November 13, 2015

Public Utility Commission of Oregon
Filing Center
201 High Street SE, Suite 100
P.O. Box 1088
Salem, Oregon  97301

Re:    Tariff Advice No. 15-11
       Revisions to Schedule 98, Residential and Small Farm Energy Credit

Attention Filing Center:

Idaho Power Company (“Idaho Power” or “Company”) herewith transmits for filing Tariff Advice No. 15-11 containing proposed revisions to the Company’s Schedule 98. The purpose of this filing is to change the Credit Adjustment section of Schedule 98, increasing the Bonneville Power Administration (“BPA”) Residential and Small Farm Energy Credit (“BPA Credit”) from 0.0523 cents per kilowatt-hour (“kWh”) to 0.1397 cents per kWh for Rate Schedules 7, 9, 15, and 24 and from 0.0830 cents per kWh to 0.2546 cents per kWh for Schedule 1, for the period January 1, 2016, through December 31, 2017. Idaho Power has included Schedule 98 containing the proposed revisions and respectfully requests the Public Utility Commission of Oregon (“Commission”) approve this advice with an effective date of January 1, 2016.

Background

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 start 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.

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.

Fiscal Year 2012-2013 ASC Filing

As a result of the ASC review conducted for BPA’s Fiscal Years ("FY") 2014 and 2015, Idaho Power’s Idaho and Oregon residential and small farm customers were eligible to receive $3,001,496 of annual benefits for the two-year period beginning October 1, 2013. On November 3, 2013, Idaho Power filed Tariff Advice No. 13-12 with the Commission, seeking to increase the rate on Schedule 98 effective January 1, 2014, whereby Oregon residential and small farm customers would receive a credit on their power bills for the period January 1, 2014, through December 31, 2015. That tariff advice was approved by the Commission on December 3, 2015.

Fiscal Year 2014-2015 ASC Filing

On June 2, 2014, Idaho Power filed its Appendix 1 with BPA to begin the FY 2016-2017 ASC review process. The Appendix 1 is an Excel spreadsheet model completed by the participating utility and used by BPA to determine a utility’s ASC and the resulting benefits for the upcoming two-year exchange period (in this case, 10/1/2015 through 9/30/2017). The ASC review process consisted of several rounds of discovery and comments and concluded in July of 2015, when BPA released its final ASC report. Idaho Power’s final ASC for the FY 2016-2017 exchange period is $59.02 per megawatt-hour ("MWh"). Because Idaho Power’s exchange period ASC exceeds BPA’s PF Exchange Rate (currently $57.5117 per MWh) by $1.5083 per MWh, Idaho Power’s Idaho and Oregon residential and small farm customers are eligible to receive $10,200,935 annually for the FY 2016-2017 exchange period, an increase of $7,199,439 per year from the FY 2016-2017 exchange period.

Idaho Power 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, 7, 9, 15, and 24. The calculation of the new BPA Credit rate for qualifying customers, based on the new benefit amount determined by the FY 2016-2017 ASC proceeding, can be found on the confidential spreadsheet on the confidential CD which will
be sent separately via Federal Express. Benefits at the new credit rate will be passed through on a monthly basis for qualifying residential and small farm usage commencing January 1, 2016. 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 irrigation benefits distributed each December will correspond to a prior 12-month period ending on September 30. For example, irrigation benefits distributed in December 2015 are based on usage from October 2014 through September 2015. Monthly benefits for irrigation customers are limited, for any single customer, to their actual metered energy or 222,000 kWh, whichever is less.

Idaho Power respectfully requests that the Commission approve the revised Schedule 98 effective January 1, 2016, which will adjust the BPA Credit rate for Oregon residential and small farm customers for the period January 1, 2016, through December 31, 2017.

If you have any questions regarding this filing, please contact Courtney Waites, Senior Regulatory Analyst, at (208) 388-5612.

Sincerely,

Lisa D. Nordstrom

LDN:kkt

Enclosures

cc w/ encl: Lisa Rackner
SCHEDULE 98
RESIDENTIAL AND SMALL FARM
ENERGY CREDIT

APPLICABILITY

This schedule is applicable to the Qualifying Electric Energy, as defined below, delivered to Customers taking service under Schedules 1, 7, 9, 15, or 24.

The Residential and Small Farm Energy Credit ("Credit") is the result of the Settlement Agreement between the Company and the Bonneville Power Administration ("BPA") Contract No. 11PB-12322. The Settlement Agreement provides for the determination of benefits during the period October 1, 2011, through September 30, 2028. This schedule shall expire when the benefits derived from the Settlement Agreement have been credited to Customers as provided for under this schedule.

QUALIFYING ELECTRIC ENERGY

RESIDENTIAL

All kilowatt-hours (kWh) of metered energy, delivered during the Billing Period, to residential Customers taking service under Schedule 1, and all kWh of metered residential electric use delivered to Customers taking service under Schedules 7, 9, or 15, as defined in the BPA Customer Load Eligibility Guidelines for the Residential Exchange Program Residential Purchase and Sale Agreements, will be considered Residential Qualifying Electric Energy under this schedule. For customers taking service under Schedule 1, the credit will be limited to either the residential customer’s actual metered energy or 1,000 kWh, whichever is less.

SMALL FARM

All kWh of metered energy, delivered during the Billing Period, to eligible small farm Customers taking service under Schedule 7 or 9, as defined in the BPA Customer Load Eligibility Guidelines for the Residential Exchange Program Residential Purchase and Sale Agreements will be considered Small Farm Qualifying Electric Energy under this schedule.

IRRIGATION

All kWh of metered energy delivered during the Billing Period to eligible irrigation Customers taking service under Schedule 24, as defined in the BPA Customer Load Eligibility Guidelines for the Residential Exchange Program Residential Purchase and Sale Agreements, limited to either the irrigation Customer’s actual metered energy or 222,000 kWh, whichever is less, will be considered Irrigation Qualifying Electric Energy under this schedule. Irrigation Customers will be identified by Tax Identification Number or Social Security Number for purposes of determining Irrigation Qualifying Electric Energy under this schedule.

CREDIT ADJUSTMENT

An energy credit rate will be determined on an annual basis by dividing the sum of the total fiscal year Credit, derived from the Settlement Agreement, plus a true up from the prior year Credit, if applicable, by the sum of the calendar year projected Qualifying Electric Energy as described above. The current energy credit rate is:

- Schedule 1: 0.2546 cents per kWh
- Schedules 7, 9, 15, and 24: 0.1397 cents per kWh

For residential and small farm Customers, the credit adjustment will be reflected on the Customers’ monthly bills.

For irrigation Customers, the credit adjustment will be issued in December of each year.