

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: KARL T. KLEIN
DEPUTY ATTORNEY GENERAL

DATE: JUNE 27, 2014

SUBJECT: COMMISSION INQUIRY INTO IDAHO POWER'S FCA, CASE NO. IPC-E-14-17

On May 30, 2014, the Idaho Public Utilities Commission issued Order No. 33047 in Idaho Power Company's Fixed Cost Adjustment (FCA) Case, IPC-E-14-03. In the Order, the Commission approved the Company's FCA Application. *See* Order No. 33047 at 7. But the Commission acknowledged Staff's concerns that the FCA mechanism is fundamentally flawed and that the FCA no longer serves its intended purpose of removing the Company's perceived financial disincentive to investing in energy efficiency and Demand-Side Management. The Commission stated:

While we approve of the Company's Application, we continue to acknowledge that the FCA is an imperfect mechanism that warrants monitoring, discussion and review. *See* Order Nos. 32505 at 6 and 32731 at 4, Case No. IPC-E-11-19. We thus intend to open a separate, future docket to allow Commission Staff, the Company, and other interested persons to further evaluate Staff's concerns about the FCA mechanism (including the weather-normalization, customer count, rate adjustment cap, and cross-subsidization issues) and whether the FCA is effectively removing the Company's financial disincentive to aggressively pursue energy efficiency programs.

Id. The Commission concluded by ordering that a new case be opened to address these issues. *Id.* at 8.

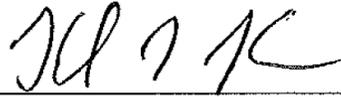
STAFF RECOMMENDATION

Staff recommends the Commission issue a Notice of Intervention Deadline that initiates this case, sets a 14-day intervention deadline, and directs Staff to convene an informal prehearing

conference with the parties after the intervention deadline runs. After the prehearing conference occurs, another Order can issue setting further procedure as necessary.

COMMISSION DECISION

Would the Commission like to issue a Notice of Intervention Deadline that initiates this case, sets a 14-day intervention deadline, and directs Staff to convene an informal prehearing conference?



Karl Klein
Deputy Attorney General

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