

MEGAN GOICOECHEA-ALLEN
Corporate Counsel
mgoicoecheaallenidahopower.com

March 15, 2024

Monica Barrios-Sanchez, Secretary
Idaho Public Utilities Commission
11331 W. Chinden Boulevard
Building 8, Suite 201-A
Boise, Idaho 83714

Re: Case No. IPC-E-24-10
Idaho Power Company's Application for Authority to Implement Fixed Cost
Adjustment ("FCA") Rates for Electric Service from June 1, 2024 Through May
31, 2025.

Dear Ms. Barrios-Sanchez:

Attached for electronic filing, please find Idaho Power Company's Application in
the above-entitled matter.

In addition, please find attached the Direct Testimony of Grant T. Anderson filed in
support of the Application. A Word version of the testimony will also be sent in a separate
email for the convenience of the Reporter.

If you have any questions about the attached documents, please do not hesitate
to contact me.

Sincerely,



Megan Goicoechea Allen

MGA:sg

Attachments

MEGAN GOICOECHEA ALLEN (ISB No. 7623)

LISA D. NORDSTROM (ISB No. 5733)

Idaho Power Company

1221 West Idaho Street (83702)

P.O. Box 70

Boise, Idaho 83707

Telephone: (208) 388-2664

Facsimile: (208) 388-6936

mgoicoecheaallen@idahopower.com

lnordstrom@idahopower.com

Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF IDAHO POWER)	
COMPANY'S APPLICATION FOR)	CASE NO. IPC-E-24-10
AUTHORITY TO IMPLEMENT FIXED)	
COST ADJUSTMENT ("FCA") RATES)	APPLICATION
FOR ELECTRIC SERVICE FROM JUNE 1,)	
2024 THROUGH MAY 31, 2025.)	
)	

Idaho Power Company ("Idaho Power" or "Company"), in accordance with *Idaho Code* § 61-502 and Commission Rule of Procedure¹ 52, hereby respectfully makes application to the Idaho Public Utilities Commission ("Commission") for an order authorizing Idaho Power to implement Fixed Cost Adjustment ("FCA") rates for electric service from June 1, 2024 through May 31, 2025, and to approve the Company's corresponding Schedule 54, Fixed Cost Adjustment. With this filing the Company proposes a \$10,575,831, or 1.44 percent, increase for Residential and Small General

¹ Hereinafter cited as RP.

Service customers. If the FCA is approved as filed, a typical residential customer using 950 kilowatt-hours per month will see an approximate \$1.69 increase to their monthly bill.

In support of this Application, Idaho Power represents as follows:

I. BACKGROUND

1. Idaho Power and the Commission have long agreed that promotion of cost-effective energy efficiency and demand-side management (“DSM”) “is an integral part of least-cost electric service.”² To this end, the Company considers energy efficiency and demand response to be an important and necessary part of a balanced approach to meeting system energy needs and endeavors to provide customers with programs and knowledge through its DSM programs to help them use electricity wisely.

2. In 2023, Idaho Power achieved 139,683 megawatt-hours (“MWh”) of incremental annual energy efficiency savings on a system-wide basis, which exceeded the economic technical achievable potential included in the 2023 IRP. The 2023 savings represent enough energy to power approximately 12,200 average homes in Idaho Power’s service area for one year. These energy savings are more particularly described in the 2023 DSM Annual Report filed in Case No. IPC-E-24-11. The Company also invests in significant DSM educational and awareness activities and marketing efforts, which are also described in the DSM Annual Report, that are likely to result in energy savings experienced by customers but are not quantified or claimed as part of Idaho Power’s annual savings.

3. Unfortunately, traditional rate design that recovers fixed costs through each kilowatt-hour (“kWh”) sold discourages utilities from reducing their sales volumes through

² *In the Matter of the Investigation of Financial Disincentives to Investment in Energy Efficiency by Idaho Power Company*, Case No. IPC-E-04-15, Order No. 30267, p. 13 (Mar. 12, 2007).

investment in energy efficiency and DSM. The development of the FCA was driven by a desire to remove the inherent financial disincentives that exist when the Company invests in DSM resources.

4. Desiring to encourage investments in cost-effective energy efficiency despite the impediments, the Commission recognized that “opportunities exist[ed] for improvements in operating efficiency that would benefit the Company shareholders and its customers” and opened an investigation in Case No. IPC-E-04-15 to consider options for a performance-based mechanism that adjusts revenues when annual energy consumption is either above or below normal.³ The FCA mechanism is the collaborative result of that case.

5. In Order No. 30267,⁴ the Commission approved a stipulation for the implementation of a three-year FCA pilot program applicable to Residential Service (Schedules 1, 3, 4, and 5) and Small General Service (Schedule 7) customers.

6. On October 1, 2009, the Company filed an application seeking authority to convert Schedule 54, the FCA tariff schedule, from a pilot program to an ongoing, permanent program, asserting that the mechanism had fulfilled the purpose of removing disincentives to energy efficiency investments undertaken by the Company to the benefit of its customers.⁵ At that time, however, the Commission found it was too early to determine whether the objectives of the FCA were being met and denied Idaho Power’s request as a result. Instead, it extended the pilot program for an additional two-year period.⁶

³ *Id.*, Order No. 29558, p. 1 (Aug. 10, 2004) (citing Order No. 29505, p. 68-69).

⁴ *Id.*

⁵ *In the Matter of the Application of Idaho Power Company for Authority to Convert Schedule 54- Fixed Cost Adjustment – From a Pilot Schedule to an Ongoing, Permanent Schedule*, Case No. IPC-E-09-28.

⁶ *Id.*, Order No. 31063, p. 8-9 (Apr. 29, 2010).

7. During the fifth year of the pilot program, the Company filed another application seeking authority to convert the FCA to an ongoing, permanent program.⁷ This time the Commission approved the Company's request to convert the FCA to a permanent program for the Residential and Small General Service customers, and though it ultimately directed that the FCA mechanism continue with its then-existing methodology, it also noted that it would continue to review the FCA to ensure its ongoing effectiveness.⁸

8. The Commission subsequently opened another docket to re-evaluate the FCA mechanism, Case No. IPC-E-14-17, ultimately approving a settlement stipulation that changed the methodology to calculate the level of actual fixed costs recovered used to determine the FCA.⁹ The modification to the calculation of the actual level of fixed costs recovered replaced weather-normalized billed sales with actual billed sales and began with the determination of the 2015 FCA.

9. More recently, the Commission approved, at the Company's request, another modification to the FCA mechanism that instituted separate and reduced fixed cost tracking and recovery for new Residential and Small General Service customers added to the Company's system starting January 1, 2022.¹⁰ Through this modification, the authorized level of fixed cost recovery for new customers excludes generation and transmission-related fixed costs but continues to include distribution and other customer-related fixed costs. The approved modification was implemented beginning with the determination of the 2022 FCA deferral calculation.

⁷ *In the Matter of the Application of Idaho Power Company for Authority to Convert Schedule 54- Fixed Cost Adjustment – From a Pilot Schedule to an Ongoing, Permanent Schedule*, Case No. IPC-E-11-19.

⁸ *Id.*, Order No. 32505, p. 9 (Mar. 30, 2012) and Order No. 32731 p. 4-5 (Jan.31, 2013).

⁹ *In the Matter of the Commission's Inquiry into Idaho Power Company's Fixed Cost Adjustment Mechanism*, Case No. IPC-E-14-17, Order No. 33295, p. 5-6 (May 15, 2015).

¹⁰ *Idaho Power Company's Application for Modification of the Fixed Cost Adjustment Mechanism*, Case No. IPC-E-21-39, Order No. 35273, p. 4 (Dec. 28, 2021).

II. THE FCA MECHANISM

10. The FCA mechanism enables Idaho Power to separate, or “decouple,” its fixed cost revenues from its volumetric energy sales and provides symmetry through a surcharge or credit when fixed cost recovery per customer, on an actual billed sales basis, varies above or below a Commission-established base. In other words, the FCA provides a “true-up” of the collection of fixed costs per customer to recover the difference between the level of fixed costs recovered on an actual billed sales basis by the Company through rates and the level of fixed costs authorized for recovery in the Company’s most recent, applicable general rate case.

11. The FCA works identically for both the Residential and Small General Service classes. For each class, the number of customers is multiplied by the fixed cost per customer rate (“FCC”), which is established as part of determining the Company’s authorized revenue requirement in its most recent general rate case. The product of this calculation establishes the “authorized fixed cost recovery” amount. This authorized fixed cost recovery amount is then compared to the amount of fixed costs actually recovered by Idaho Power. To determine the “actual fixed costs recovered” amount, the Company multiplies the actual billed sales for each class by the fixed cost per energy rate (“FCE”), as established in the Company’s most recent applicable general rate case. The difference between these two numbers (the “authorized fixed cost recovery” amount minus the “actual fixed costs recovered” amount) is the fixed cost adjustment for each class.

12. As a result of Case No. IPC-E-21-39, the FCC and FCE are bifurcated for new and existing customers, with new customer components labeled as “FCC-Dist” and “FCE-Dist,” and the differences between authorized and actual fixed cost recovery are calculated independently for existing and new customers in order to determine the total

FCA deferral. The 2023 FCA deferral is recovered through a single FCA rate applicable to all Residential customers, new and existing, and a single FCA rate applicable to all Small General Service customers.

III. THE 2023 FCA AND PROPOSED 2024-2025 FCA RATE ADJUSTMENT

13. In this filing, the Company is requesting recovery of the 2023 FCA balance and approval of the corresponding rates. The determination of the FCA deferral balance and corresponding rates are described in the Direct Testimony of Grant T. Anderson (“Anderson Testimony”) filed contemporaneously with this Application.

14. As shown on Exhibit No. 4 of the Anderson Testimony, the proposed FCA is \$35,484,196.77 for the Residential class and \$1,297,614.62 for the Small General Service class, for a total amount of \$36,781,811.39, which is more than the current FCA deferral balance currently collected in customers’ rates. Anderson Testimony at 14-17.

15. Accordingly, with this Application, Idaho Power is proposing a rate adjustment for the Residential and Small General Service classes to allow for the recovery of the fixed costs that were not recovered through actual billed energy charges during the year. More specifically, based on the 2023 FCA deferral balance and the Company’s forecasted energy sales for June 1, 2024, through May 31, 2025, the Company is proposing an annual increase of \$10,575,831, or 1.44 percent, from current billed revenue for the affected customer classes. Anderson Testimony at 18 and Exhibit No. 6. This increase equates to new FCA rates of 0.6182 cents per kWh for the Residential class and 0.7638 cents per kWh for the Small General Service class. Anderson Testimony at 16-17 and Exhibit No. 5.

16. Idaho Power requests that the new FCA rates become effective on June 1, 2024, coincident with the Company's annual Power Cost Adjustment, and that the FCA rates remain in effect until May 31, 2025.

17. The proposed FCA tariff (clean version), Schedule 54, is attached hereto as Attachment 1 to this Application. The Schedule 54 tariff in legislative format is attached hereto as Attachment 2.

IV. MODIFIED PROCEDURE

18. Idaho Power believes that a technical hearing is not necessary to consider the issues presented herein and respectfully requests that this Application be processed under Modified Procedure; i.e., by written submissions rather than by hearing. RP 201, *et seq.* The Company has, however, contemporaneously filed the Anderson Testimony and stands ready to present its testimony and support the Application if the Commission determines that a technical hearing is required.

V. COMMUNICATIONS AND SERVICE OF PLEADINGS

19. In conformance with RP 125, this Application will be brought to the attention of Idaho Power's customers by means of both a press release to media in the Company's service area and a customer notice distributed in customers' bills, both of which accompany this filing as Attachment 3. The customer notice will be distributed over the course of the Company's current billing cycles, with the last notice being sent on or about April 26, 2024. Idaho Power will also keep its Application, testimony, and exhibits open for public inspection at its offices throughout the state of Idaho. Idaho Power believes the above procedures satisfy the Rules of Practice and Procedure of this Commission; however, the Company will, in the alternative, bring the Application to the attention of its affected customers through any other means directed by this Commission.

20. Communications and service of pleadings with reference to this Application should be sent to the following:

Megan Goicoechea Allen
Lisa D. Nordstrom
Regulatory Dockets
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
mgoicoecheaallen@idahopower.com
lnordstrom@idahopower.com
dockets@idahopower.com

Connie Aschenbrenner
Grant Anderson
Idaho Power Company
1221 West Idaho Street (83702)
P.O. Box 70
Boise, Idaho 83707
caschenbrenner@idahopower.com
ganderson@idahopower.com

VI. REQUEST FOR RELIEF

21. Idaho Power respectfully requests that the Commission issue an order: (1) authorizing that this matter be processed by Modified Procedure and (2) authorizing Idaho Power to implement Fixed Cost Adjustment rates for electric service from June 1, 2024, through May 31, 2025, of 0.6182 cents per kWh for the Residential classes, and 0.7638 cents per kWh for the Small General Service classes as described above and in the Anderson Testimony and Exhibits. If approved, the 2024–2025 FCA rates will result in an increase to annual billed revenue for the Residential and Small General Service classes of \$10,575,831, or 1.44 percent, effective June 1, 2024.

DATED at Boise, Idaho, this 15th day of March 2024.



MEGAN GOICOECHEA ALLEN
Attorney for Idaho Power Company

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-24-10**

IDAHO POWER COMPANY

**ATTACHMENT 1
SCHEDULE 54
(CLEAN)**

SCHEDULE 54
FIXED COST ADJUSTMENT
(Continued)

FIXED COST PER ENERGY RATE (Continued)

Residential	<u>FCE</u>	<u>FCE-Dist</u>
Schedules 1 and 3	6.7098¢ per kWh	2.6138¢ per kWh
Schedule 5 – Summer On-Peak	17.5878¢ per kWh	8.3169¢ per kWh
Schedule 5 – Mid-Peak	8.7941¢ per kWh	4.1586¢ per kWh
Schedule 5 – Summer Off-Peak	4.3970¢ per kWh	2.0792¢ per kWh
Schedule 5 – Non-Summer On-Peak	8.5198¢ per kWh	2.9266¢ per kWh
Schedule 5 – Non-Summer Off-Peak	5.6798¢ per kWh	1.9511¢ per kWh
Schedule 6	7.0780¢ per kWh	3.2886¢ per kWh
Small General Service	<u>FCE</u>	<u>FCE-Dist</u>
Schedule 7	3.8463¢ per kWh	0.5282¢ per kWh
Schedule 8	5.2308¢ per kWh	1.4949¢ per kWh

ALLOWED FIXED COST RECOVERY AMOUNT

The Allowed Fixed Cost Recovery amount is computed by summing 1) the product of the average number of existing Residential and Small General Service customers multiplied by the appropriate Residential and Small General Service FCC rate and 2) the product of the average number of new Residential and Small General Service customers multiplied by the appropriate Residential and Small General Service FCC-Dist rate.

ACTUAL FIXED COSTS RECOVERED AMOUNT

The Actual Fixed Costs Recovered amount is computed by summing 1) the product of the actual energy load for existing Residential and Small General Service customers multiplied by the appropriate Residential and Small General Service FCE rate and 2) the product of the actual energy load for new Residential and Small General Service customers multiplied by the appropriate Residential and Small General Service FCE-Dist rate.

FIXED COST ADJUSTMENT

The Fixed Cost Adjustment (FCA) is the difference between the Allowed Fixed Cost Recovery Amount and the Actual Fixed Costs Recovered Amount divided by the estimated weather-normalized energy load for the following year for Residential and Small General Service Customers.

The monthly Fixed Cost Adjustment for Residential Service (Schedules 1, 3, 5, and 6) is 0.6182 cents per kWh. The monthly Fixed Cost Adjustment for Small General Service (Schedules 7 and 8) is 0.7638 cents per kWh.

EXPIRATION

The Fixed Cost Adjustment included on this schedule will expire May 31, 2025.

BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-24-10

IDAHO POWER COMPANY

ATTACHMENT 2
SCHEDULE 54
(LEGISLATIVE)

SCHEDULE 54
FIXED COST ADJUSTMENT
(Continued)

FIXED COST PER ENERGY RATE (Continued)

Residential	<u>FCE</u>	<u>FCE-Dist</u>
Schedules 1 and 3	6.7098¢ per kWh	2.6138¢ per kWh
Schedule 5 – Summer On-Peak	17.5878¢ per kWh	8.3169¢ per kWh
Schedule 5 – Mid-Peak	8.7941¢ per kWh	4.1586¢ per kWh
Schedule 5 – Summer Off-Peak	4.3970¢ per kWh	2.0792¢ per kWh
Schedule 5 – Non-Summer On-Peak	8.5198¢ per kWh	2.9266¢ per kWh
Schedule 5 – Non-Summer Off-Peak	5.6798¢ per kWh	1.9511¢ per kWh
Schedule 6	7.0780¢ per kWh	3.2886¢ per kWh
Small General Service	<u>FCE</u>	<u>FCE-Dist</u>
Schedule 7	3.8463¢ per kWh	0.5282¢ per kWh
Schedule 8	5.2308¢ per kWh	1.4949¢ per kWh

ALLOWED FIXED COST RECOVERY AMOUNT

The Allowed Fixed Cost Recovery amount is computed by summing 1) the product of the average number of existing Residential and Small General Service customers multiplied by the appropriate Residential and Small General Service FCC rate and 2) the product of the average number of new Residential and Small General Service customers multiplied by the appropriate Residential and Small General Service FCC-Dist rate.

ACTUAL FIXED COSTS RECOVERED AMOUNT

The Actual Fixed Costs Recovered amount is computed by summing 1) the product of the actual energy load for existing Residential and Small General Service customers multiplied by the appropriate Residential and Small General Service FCE rate and 2) the product of the actual energy load for new Residential and Small General Service customers multiplied by the appropriate Residential and Small General Service FCE-Dist rate.

FIXED COST ADJUSTMENT

The Fixed Cost Adjustment (FCA) is the difference between the Allowed Fixed Cost Recovery Amount and the Actual Fixed Costs Recovered Amount divided by the estimated weather-normalized energy load for the following year for Residential and Small General Service Customers.

The monthly Fixed Cost Adjustment for Residential Service (Schedules 1, 3, 5, and 6) is 0.~~4402~~ 6182 cents per kWh. The monthly Fixed Cost Adjustment for Small General Service (Schedules 7 and 8) is 0.~~5541-7638~~ cents per kWh.

EXPIRATION

The Fixed Cost Adjustment included on this schedule will expire May 31, 202~~4~~5.

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION
CASE NO. IPC-E-24-10**

IDAHO POWER COMPANY

**ATTACHMENT 3
PRESS RELEASE AND CUSTOMER NOTICE**

Idaho Power Files Annual Fixed Cost Adjustment

Idaho Power has filed the first of two annual cost adjustments with the Idaho Public Utilities Commission (IPUC). This year's Fixed Cost Adjustment (FCA) requests an increase of \$10.6 million, or 1.44%, for residential and small general service customers in Idaho.

If the FCA proposal is approved as filed, a typical residential customer using 950 kilowatt-hours per month would see about a \$1.69 increase to their monthly bill beginning June 1. However, the final impact to customer bills won't be known until a second annual adjustment, the Power Cost Adjustment (PCA), is filed in April.

Percentage Change from Current Billed Revenue				
Filing	Revenue Change (millions)	Residential Service	Small General Service	Overall Change
FCA	\$10.6	1.44%	1.39%	1.44%

The FCA adjusts prices up or down based on changes in energy use per customer during the prior year. It is a true-up mechanism that separates energy sales from revenue to remove financial disincentives for Idaho Power to invest in demand-side management, which can contribute to use per customer declining.

In 2023, Idaho Power's energy efficiency programs saved 139,683 megawatt hours — enough energy to power about 12,200 average-sized homes for a year. Idaho Power values demand-side management, energy efficiency and education programs, and the FCA allows the company to provide these programs to residential and small general service customers without negative financial impacts.

The FCA allows Idaho Power to recover an IPUC-authorized level of fixed costs — costs associated with things like generation plants, power lines, and substations — per customer. If the company collects less than the authorized fixed-cost amount, it can collect the difference through a surcharge. If the company collects more than the authorized amount, it refunds the difference to customers through a credit.

Opportunities for Public Review

Idaho Power's filing is subject to public review and approval by the IPUC. Copies of the application are available to the public at the IPUC offices (11331 W. Chinden Blvd. Building 8, Suite 201-A, Boise, ID 83714) Idaho Power offices, on idahopower.com, or at the IPUC website, puc.idaho.gov. Customers may also subscribe to the IPUC's RSS feed to receive periodic updates via email about the case. Written comments (Case No. IPC-E-24-10) regarding Idaho Power's application may be filed with the IPUC.

About Idaho Power

Idaho Power, headquartered in vibrant and fast-growing Boise, Idaho, has been a locally operated energy company since 1916. Today, it serves a 24,000-square-mile area in Idaho and Oregon.

The company's goal to provide 100% clean energy by 2045 builds on its long history as a clean-energy leader that provides reliable service at affordable prices. With 17 low-cost hydroelectric projects at the core of its diverse energy mix, Idaho Power's residential, business and agricultural customers pay among the nation's lowest prices for electricity. Its 2,100 employees proudly serve more than 630,000 customers with a culture of safety first, integrity always and respect for all.

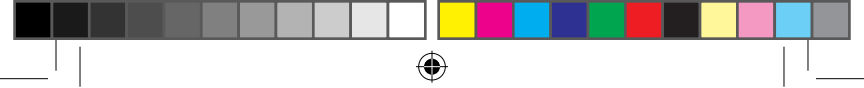
IDACORP Inc. (NYSE: IDA), Idaho Power's independent publicly traded parent company, is also headquartered in Boise, Idaho. To learn more, visit idahopower.com or idacorpinc.com.

Jordan Rodriguez

Communications Specialist

jrodriguez@idahopower.com

208-388-2460



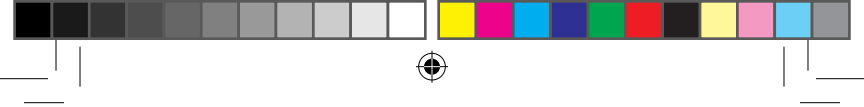
Idaho Power Files Annual Fixed Cost Adjustment

Idaho Power has filed the first of two annual cost adjustments with the Idaho Public Utilities Commission (IPUC). This year’s Fixed Cost Adjustment (FCA) requests an increase of \$10.6 million, or 1.44%, for residential and small general service customers in Idaho.

If the FCA proposal is approved as filed, a typical residential customer using 950 kilowatt-hours per month would see about a \$1.69 increase to their monthly bill beginning June 1. However, the final impact to customer bills won’t be known until a second annual adjustment, the Power Cost Adjustment (PCA), is filed in April.

Percentage Change from Current Billed Revenue				
Filing	Revenue Change (millions)	Residential Service	Small General Service	Overall Change
FCA	\$10.6	1.44%	1.39%	1.44%

The FCA adjusts prices up or down based on changes in energy use per customer during the prior year. It is a true-up mechanism that separates energy sales from revenue to remove financial disincentives for Idaho Power to invest in demand-side management, which can contribute to use per customer declining.



In 2023, Idaho Power’s energy efficiency programs saved 139,683 megawatt hours — enough energy to power about 12,200 average-sized homes for a year. Idaho Power values demand-side management, energy efficiency and education programs, and the FCA allows the company to provide these programs to residential and small general service customers without negative financial impacts.

The FCA allows Idaho Power to recover an IPUC-authorized level of fixed costs — costs associated with things like generation plants, power lines, and substations — per customer. If the company collects less than the authorized fixed-cost amount, it can collect the difference through a surcharge. If the company collects more than the authorized amount, it refunds the difference to customers through a credit.

Opportunities for Public Review

Idaho Power’s filing is subject to public review and approval by the IPUC. Copies of the application are available to the public at the IPUC offices (11331 W. Chinden Blvd. Building 8, Suite 201-A, Boise, ID 83714) Idaho Power offices, on idahopower.com, or at the IPUC website, puc.idaho.gov. Customers may also subscribe to the IPUC’s RSS feed to receive periodic updates via email about the case. Written comments (Case No. IPC-E-24-10) regarding Idaho Power’s application may be filed with the IPUC.



Printed on recycled paper.
©2024 Idaho Power
31180-I-0267