

## DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER  
COMMISSIONER RAPER  
COMMISSIONER ANDERSON  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL**

**FROM: CAMILLE CHRISTEN  
DAPHNE HUANG  
DEPUTY ATTORNEYS GENERAL**

**DATE: JANUARY 6, 2017**

**SUBJECT: IDAHO POWER COMPANY'S REQUEST FOR AUTHORITY TO INCREASE ITS RATES FOR ELECTRIC SERVICE DUE TO REVISED DEPRECIATION RATES FOR ELECTRIC PLANT-IN-SERVICE, AND TO RECOVER COSTS ASSOCIATED WITH THE NORTH VALMY PLANT, CASE NOS. IPC-E-16-23 AND IPC-E-16-24**

On October 21, 2016, Idaho Power Company filed an Application asking the Commission to adopt revised depreciation rates for its electric plant-in-service and correspondingly adjust Idaho jurisdictional base rates. Application (Case No. IPC-E-23) at 1.

The Company concurrently filed an Application requesting Commission authorization to “(1) accelerate the depreciation schedule for the North Valmy power plant (“Valmy”) to allow the plant to be fully depreciated by December 31, 2025; (2) establish a balancing account to track the incremental costs and benefits associated with the accelerated Valmy end-of-life date, and (3) adjust customer rates to recover the associated incremental annual levelized revenue requirement of \$28.50 million with an effective date of June 1, 2017.” Application (Case No. IPC-E-16-24) at 1. The result of this Application is an overall *increase* of 2.51 percent. Errata to Application (Nov. 8, 2016).

With the filings, the Company intends to facilitate a single rate change for customers, and asks the Commission to enter final Orders in both matters by April 1, 2017, to allow it to incorporate any associated rate impacts in its April 14, 2017 Power Cost Adjustment filing.

The Commission issued Orders providing notice of the Applications and setting a deadline for interventions. Order Nos. 33650, 33652. The Commission granted timely-filed

motions to intervene in both cases from the Idaho Irrigation Pumpers Association, Inc.; Micron Technology, Inc.; and the U.S. Department of Energy and the Federal Executive Agencies. Order Nos. 33659, 33660, 33670, 33671, 33673 and 33674. The Commission also granted intervention to Idaho Conservation League and Sierra Club in the North Valmy case, and to the Industrial Customers of Idaho Power (ICIP) in the depreciation rates case. Order Nos. 33672 and 33676.

The parties conferred informally and agreed that the Company's Application be processed by Modified Procedure, with the following schedule:

- February 2, 2017 Parties' meeting to discuss negotiated solutions (specific time for discussion in each case to be determined by the parties)
- April 20, 2017 Deadline for parties' comments
- May 4, 2017 Deadline for parties' cross-answering comments
- May 18, 2017 Deadline for Company reply comments
- May 31, 2017 Parties' requested Order date, to be effective June 1, 2017

The proposed comment dates are after the Order date of April 1, 2017, requested by the Company in the Application. Staff indicated that more time would be needed to review the Application than would be allowed for by an April 1 Order date. Thus, the parties agreed to the above schedule.

Staff also intends to hold a public workshop regarding the North Valmy case for the Company's customers at a date and time to be determined later. Staff proposes that the Commission's Secretary issue a notice of the public workshop once the date and time have been determined.

#### **STAFF RECOMMENDATION**

Staff recommends that the Commission issue an Order directing that this Application be processed by Modified Procedure, with comments due on April 20, 2017, cross-answering comments due May 4, 2017, and Company reply comments, if any, due May 18, 2017. Staff further recommends that the Commission issue a notice of a public workshop at a later date once the date and time for the workshop have been determined.

### COMMISSION DECISION

Does the Commission wish to issue an Order directing that these Applications be processed by Modified Procedure, with comments due on April 20, 2017, cross-answering comments due May 4, 2017, and Company reply comments, if any, due May 18, 2017? Does the Commission wish to direct its Secretary to issue a notice of a public workshop in the North Valmy case (Case No. IPC-E-16-24) at a later date once the date and time for the workshop have been determined?



Camille Christen  
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Deputy Attorneys General

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