.

V. REQUESTED RELIEF

NOW, THEREFORE, the Parties respectfully request that the Commission process this Settlement Stipulation using Modified Procedure with a 14-day comment

period and then enter its order approving the Settlement Stipulation without material change or condition.

DATED this 26th day of March 2015.

Idaho Power Company

Commission Staff

By *Lisa D. Nordstrom*
Lisa D. Nordstrom
Attorney for Idaho Power Company

By _____
Karl Klein
Attorney for IPUC Staff

Snake River Alliance

Idaho Conservation League

By _____
Ken Miller
Snake River Alliance

By _____
Benjamin J. Otto
Attorney for Idaho Conservation League

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DATED this 26th day of March 2015.

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Attorney for Idaho Power Company

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By _____
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Snake River Alliance

By  _____
Benjamin J. Otto
Attorney for Idaho Conservation League

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 26th day of March 2015 I served a true and correct copy of the SETTLEMENT STIPULATION AND MOTION TO APPROVE SETTLEMENT STIPULATION upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

Karl Klein
Deputy Attorney General
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Industrial Customers of Idaho Power

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Kimberly Towell, Executive Assistant