

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 15, 2015

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2016

DATE: December 8, 2015

TO: Public Utility Commission

FROM: Max St. Brown^{MSB}

THROUGH: Jason Eisdorfer and Marc Hellman

SUBJECT: IDAHO POWER COMPANY: (Docket No. ADV 136/Advice No. 15-11)
Revises Schedule 98, Adjusts the Residential Exchange Program Credits
for the period January 1, 2016, through December 31, 2017.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Idaho Power Company (Company)'s proposed revisions to the residential exchange program (REP) credits in its Schedule 98, Residential and Small Farm Energy Credit.

ISSUE:

Should the Commission approve Idaho Power Company's proposed revisions to the Residential Exchange Program (REP) credits in its Schedule 98?

APPLICABLE LAW:

Idaho Power filed its proposed changes to Schedule 98 under ORS 757.205. The Commission reviews the proposed tariff change to determine whether it results in just and reasonable rates. ORS 756.040. In addition, the tariff relates to the Residential Exchange Credit and the Regional Power Act for which ORS 757.663 provides the Commission authority to require electric companies to enter into contracts with Bonneville Power Administration (BPA). BPA and Idaho Power Company are operating under the terms of the Residential Exchange Program Settlement Agreement formally supported by the Commission.

ANALYSIS:

On November 13, 2015, Idaho Power Company filed Advice No. 15-11, relating to the values of the REP credits for the period January 1, 2016, through December 31, 2017. The REP credits provide customers benefits from the low-cost federal system resources. Staff initiated two requests for information.

Idaho Power's REP benefit levels are subject to change every two years. The benefit levels may change as a result of changes in the Company's ASC as determined by BPA and as a result of changes in levels of eligible residential and small farm load. Thus, a change in the ASC and/or eligible load can change the value of the benefits that flow to residential and small farm customers. For the FY 2016-2017, both the Company's ASC and its eligible load changed. These changes resulted in the Company's total annual eligible benefit increasing significantly from \$3,001,496 of annual benefits for the two-year period beginning October 1, 2013, to \$10,200,935 annually for the FY 2016-2017 exchange period.¹

Idaho Power is unique among investor owned utilities operating in Oregon, in that it is the only electric utility that does not have a reallocation ("Lookback") adjustment in BPA's current Table 2.4.11.² Section 6 of Appendix A of the BPA Administrator's Record of Decision (ROD) for the 2012 Residential Exchange Program Settlement Proceeding describes the IOU Settlement Adjustments. Section 6 of Appendix A of the BPA Administrator's ROD for the 2012 REP Settlement Proceeding states, "for each Fiscal Year, BPA will develop rates, in the Rate Proceeding for the applicable Rate Period, such that each IOU will be paid its IOU-Specific REP Settlement Benefit Amount as calculated for such Fiscal Year..."³ Because the REP credits are developed by BPA in its Table 2.4.11, of which Idaho Power Company has no control over, Staff supports the Company's filing in regards to the lack of a reallocation (Lookback) adjustment.

Based on the Company's information responses to Staff information requests, Staff confirmed that the monthly bill impact for a typical residential customer that uses 1,225 kilowatt-hours per month will be a bill decrease of \$1.72 per month, or a 1.39 percent decrease.⁴ For Schedule 1 residential customers, for up to the first 1000 kWh of use,

¹ See IPCo Advice No. 15-11.

² See Bonneville Power Administration. "Table 2.4.11: Rate Directive Step Calculation of Utility Specific PF Exchange Rates and REP Benefits: Test Period October 2015 - September 2017." Available at: https://www.bpa.gov/Finance/ResidentialExchangeProgram/Documents/BP_16_Table%202.4.11.pdf

³ See page 19 of: Bonneville Power Administration. (2011). "Appendix A: 2012 REP Settlement Agreement," Residential Exchange Program Settlement Agreement Proceeding (REP-12): Administrator's Final Record of Decision. Available at:

<http://www.bpa.gov/Finance/ResidentialExchangeProgram/Documents/REP-12-A-02A.pdf>

⁴ See the Company's response to Staff IR 1 in IPCo Advice No. 15-11. Attached as Appendix 1.

the filing proposes to increase the credit from \$0.000830/kWh to \$0.002546/kWh.⁵ For Schedules 7, 9, 15, and 24, for up to the first 222,000 kWh of use, the filing proposes to increase the credit from \$0.000523/kWh to \$0.001397/kWh.⁶ Staff has reviewed the formulas in the Company's confidential electronic spreadsheet and Staff finds that these proposed residential exchange credits have been correctly calculated.

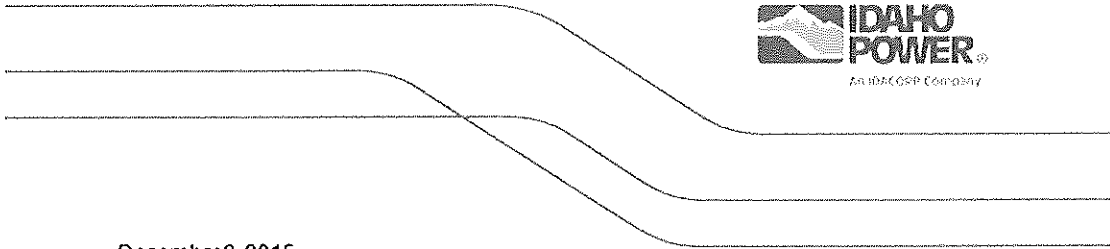
PROPOSED COMMISSION MOTION:

Idaho Power Company's proposed revisions to its Schedule 98, Residential and Small Farm Energy Credit, be approved effective January 1, 2016.

⁵ See IPCo Advice No. 15-11.

⁶ See IPCo Advice No. 15-11.

Appendix 1



December 2, 2015

Subject: Advice No. 15-11 – Schedule 98, Residential and Small Farm Energy Credit
Idaho Power Company's Responses to Staff's Information Requests 1-2

STAFF'S INFORMATION REQUEST 1:

Please refer to Idaho Power Company's Advice No. 15-11 initial filing. The initial filing proposes providing Schedule 1 customers with residential exchange credit rebates of 0.2546 cents per kWh, up to the first 1,000 kWh of metered energy. Please provide both the dollar and percent of total bill, bill decrease that a typical Schedule 1 residential customer will see per month. Provide all workpapers in support of this computation.

IDAHO POWER COMPANY'S RESPONSE TO STAFF'S INFORMATION REQUEST 1:

Please see the attached Excel spreadsheet. The first tab of the spreadsheet details the impact of the change in the Bonneville Power Administration Residential and Small Farm Energy Credit from \$0.000830 to \$0.002546 on the residential class as a whole, reducing total revenue collections by approximately 1.1 percent. The second tab of the spreadsheet illustrates the monthly bill impact for a typical residential customer that uses 1,225 kilowatt-hours per month. That residential customer will see a bill decrease of \$1.72 per month, or a 1.39 percent decrease.