

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT**

PUBLIC MEETING DATE: December 14, 2021

REGULAR **CONSENT** **EFFECTIVE DATE** January 1, 2022

DATE: December 6, 2021

TO: Public Utility Commission

FROM: Curtis Dlouhy

THROUGH: Bryan Conway, John Crider, and Matt Muldoon **SIGNED**

SUBJECT: IDAHO POWER COMPANY:
(Docket No. ADV 1338/Advice No. 21-10)
Revision to Schedule 98, Residential and Small Farm Energy Credits for
the period January 1, 2022, through December 31, 2023.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Idaho Power Company's (Idaho Power, IPC, or Company) Advice No. 21-10 filing to revise Schedule 98¹ rates with an effective date of January 1, 2022.

DISCUSSION:

Issue

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

Applicable Rule or Law

Idaho Power filed its proposed changes to Schedule 98 under ORS 757.205 and 757.210. Under ORS 757.205(1) every public utility shall file with the Public Utility Commission schedules showing all rates, tolls and charges that it has established and are in force at the time for any service performed by it within the state, or for any service in connection therewith or performed by any public utility controlled or operated by it.

¹ P.U.C. ORE. NO. E-27. Schedule 98 - Residential And Small Farm Energy Credit.

The Commission may approve tariff changes if they are deemed to be fair, just, and reasonable. ORS 757.210. Tariff revisions may be made by filing revised sheets with the information required under the Commission's administrative rules, including OAR 860-022-0025.

OAR 860-022-0025(2) specifically requires that each energy utility changing existing tariffs or schedules must include in its filing a statement plainly indicating the increase, decrease, or other change made with the filing, the number of customers affected by the proposed change and the resulting change in annual revenue; and the reasons or grounds relied upon in support of the proposed change. Filings that propose any change in rates, tolls, charges, rules, or regulations must be filed with the Commission at least 30 days before the effective date of the change. ORS 757.220; OAR 860-022-0015. Tariff filings to be effective on less than 30 days following notice of the change may be authorized with a waiver of less than statutory notice pursuant to ORS 757.220 and OAR 860-022-0020.

Analysis

Background

On November 9, 2021, Idaho Power filed Tariff Advice No. 21-10, Revisions to Schedule 98, Residential and Small Farm Energy Credit. In its filing, the Company provided the background information about its Residential Exchange program with Bonneville Power Administration (BPA):

Under the terms and conditions of the Pacific Northwest Electric Power Planning and Conservation Act ("NW Power Act"), BPA has established a Residential Exchange Program ("REP") to pass through benefits from the Federal Columbia River power system directly to qualifying residential and small farm customers of participating Pacific Northwest utilities. The REP was suspended in 2007 due to a ruling by the United States Ninth Circuit Court of Appeals. In 2011, Idaho Power, BPA, and others ("the Parties") signed a Residential Exchange Program Settlement Agreement ("Settlement Agreement") (BPA Contract No. 11PB-12322), whereby Idaho Power would resume receiving monthly benefits beginning October 1, 2011. The Settlement Agreement settled the Parties' rights and obligations for the REP provided for by the NW Power Act and fixed the total amount of benefits to be paid to participating utilities from 2011 through 2028.

Although the Settlement Agreement established fixed annual benefits in total for BPA fiscal years 2012 through 2028, these benefits are allocated to the utilities based upon each utility's Average System Cost ("ASC") in comparison to BPA's Priority Firm

Exchange Rate (“PF Exchange Rate”), and upon a two-year average of the utility’s historical eligible loads. A utility’s ASC and the resulting benefits are determined through an ASC filing and review process administered by BPA and conducted every two years.

Staff Review

The Residential and Small Farm Energy Credit, Schedule 98, is the result of the Settlement Agreement between Idaho Power and BPA. The Settlement Agreement provides for the determination of benefits during the period October 1, 2011, through September 30, 2028 (Tariff Advice No. 11-15).

Idaho Power’s 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 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.

In this filing, Idaho Power’s final ASC for the FY 2022-2023 exchange period is \$58.17 per megawatt-hour (MWh). Because Idaho Power’s exchange period ASC exceeds BPA’s PF Exchange Rate (currently \$55.26 per MWh) by \$2.91 per MWh, the Company’s Idaho and Oregon residential and small farm customers are eligible to receive \$19,954,079 annually for the FY 2022-2023 exchange period, a decrease of \$2,338,049 per year from the FY 2020-2021 exchange period.

The Company states that it will continue to pass through the benefit amount on a cents-per-kWh basis to all qualifying electric energy delivered to Oregon customers taking service under Schedules 1, 5, 7, 9, 15, and 24. Benefits at the new credit rate will be passed through on a monthly basis for qualifying residential and small farm usage commencing January 1, 2020. However, benefits for qualifying irrigation usage will be accrued monthly and passed through to irrigation customers each December, concurrent with the Company’s annual kWh and property tax rebate program.

The Company notes in its filing that in the calculation of the FY 2022-2023 credit rate, it discovered that the non-residential customer rate had been understated for FY 2020-2021 due to formula inconsistencies. Correcting this inconsistency led to credit rate for non-residential customers to increase from 0.2210 cents per kWh to 0.3509 cents per kWh while the residential customer credit rate decreased from 0.5485 cents per kWh to 0.4755 cents per kWh.

Staff independently reviewed the Company’s changes to Schedule 98 and its associated workpapers and discussed the filing and associated work papers with Idaho

Power through a conference call on December 2, 2021. During this conference call, Idaho Power showed Staff the formula inconsistencies that were present in past years and what it has done to correct these inconsistencies. Staff found that in this filing, Idaho Power complied with OAR 860-022-0025 by providing “a detailed statement setting forth the reasons or grounds relied upon in support of the proposed change.” Staff is satisfied that the Company’s changes to Schedule 98 and its associated workpapers are sufficient.

Conclusion

Staff verified Idaho Power's work paper data and found the calculations are sufficient and supportive to its filing and is consistent with past Commission Orders.

The Company has reviewed this memo and has no concerns.

PROPOSED COMMISSION MOTION:

Approve Idaho Power Advice Filing No. 21-10, with rates effective January 1, 2022.

