

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	CASE NO. IPC-E-15-05
COMPANY'S APPLICATION FOR)	
AUTHORITY TO IMPLEMENT FIXED)	NOTICE OF APPLICATION
COST ADJUSTMENT RATES FOR SERVICE)	
FROM JUNE 1, 2015 THROUGH MAY 31,)	NOTICE OF
2016.)	MODIFIED PROCEDURE
)	
)	ORDER NO. 33257

On March 13, 2015, Idaho Power Company applied to the Commission for authority to implement Fixed Cost Adjustment (FCA) rates for electric service from June 1, 2015 through May 31, 2016. The Company asks the Commission to process the case by Modified Procedure.¹

With this Order, the Commission summarizes the Application and sets deadlines for interested persons to file written comments about the case.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the FCA is a rate adjustment mechanism that separates the Company's ability to recover its fixed costs from the revenues it derives from selling energy.² The FCA thus removes the Company's financial disincentive to invest in energy efficiency resources and demand-side management resources that might otherwise decrease its customers' energy use and, consequently, the fixed costs it recovers by selling energy. Under the FCA, the Company credits customers when it recovers less "actual fixed costs" than the base level of fixed costs that the Commission authorized it to recover through rates during the last general rate case. On the other hand, the Company charges customers an extra amount when its "actual fixed costs" exceed the base level of fixed costs. The Company's FCA rates are

¹ The FCA is an imperfect mechanism. Accordingly, in July 2014, the Commission opened a separate case for its Staff, the Company, and other interested persons to evaluate the FCA mechanism and whether it effectively removes the Company's financial disincentive to aggressively pursue energy efficiency programs. *See* Case No. IPC-E-14-17, Order No. 33068. The Commission has not issued a final Order in that case. When it does, that Order will apply to future FCA cases.

²A utility's "fixed costs" are its costs to deliver energy that do not vary with energy use, output, or production and remain relatively stable between general rate cases. They include costs associated with long-lasting infrastructure (e.g., power plants, power lines, and substations) and certain administrative costs.

specified in tariff Schedule 54 and apply to the residential and small general service customer classes.

YOU ARE FURTHER NOTIFIED the Company's Application summarizes how the FCA mechanism works. First, the Company identifies the amount of fixed costs that the Commission has authorized it to recover from the residential and small general service customer classes. The Company calculates the fixed costs it is allowed to recover by multiplying the number of customers in each class by the fixed-cost per customer rate that was set in the Company's last general rate case. Second, the Company compares the authorized recovery amount to the fixed-cost amount the Company actually recovered. The Company calculates the fixed costs it actually recovered by multiplying its weather-normalized sales per customer class by the fixed-cost per energy rate as set in the Company's last general rate case. The difference between the authorized recovery amount and the actual fixed costs recovered results in an adjustment each year to the FCA rate.

YOU ARE FURTHER NOTIFIED that the Company says in this case, the difference between the authorized recovery amount and the actual fixed costs recovered is \$15,992,109.41 for the residential class and \$889,600.99 for the small general service class, for a total amount to be recovered through this year's FCA of \$16,881,710.40 (the FCA "deferral balance"). This year's proposed FCA deferral balance is incrementally more than the FCA balance currently collected through rates. To recover this incremental increase, the Company proposes to raise residential class rates by 0.35%, and to raise small general service class rates by 0.32%, for an overall rate increase of 0.35%. The proposed new FCA rate is 0.3258 cents per kilowatt-hour (kWh) for the residential class and 0.4099 cents per kWh for the small general service class. The Company says that average residential customers using 1,050 kWh a month would see about a 36¢ per month increase on their bills starting June 1, 2015.

YOU ARE FURTHER NOTIFIED that the Application and supporting workpapers, testimonies and exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and testimonies are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Open 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 and specifically *Idaho Code* §§ 61-501 and 61-334B. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through .204.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission by **Thursday, May 7, 2015**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and the Applicant at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, Idaho 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

Lisa D. Nordstrom
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
Email: lnordstrom@idahopower.com
dockets@idahopower.com

Zachary L. Harris
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-mail: zharris@idahopower.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Case Comment or Question Form" under the "Consumers" tab, and complete the comment form using the case number as it

appears on the front of this document. These comments must also be sent to Idaho Power at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Company shall file reply comments, if any, by **Thursday, May 14, 2015.**

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

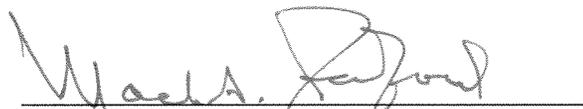
ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Persons interested in submitting comments on this Application must do so by Thursday, May 7, 2015. The Company shall file reply comments, if any, by Thursday, May 14, 2015.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *24th* day of March 2015.



PAUL KJELLANDER, PRESIDENT



MACK A. REDFORD, COMMISSIONER



KRISTINE RAPER, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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