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LISA D. NORDSTROM
Lead Counsel
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May 23, 2016

VIA HAND DELIVERY

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

Re: Case No. IPC-E-16-08
2016-2017 Power Cost Adjustment – Idaho Power Company’s Reply
Comments

Dear Ms. Jewell:

Enclosed for filing in the above matter please find an original and seven (7) copies of Idaho Power Company’s Reply Comments.

Very truly yours,

Lisa D. Nordstrom

LDN:csb
Enclosures

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Attorney for Idaho Power Company

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR) CASE NO. IPC-E-16-08
AUTHORITY TO IMPLEMENT POWER)
COST ADJUSTMENT (PCA) RATES FOR) IDAHO POWER COMPANY'S
ELECTRIC SERVICE FROM JUNE 1, 2016) REPLY COMMENTS
THROUGH MAY 31, 2017)
_____)

Idaho Power Company ("Idaho Power" or "Company") respectfully submits the following Reply Comments in response to comments filed by the Idaho Public Utilities Commission ("Commission") Staff ("Staff") and the Industrial Customers of Idaho Power ("ICIP") on May 19, 2016. In these Reply Comments, Idaho Power concurs with Staff's conclusion that the proposed Power Cost Adjustment ("PCA") rates should be approved as filed, and explains why the adjustment to the PCA forecast proposed by ICIP is not necessary.

I. BACKGROUND

On April 15, 2016, Idaho Power applied to the Commission for an order approving an update to Schedule 55 based on the quantification of the 2016-2017 PCA

to become effective June 1, 2016, for the period June 1, 2016, through May 31, 2017. If approved, the 2016-2017 PCA will result in an overall revenue increase of approximately \$17.3 million, or a 1.57 percent increase over current billed revenue.

On May 19, 2016, Staff filed comments in this case detailing its audit of the Company's filing, resulting in Staff's conclusion that "the Company complied with past Commission orders and accurately calculated all proposed PCA components." Staff Comments at 4. In closing, Staff recommended that the Commission approve the Company's proposed revenue sharing amounts, demand-side management transfer amounts, and Schedule 55 rates as filed in Attachment 1 to the Company's Application. Staff also recommended that, in future PCA cases, the Company include in its filing all attachments, exhibits, and workpapers in electronic format with all formulae intact. Staff Comments at 19.

Also on May 19, 2016, ICIP filed comments in this case recommending that the Company account for the reported termination of the Energy Sales Agreement ("ESA") between Idaho Power and Pocatello Solar 1, LLC ("Pocatello Solar") in rates proposed to become effective June 1, 2016. ICIP Comments at 2.

II. IDAHO POWER'S REPLY

Idaho Power acknowledges Staff's review and agrees with Staff's conclusion that the filed PCA components appropriately calculate 2016-2017 PCA rates under the currently approved methodology. Idaho Power also supports Staff's recommendation that the Company include all attachments, exhibits, and workpapers in electronic format with all formulae intact in the filing of future PCA cases.

With respect to ICIP's recommendation, the Company maintains that the March 31, 2016, Operating Plan ("March Op Plan") is the appropriate basis for the 2016-2017

PCA forecast, and should not be modified to remove the Pocatello Solar project. While Idaho Power can confirm the media reports are accurate and the Pocatello Solar project officially terminated as of early May, for reasons stated below, the Company does not believe it is necessary to incorporate any change to the filed PCA forecast.

The March Op Plan reflects the most current forecast information available at the time the PCA is filed, beginning with the first month in the April through March PCA forecast year. Given the forecast time period and the annual mid-April filing date, the March Op Plan serves as the most current information available for the PCA forecast included in the Company's annual PCA filings.

The True-Up is the appropriate component of the PCA to track differences between actual and forecast net power supply expenses ("NPSE"). Throughout the PCA forecast year of April through March, when actual NPSE deviate from the forecast contained in the March Op Plan, the deviations are tracked through the True-Up component of the PCA and passed through to customers in the following year's PCA rate. To the extent that expenses resulting from Public Utility Regulatory Policies Act of 1978 ("PURPA") contracts deviate from actuals, 100 percent of the variance is passed through to customers in the next year's PCA rate.

On page 6 of its Comments, Staff acknowledges that the Company's forecasted PURPA expenses are appropriate, and that any deviations between forecast and actuals will be trued-up in the following PCA. Idaho Power concurs with Staff's conclusion.

Lastly, the modification suggested by ICIP represents the singling out of one known variable that has changed since the completion of the March Op Plan, ignoring all other changes that have occurred since that time. It is important to note that if the

PCA forecast was to be updated following the initial filing date, it would be appropriate to update for all known changes since the development of the March Op Plan. The result of this comprehensive update could be a rate increase or decrease relative to the filed request, depending on the entirety of changes that occurred since the filed PCA forecast was developed.

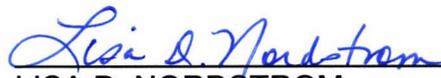
III. CONCLUSION

Idaho Power acknowledges Staff's review and confirmation of its filed PCA components and maintains that the figures comprising its filing appropriately reflect the existing PCA methodology. Idaho Power also expresses its support for Staff's recommendation to include functioning electronic attachments, exhibits, and workpapers in future PCA filings.

Idaho Power disagrees with ICIP's proposed modification to the PCA forecast for the reasons set forth above. As the Company states in these Reply Comments and Staff noted in its Comments, any deviations between actual and forecast PURPA expenses will be captured in the True-Up as intended. Therefore, the proposed adjustment to the filed forecast is unwarranted, unnecessary, and should be rejected.

For these reasons, Idaho Power respectfully requests that the Commission approve the 2016-2017 PCA rates as filed in this proceeding.

DATED at Boise, Idaho, this 23rd day of May 2016.



LISA D. NORDSTROM
Attorney for Idaho Power Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 23rd day of May 2016 I served a true and correct copy of IDAHO POWER COMPANY'S REPLY COMMENTS upon the following named parties by the method indicated below, and addressed to the following:

Commission Staff

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