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IDAHO PUBLIC UTILITIES COMMISSION
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Idaho Power Files 2016 Power Cost Adjustment

On April 15, Idaho Power submitted its annual Power Cost Adjustment (PCA) proposal for approval by the Idaho Public Utilities Commission (IPUC). The PCA is an annual rate adjustment that passes on both the benefits and costs of supplying energy to Idaho Power customers. Neither Idaho Power nor its shareholders receive any financial return on this filing — money collected from the surcharge can be used only to pay power supply expenses.

Opportunities for Public Review

Idaho Power's filing is a proposal that is subject to public review and approval by the IPUC. Copies of the application are available to the public at the IPUC offices (472 W. Washington St., Boise, Idaho, 83702), Idaho Power offices or on Idaho Power's website, idahopower.com, or the IPUC website, puc.idaho.gov. Customers also may subscribe to the IPUC's RSS feed to receive periodic updates via email about the case. Written comments regarding the utility's application may be filed with the IPUC. You can view additional related materials on the filing, including a news release, at idahopower.com/rates.

How the 2016 PCA Will Change Prices

If the PCA proposal is approved by the IPUC, the typical Idaho residential customer using 1,000 kilowatt-hours (kWh) of energy per month will see an increase of about \$1.32 on their monthly bill, beginning June 1.

The amount all Idaho customer classes pay for electric service will increase by \$17.3 million. This is an overall percentage increase of 1.57 percent from current prices; the actual percentage of change will depend on a customer's group and the rate they pay.

PROPOSED 2016 PCA REVENUE IMPACT BY CLASS:

Percentage Change from Current Billed Revenue					
Residential	Small General Service	Large General Service	Large Power	Irrigation	Overall Change
1.35%	1.16%	1.68%	2.06%	1.58%	1.57%

Included in this year's PCA rates, customers will receive a \$3.2 million revenue sharing credit. Since 2009 Idaho Power has shared a total of \$118 million with our customers, and will share this additional \$3.2 million this year if our filing is approved.



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What will be the combined effect of the PCA and the FCA filed in March?

On March 15, Idaho Power filed its annual Fixed Cost Adjustment (FCA). The FCA only applies to Residential and Small General Service customers. If both proposals are approved as filed, the combined impact for those two customer classes will be an \$18.0 million increase in the amount they pay for electric service, beginning June 1. The typical Idaho residential customer using 1,000 kWh of energy per month would see an increase of about \$3.48 on their monthly bill if both the PCA and FCA are approved as filed.

Why is the PCA an increase this year?

The PCA has two components: the forecast and the true-up. The forecast reflects Idaho Power's anticipated fuel costs, purchased power costs, and customer benefits from sales of surplus energy for the upcoming April through March. The true-up brings last year's forecasted costs in balance with the costs actually incurred by the company by looking back at what happened the previous April through March. Prices are established based on the forecast and the true-up to align actual collection with actual costs.

There are three main factors contributing to this year's PCA increase: 1) costs associated with power purchase agreements under the Public Utilities Regulatory Policy Act of 1978 (PURPA) have increased by approximately \$10 million over last year, primarily related to the addition of new solar contracts, 2) Idaho Power's Idaho jurisdictional earnings above a 10 percent return on equity were less than the prior year, resulting in a \$5 million reduction in the revenue sharing component of the PCA, and 3) last year's actual power costs exceeded forecasted levels because of worse-than-expected water conditions and lower-than-expected surplus energy sales.

It's also important to understand that the relationship between snow in the mountains and water available for power generation in Idaho Power's system can change annually based on several factors. Although it was a better water year in some parts of Idaho Power's service

area, last year's extremely dry winter left reservoirs in the Upper Snake — a critical basin for Idaho Power — very low by summer's end. Now, as water begins moving out of the mountain snowpack, those reservoirs need to be refilled. Some of that water will ultimately flow through Idaho Power's dams, but we can only use the water that makes its way downstream from those reservoirs.

In short, the winter of 2015–2016 won't erase the last several years of low water conditions in the region.

How can I manage my bill and control costs?

The price we pay for electric service is a set rate. But there are actions you can take to help manage your energy use and lower your electric bills.

Five simple things you can do to lower your energy use:

- Turn lights, appliances and electronics off when not in use.
- Clean or replace furnace filters at least twice each year.
- Clean coils on refrigerators and freezers semi-annually.
- Use timers on landscape pumps and special-use heaters.
- Lower water heater temperature to 120° F.

Also, you can go to idahopower.com/highbillhelp to find out how to understand your bill, review payment options and get information about Idaho Power energy efficiency programs.