

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. IPC-E-17-02
OF IDAHO POWER COMPANY FOR)	
AUTHORITY TO IMPLEMENT FIXED)	NOTICE OF APPLICATION
COST ADJUSTMENT RATES FOR SERVICE)	
FROM JUNE 1, 2017 THROUGH MAY 31,)	NOTICE OF
2018.)	MODIFIED PROCEDURE
)	
)	ORDER NO. 33739

On March 15, 2017, Idaho Power Company applied to the Commission for authority to implement Fixed Cost Adjustment (FCA) rates for electric service from June 1, 2017 through May 31, 2018, and to approve changes to tariff Schedule 54, Fixed Cost Adjustment. The Company asks for an effective date of June 1, 2017, and requests that the Commission process the matter by Modified Procedure.

A utility's "fixed costs" are its costs to provide service that do not vary with energy use, output, or production and remain relatively stable between rate cases. They include costs associated with long-lasting infrastructure (e.g., power plants, power lines, and substations) and certain administrative costs. The Commission approved the current FCA mechanism in 2015. Order No. 33295.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the FCA is a rate adjustment mechanism. Using traditional rate design, an electric utility recovers fixed costs through each kilowatt-hour (kWh) sold, and is thus discouraged from reducing sales volume by investing in energy efficiency and demand-side management (DSM) programs. *See* Application at 2. The FCA decouples the Company's fixed-cost revenues from its volumetric energy sales. *Id.* at 3. This enables the Company to recover its fixed costs to deliver energy—as set in its most recent general rate case—even when energy sales and revenues have decreased. Order No. 33295 at 1; Application at 3.

YOU ARE FURTHER NOTIFIED that Idaho Power proposes an FCA deferral balance of \$33,762,766 for the residential class, and \$1,249,276 for the small general service class, for a total of \$35,012,042. Application at 4. The proposed FCA deferral balance is an increase above the current FCA deferral balance collected in customer rates. *Id.* at 4-5.

NOTICE OF APPLICATION
 NOTICE OF MODIFIED PROCEDURE
 ORDER NO. 33739

Specifically, the Company proposes a combined FCA rate increase of 1.29% above current rates. *Id.* This equates to new FCA rates of 0.6728 cents-per-kWh for the residential class, and 0.8576 cents-per-kWh for the small general service class. *Id.*

YOU ARE FURTHER NOTIFIED that Idaho Power states it will provide notice to its customers as required by Rule 125 through a press release to media, and through a customer notice distributed in customer bills. *Id.* at 5-6. The notices in customer bills will be distributed over the course of the current billing cycle, with the last notice being sent on or around April 21, 2017. *Id.*

YOU ARE FURTHER NOTIFIED that the Application, copies of the proposed tariff Schedule 54, Direct Testimony of Zachary L. Harris, and Exhibit Nos. 1-6 have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application and attachments 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.

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 31.01.01.201-204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or in opposition with the Commission **by no later than May 4, 2017**. 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 may be mailed to the Commission and Idaho Power at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

Lisa D. Nordstrom, Lead Counsel
Zachary L. Harris, Regulatory Analyst
Idaho Power Company
PO Box 70
Boise, ID 83707-0070
E-mail: lnordstrom@idahopower.com
dockets@idahopower.com
zharris@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 form using the case number as it appears on the front of this document. These comments must also be sent to Idaho Power at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that Idaho Power may file reply comments, if necessary, **no later than May 11, 2017.**

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.

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, and specifically *Idaho Code* § 61-503. 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.*

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure. Interested persons shall have until May 4, 2017, to file written comments, and the Company shall have until May 11, 2017, to file a reply, if any.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 5th
day of April 2017.



PAUL KJELLANDER, PRESIDENT




KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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