

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. IPC-E-16-23
OF IDAHO POWER COMPANY FOR)	
AUTHORITY TO INCREASE RATES DUE)	NOTICE OF APPLICATION
TO REVISED DEPRECIATION RATES)	
FOR ELECTRIC PLANT-IN-SERVICE)	NOTICE OF
)	INTERVENTION DEADLINE
)	
)	ORDER NO. 33652

On October 21, 2016, Idaho Power Company filed an Application for an Order granting it authority to adjust its Idaho jurisdictional base rates due to revised depreciation rates for its electric plant-in-service. The proposed adjustment is an overall rate increase of 0.59 percent.¹ The Company filed its Application concurrently with a request to approve a balance account, tracking the incremental costs and benefits associated with the accelerated depreciation schedule for the North Valmy power plant (Case No. IPC-E-24). Idaho Power intends to facilitate a single rate change for customers with the simultaneous filings, and asks that the Commission enter final Orders in both matters by April 1, 2017, to allow it to incorporate rate impacts associated with the Applications in its April 14, 2017 Power Cost Adjustment filing. The Commission now issues this Notice of Application and sets a deadline for Petitions to Intervene.

BACKGROUND

As to a utility's electric plant, depreciation is "the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes that can be reasonably anticipated or contemplated, against which [a utility] is not protected by insurance." Spanos Direct (Exhibit 3) at 2. For financial and ratemaking purposes, Idaho Power periodically conducts studies to determine depreciation rates for each plant account (i.e., the Company's various plant functions such as steam, hydraulic, transmission, distribution, etc.). *See id.* at 3. The last major changes to the Company's depreciation rates were approved by the Commission June 1, 2012, Order No.

¹ As noted in Idaho Power's Errata, the 0.59 percent figure identified in Attachment No. 3 is correct; the 0.48 percent figure in the original Application at 5 was in error.

32559 (adopting stipulation), and were based on the Company's electric plant-in-service on June 30, 2011. Application at 2.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that, in 2015, Idaho Power "conducted a new, detailed depreciation study of all electric plant-in-service." Application at 2. The new study ("Study") was done by Gannett Fleming Valuation and Rate Consultants, LLC, as to Idaho Power's electric plant-in-service as of December 31, 2015. *Id.* The Study, attached as Exhibit 2 to the direct testimony of Gannett Fleming Vice President John Spanos, provides updates to "net salvage percentages and service life estimates for all plant assets." *Id.* Any depreciation associated with the North Valmy plant due to its accelerated closing is addressed in Case No. IPC-E-16-24, and not in this matter. *Id.* at 2-3.

YOU ARE FURTHER NOTIFIED that, based on the 2015 Study, Idaho Power seeks authority to implement proposed revised depreciation rates and adjusted Idaho jurisdictional base rates, effective June 1, 2017. *Id.* at 2. Idaho Power's proposed depreciation rates are "based on [a] straight line, remaining life method for all electric plant," as was used for the depreciation rates agreed-to and adopted in Order No. 32559. *Id.* at 3.

YOU ARE FURTHER NOTIFIED that the Company "is proposing an adjustment to the book reserve of the general plant accounts," to address that rates consistent "with the amortization period for general plant assets in service today, and those expected to be added in the future, do not align with the actual book reserve." *Id.* The Company recommends a \$7.79 million adjustment to the book reserve of the Company's general plant account book, to bring it "in line with the ages of the surviving plant-in-service." *Id.* at 4. "Idaho Power proposes to amortize this amount over a five-year period, resulting in an increase in amortization expense of \$1.56 million annually." *Id.*

YOU ARE FURTHER NOTIFIED that if the Company's proposed depreciation rates are adopted, and proposed reserve adjustment is amortized, its "annual depreciation and amortization expense would increase about \$5.69 million on a total system basis, or \$5.50 million on an Idaho jurisdictional basis when applied to the Company's current [Commission-approved] plant-in-service amounts." *Id.* The result would be "an increase in the Company's Idaho jurisdictional revenue requirement of \$6,672,588, as measured against the revenue requirement approved in the Company's last general rate case." *Id.*

YOU ARE FURTHER NOTIFIED that, in its Application, Idaho Power asks that the incremental revenue requirement of \$6,672,588 “be recovered from customers through a uniform percentage increase to all base rate components except the service charge.” *Id.* at 5. As shown in Attachment No. 3 to the Application, the proposed change is an overall increase of 0.59 percent.

YOU ARE FURTHER NOTIFIED that the Company has filed “one set of proposed tariff sheets specifying the proposed rates for providing retail electric service” to its Idaho customers pursuant to this case and the Company’s application concerning the North Valmy plant. *Id.* The Company proposes that, when “final orders are received on both of the proposed requests to change rates effective June 1, 2017, [it] will submit a compliance filing that will include tariff sheets showing the cumulative impact of rate changes associated with both cases.” *Id.*

NOTICE OF DEADLINE TO INTERVENE

YOU ARE FURTHER NOTIFIED that **persons desiring to intervene** in this matter **must file a Petition to Intervene** with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073. **All Petitions to Intervene must be filed no later than 21 days from the service date of this Order.** Persons desiring to present their views without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or the parties.

NOTICE OF PARTIES

YOU ARE FURTHER NOTIFIED that the following persons are designated as Idaho Power’s representatives in this matter:

Lisa D. Nordstrom
Idaho Power Company
1221 West Idaho Street
P.O. Box 70
Boise, ID 83707
E-Mail: lnordstrom@idahopower.com
dockets@idahopower.com

Matt Larkin
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
E-Mail: mlarkin@idahopower.com

YOU ARE FURTHER NOTIFIED that, once the deadline for intervention has passed, the Commission Secretary shall prepare a Notice of Parties. Staff counsel will then confer with the parties regarding a procedural schedule for this matter and shall report the proposed schedule to the Commission.

YOU ARE FURTHER NOTIFIED that the Application, attachments, and testimony of John J. Spanos (plus 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 website at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Open Electric Cases," then click on either case number as shown on the front of this document.

ORDER

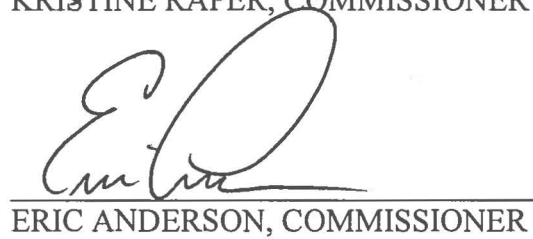
IT IS HEREBY ORDERED that persons desiring to intervene in this matter shall file a Petition to Intervene no later than 21 days from the service date of this Order. Once the deadline for Petitions to Intervene has passed, the Commission Secretary shall prepare and issue a Notice of Parties.

IT IS FURTHER ORDERED that, after the Notice of Parties has issued, Staff counsel shall confer with the parties regarding a procedural schedule for this matter and shall report the proposed schedule to the Commission.

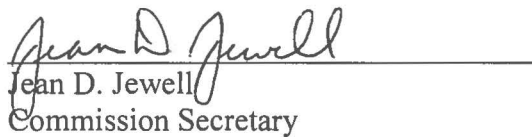
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 14th
day of November 2016.


PAUL KJELLANDER, PRESIDENT


KRISTINE RAPER, COMMISSIONER


ERIC ANDERSON, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

O:IPC-E-16-23_djh