

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER) CASE NO. IPC-E-15-15
COMPANY'S APPLICATION FOR)
APPROVAL OF COMPUTATIONAL) NOTICE OF APPLICATION
MODIFICATIONS TO THE TRUE-UP)
PORTION OF THE POWER COST) NOTICE OF
ADJUSTMENT) MODIFIED PROCEDURE
)
) ORDER NO. 33293

On April 28, 2015, Idaho Power Company applied to the Commission for an Order approving a Settlement Agreement between the Company and Commission Staff. The Settlement Agreement proposes to modify how the Company calculates the “true-up” component of the Company’s annual Power Cost Adjustment (PCA). The PCA has been in place since 1993 and allows the Company to adjust its rates up or down to reflect its annual “power supply costs.” The Company calculates its PCA, in part, by truing-up the prior year’s projected power costs based on the Company’s actual power costs during that year.

In this case, the Company seeks to modify the true-up calculation by: (1) converting the PCA’s existing Load Change Adjustment deferral calculation to a Sales Based Adjustment (“SBA”), effective January 1, 2015; and (2) modifying the PCA deferral balance’s monthly interest calculation to more accurately reflect the Company’s actual interest expense from the monthly accrued deferral. The Company claims the Settlement Agreement, if approved, will improve the PCA’s accuracy and *decrease* by \$1,470,797 the PCA amounts that would otherwise be collected from customers in the ongoing 2015-2016 PCA case, Case No. IPC-E-15-14. Because the new PCA rates are to take effect on June 1, 2015, and the Settlement Agreement would benefit customers if applied to those rates, the Company asks the Commission to process this case by Modified Procedure in time to issue an Order by June 1, 2015.

With this Order, we provide background on the negotiations leading to the Settlement Agreement between the Company and Commission Staff, summarize the Settlement Agreement, and direct that this case be processed by Modified Procedure with interested persons having 14 days from the date of service of this Order to submit written comments in the case.

BACKGROUND

On May 30, 2014, the Commission issued Order No. 33049 in Idaho Power Company's 2014 Power Cost Adjustment (PCA) case, IPC-E-14-05. In that Order, the Commission acknowledged Staff's concern that the Company may have applied the true-up in a way that inflated the true-up revenue to be collected. The Commission found, however, that the "abbreviated time allotted for the consideration of a PCA case constrains the parties' ability to more thoroughly vet this issue." The Commission thus 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.

On July 1, 2014, the Commission opened Case No. IPC-E-14-16 (PCA Inquiry Case) and scheduled a workshop for the Company, Staff, and interested persons to further explore Staff's concerns. *See* Order No. 33067. Workshop participants included Staff, the Company, the Industrial Customers of Idaho Power, the Idaho Conservation League, and the Snake River Alliance. Following the workshop, Staff reported to the Commission that the Company had alleviated Staff's concern about how the Company had applied the true-up component in the last PCA case, and that Staff was withdrawing its previously recommended adjustment to the PCA deferral balance. Staff also recommended the Commission close the PCA Inquiry Case, and noted that Staff would continue to informally meet with the Company and other interested persons to discuss refining the PCA mechanism to make it more accurate and easy to understand. *See* Order No. 33067. The Commission then closed the PCA Inquiry Case, and stated: "We appreciate the parties' willingness to continue to meet outside this case to discuss possible ways to make the PCA mechanism more accurate and understandable. Our goal in implementing the PCA was to ensure the amount recovered is no more or less than the actual power costs paid by the Company." *See* Order No. 30828, Case No. IPC-E-09-11. If the parties' informal discussions lead them to believe the PCA's accuracy can be improved, Staff should advise us of that fact."

After the PCA Inquiry Case closed, the Company and Staff informally explored possible ways to improve the PCA's accuracy. As a result of these discussions, the Company and Staff agreed to a number of changes to the calculation of the PCA true-up balance that they

believe will improve the existing methodology. The Company and Staff memorialized their agreement in the Settlement Agreement the Company now asks the Commission to approve.

THE APPLICATION AND SETTLEMENT AGREEMENT

YOU ARE HEREBY NOTIFIED that as noted above, the Settlement Agreement proposes to: (1) convert the PCA's existing Load Change Adjustment deferral calculation to a Sales Based Adjustment ("SBA"), effective January 1, 2015; and (2) modify the PCA deferral balance's monthly interest calculation to more accurately reflect the Company's actual interest expense from the monthly accrued deferral.

YOU ARE FURTHER NOTIFIED that in its Application, the Company explains that it and Staff believe the proposed changes will better align the PCA deferral balance calculation with the Commission's intent that the PCA "ensure the amount recovered is no more or less than the actual power costs paid by the Company." Application at 1, *quoting* Order No. 33089. The Company notes that if the Commission approves the Settlement Agreement effective January 1, 2015, the changes will: (1) decrease the April 2014 through March 2015 PCA deferral amount from \$34,515,981 to \$33,045,184; and (2) decrease the deferral amount to be collected from customers in the ongoing 2015-2016 PCA case, Case No. IPC-E-15-14, by \$1,470,797. The Company states:

Idaho Power and the Staff agree that it is appropriate to adjust this year's requested PCA deferral amount to align with the terms of the Settlement Agreement and will recommend in comments to be filed in Case No. IPC-E-15-14 that the Commission approve such an adjustment. Acceptance of the proposed 2015-2016 PCA deferral adjustment will result in a greater PCA decrease for customers effective June 1, 2015, adjusting the total PCA revenue decrease from \$10.1 million to approximately \$11.6 million. For the changes agreed to above to be included in the Commission's order associated with the Company's annual 2015-2016 PCA filing, the Parties request that the Commission approve the Settlement Agreement no later than June 1, 2015.

See Application at 7.

YOU ARE FURTHER NOTIFIED that the Application, including the Settlement Agreement, 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. These documents 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, including *Idaho Code* §§ 61-501 and -503. 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 **within 14 days of the service date of this Order**. 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 Company 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
Regulatory Dockets
Idaho Power Company
PO Box 70
Boise, ID 83707

Email: lnordstrom@idahopower.com
dockets@idahopower.com

Timothy E. Tatum
Idaho Power Company
PO Box 70
Boise, ID 83707
E-mail: ttatum@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 the Company at the e-mail addresses listed above.

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 Application be processed under Modified Procedure, Rules 201-204, IDAPA 31.01.01.201-.204. Persons interested in submitting written comments must do so **within 14 days of the service date of this Order**.

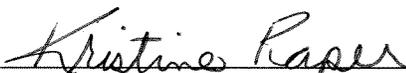
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 5th day of May 2015.



PAUL KJELLANDER, PRESIDENT



MACK A. REDFORD, COMMISSIONER



KRISTINE RAPER, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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