



Case No. IPC-E-17-02, Order No. 33739

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www.puc.idaho.gov

Idaho Power proposes FCA adjustment of 1.3 percent

BOISE (April 10, 2017) – Idaho Power Company is asking state regulators to approve an average 1.3 percent increase in an annual rate adjustment mechanism that allows the utility to recover its fixed costs of delivering energy when energy sales decline due to reduced consumption.

If approved by the Idaho Public Utilities Commission, the annual Fixed Cost Adjustment (FCA) would become effective June 1 along with a number of other annual adjustments that may result in an overall increase or decrease to customer bills.

Before the FCA was implemented in 2008, Idaho Power had no incentive to invest in energy efficiency and demand-side reduction programs because it lost revenue as customer consumption declined. Even though consumption may decline, fixed costs to serve customers do not. To remove that disincentive, the Fixed Cost Adjustment was created to allow the utility to recoup its fixed costs of doing business while still offering energy efficiency programs that reduce customers' overall bills.

If actual fixed costs recovered from customers are less than the fixed costs authorized in the most recent rate case, residential and small-commercial customers get a surcharge. If the company collects more in fixed costs than authorized by the commission, customers get a credit.

During 2016, Idaho Power under-collected fixed costs of serving customers by about \$35 million, or about \$7 million more than the amount already included in the FCA account. To recover those fixed costs, Idaho Power proposes an FCA increase of 1.3 percent. If approved, an average residential bill would increase by about \$1.31 per month, not counting other adjustments such as the annual Power Cost Adjustment, also effective June 1.

Idaho Power achieved 170,792 MWh of energy savings during 2016, a 4 percent increase from savings reported in 2015. In a separate case filed before the commission (IPC-E-17-03), Idaho Power must demonstrate that the programs that create those energy efficiency savings must result in lower overall rates to customers than if the programs were not in place. Several

studies have shown that energy efficiency and demand reduction are the least expensive source of energy for utilities.

The commission is accepting written comments on Idaho Power's proposal through May 4. To comment, go the commission Web site at www.puc.idaho.gov. Under the "Electric" heading, select "Case Comment Form," and include Case No. IPC-E-17-02. Comments can also be mailed to P.O. Box 83720, Boise, ID, 83720-0074.

To read Idaho Power's application and supporting documents, go to the website and under the "Electric" heading, select "Open Cases," and scroll down to Case No. IPC-E-17-02.

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