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July 13, 2017

**VIA E-TARIFF**

The Honorable Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: Docket No. ER17-\_\_\_\_\_  
Idaho Power Company's 2017 Update to Depreciation Rates

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act, 16 U.S.C. § 824d, and Section 35.13 of the regulations of the Federal Energy Regulatory Commission ("Commission" or "FERC"), 18 C.F.R. Part 35, Idaho Power Company ("Idaho Power" or "Company") hereby submits revised depreciation rates for filing. The revised depreciation accrual rates are reflected in Section 3.8.4 of Idaho Power's Open Access Transmission Tariff ("OATT"). Idaho Power requests that these depreciation rates become effective as of June 1, 2017, to coincide with the effective date of the new depreciation accrual rates in Idaho Power's Idaho jurisdiction.

**I. IDENTITY OF APPLICANT**

Idaho Power is a corporation created and organized under the laws of the state of Idaho with its principal office in Boise, Idaho. Idaho Power is a wholly owned subsidiary of IDACORP, Inc. Idaho Power is an investor-owned utility engaged in, among other things, the business of generating and transmitting electric power and distributing electric power to wholesale and retail customers.

**II. CONTENTS OF FILING**

Idaho Power respectfully tenders for filing the following documents:

- (a) This transmittal letter;

- (b) Revised pages 1 of 2 and 2 of 2, Version 3.0.0, Section 3.8.4 of Idaho Power's OATT, submitted via e-Tariff;
- (c) A redlined version of pages 1 of 2 and 2 of 2, Section 3.8.4 of Idaho Power's OATT showing the changes from Version 2.0.0, submitted via e-Tariff;
- (d) A calculation of the transmission revenue requirement for the 12 months ending on December 31, 2016, using the existing depreciation accrual rates (Attachment 1), the Draft Informational Filing posted on June 1, 2017;
- (e) A calculation of the transmission revenue requirement for the 12 months ending on December 31, 2016, using the new depreciation accrual rates (Attachment 2);
- (f) Statements BG and BH demonstrating the revenue impact of the proposed depreciation rate changes for the 12 months ending December 31, 2016 (Attachment 3);
- (g) The May 31, 2017, final Order No. 33770 issued by the Idaho Public Utilities Commission ("Idaho PUC") in Case No. IPC-E-16-23 (Attachment 4); and
- (h) A copy of the Depreciation Study related to the electric plant of Idaho Power as of December 31, 2015, submitted to the Idaho PUC in Case No. IPC-E-16-23 (Attachment 5).

### **III. CORRESPONDENCE**

Idaho Power respectfully requests that the following individuals be included on the official service list in these proceedings and that all communications concerning this filing be addressed to them as follows:

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#### **IV. BACKGROUND**

Idaho Power provides open access transmission service pursuant to its OATT. The rates in Schedules 7 and 8, and the revenue requirement in Schedule 9, to the OATT are determined pursuant to the formula rate set forth in OATT Attachment H. Section 4.1 of Attachment H sets forth the depreciation accrual rates used in the formula rate. Section 4.2 of Attachment H provides that if the Idaho PUC issues a final order approving changes to the depreciation rates in Section 4.1, Idaho Power will file such changed rates to the depreciation schedule with the Commission pursuant to Section 205 of the Federal Power Act within 45 days of the issuance of such final order, to be made effective on the same date as such rates are made effective by the Idaho PUC.

On May 31, 2017, the Idaho PUC approved new depreciation accrual rates for Idaho Power to be effective June 1, 2017. In accordance with Attachment H, Section 4.2 of Idaho Power's OATT, Idaho Power is filing these depreciation accrual rates with the Commission for its acceptance for ratemaking purposes.

#### **V. DESCRIPTION OF FILING**

Through this filing, Idaho Power is revising the transmission and general plant depreciation accrual rates and the amortization of intangible plant that it uses in calculating its transmission rates under its OATT formula rate. These revised depreciation accrual rates are contained in the revised rate schedule sheets submitted as part of this filing via e-Tariff. These revised depreciation accrual rates are the same depreciation accrual rates approved by the Idaho PUC on May 31, 2017.

In support of these revised depreciation accrual rates, Idaho Power is submitting the Depreciation Study that Idaho Power submitted to the Idaho PUC in Case No. IPC-E-16-23. The Depreciation Study is attached as Attachment 5 to this filing. The Depreciation Study determines depreciation accrual rates based on plant investment as of December 31, 2015. The Depreciation Study was prepared in accordance with generally accepted practices in the field of depreciation, describes the methodology used in calculating the depreciation accrual rates, and provides extensive support for the depreciation accrual rates selected, on an account-by-account basis.

Following Idaho Power's submission of the Depreciation Study to the Idaho PUC, Idaho Power, Idaho PUC Staff, two of Idaho Power's largest customers and representatives for the Company's irrigation and industrial customers filed a stipulation setting forth the agreed upon depreciation accrual rates ("Stipulation"). In that Stipulation, the parties agreed to make adjustments to a number of items contained in the Depreciation Study. A description of these adjustments is contained in the Stipulation filed by Idaho Power and approved in the Idaho PUC's final Order No. 33770, which approved the Stipulation as filed in its entirety.

Idaho Power submits that the depreciation accrual rates set forth in the Depreciation Study are well supported. The Idaho PUC has approved those rates, as modified by the Stipulation, and Idaho Power proposes that the Commission should do so as well.

## **VI. REVENUE IMPACT**

Idaho Power has calculated the estimated revenue impact to transmission customers as a result of the revised depreciation rates. To determine the impact, Idaho Power calculated the change in the total transmission revenue requirement using the Draft Informational Filing posted on June 1, 2017, which is based on December 31, 2016, financial data, and the proposed depreciation rates (Attachment 2). The changed transmission revenue requirement was then applied to the actual 2016 billing determinants for network and long-term firm point-to-point transmission customers to estimate the change in transmission revenues had the depreciation rates been in effect in 2016 (Attachment 3). The result is an estimated decrease in transmission revenues of approximately \$450,000 per year, or 1.1 percent.

## **VII. PROPOSED EFFECTIVE DATE AND WAIVER**

Section 4.2 of the formula rate provides that the revised depreciation accrual rates are to be effective on the same date as such depreciation accrual rates are made effective by the Idaho PUC. Idaho Power's transmission rates change each October 1 based on the prior calendar year's costs. Accordingly, in order to implement the revised depreciation accrual rates, the tariff sheets are being revised to state that the existing depreciation accrual rates would be used to determine depreciation expense under the formula rate through May 31, 2017, and that the new depreciation accrual rates would be used to determine depreciation expense under the formula rate beginning on June 1, 2017. As a result, the following depreciation accrual rates would be used during the following time periods:

- For service provided during the period October 1, 2017, through September 30, 2018 (for which the transmission revenue requirement is based on 2016 costs), the existing depreciation accrual rates will be used to determine depreciation expense under the formula rate, and there will be no rate change for this period as a result of this filing.
- For service provided during the period of October 1, 2018, through September 30, 2019 (for which the transmission revenue requirement is based on 2017 costs), the existing depreciation accrual rates will be used to determine depreciation expense under the formula rate for the time period between January 1, 2017, and May 31, 2017, and the new depreciation accrual rates will be used to determine depreciation expense under the formula rate for the time period between June 1, 2017, and December 31, 2017.

- For service provided during the period of October 1, 2019, through September 30, 2020 (for which the transmission revenue requirement is based on 2018 costs), as well as subsequent years, the new depreciation accrual rates will be used to determine depreciation expense under the formula rate.

Idaho Power requests that the Commission waive the 60-day prior notice requirements in order to permit the revised tariff sheets to become effective as of June 1, 2017. Good cause exists for this waiver. Under Commission policy, where the effective date or a rate change is prescribed by contract, the Commission will ordinarily find good cause to waive the 60-day prior notice requirement. *Prior Notice and Filing Requirements under Part II of the Federal Power Act*, 64 FERC ¶ 61,139 (1993). Here, the effective date is prescribed by Idaho Power's OATT. Granting waiver of the prior notice period would be consistent with the Commission's policies in these circumstances. In addition, and as explained above, although Idaho Power is requesting an effective date of June 1, 2017, the revised depreciation rates would not affect the transmission rates under Idaho Power's OATT until October 1, 2018. Although Idaho Power believes that this filing includes sufficient information to meet the Commission's filing requirements, Idaho Power requests waiver of any applicable regulations to allow the filing to take effect in the manner described herein.

#### **VIII. SERVICE AND MISCELLANEOUS**

Due to the voluminous size of this filing, rather than providing service to Idaho Power's OATT customers by hard copy, a link to this filing will be posted on Idaho Power's OASIS. Idaho Power respectfully requests any waivers necessary to permit this approach to service.

#### **IX. CONCLUSION**

For the reasons set forth above, Idaho Power respectfully requests that the Commission accept this filing changing the depreciation accrual rates with an effective date of June 1, 2017. Thank you for your consideration of the documents submitted herewith.

Sincerely,



Julia A. Hilton

## 4.0 Depreciation Rates For Use In Formula Rate

### 4.1

Account Number	<u>Column A</u> Depreciation Rates for determining depreciation expense through May 31, 2017	<u>Column B</u> Depreciation Rates for determining depreciation expense beginning June 1, 2017
350.20	1.39%	0.89%
350.21	-	-
352.00	1.84%	1.88%
353.00	1.90%	1.97%
354.00	1.70%	1.07%
355.00	2.77%	2.64%
356.00	2.25	1.87%
359.00	0.79%	0.91%
390.11	2.58%	2.08%
390.12	1.90%	2.11%
390.20	2.15%	-
391.10	2.88%	3.72%
391.20	11.12%	20.00%
391.201	-	-
391.21	11.22%	12.50%
391.211	-	-
392.10	7.50%	7.07%
392.30	1.73%	4.13%
392.40	7.36%	6.20%
392.50	3.53%	6.34%
392.60	4.14%	3.95%
392.70	3.21%	4.16%
392.90	2.10%	2.24%
393.00	3.30%	4.00%
394.00	4.13%	5.00%
395.00	4.29%	5.00%
396.00	1.66%	2.97%
397.10	4.25%	6.67%
397.20	5.38%	6.67%
397.30	5.31%	6.67%
397.40	7.90%	5.98%
398.00	5.20%	6.67%

- 4.1.1 For service provided during the period October 1, 2017 through September 30, 2018 (for which the transmission revenue requirement is based on 2016 costs) the depreciation rates in column A will be used to determine depreciation expense. For service provided during the period October 1, 2018 through September 30, 2019 (for which the transmission revenue requirement is based on 2017 costs), the depreciation rates in column A will be used to determine depreciation expense for January 1, 2017 through May 31, 2017, and the depreciation rates in column B will be used to determine depreciation expense for June 1, 2017 through December 31, 2017. For service provided during the period October 1, 2019 through September 30, 2020 (for which the transmission revenue requirement is based on 2018 costs), the depreciation rates in column B will be used to determine depreciation expense.
- 4.2 In the event that the Idaho Public Utilities Commission (IPUC) issues a final order approving changes to the depreciation rates set forth in Section 4.1, Idaho Power will file such changed rates with the FERC pursuant to Section 205 of the Federal Power Act within 45 days of the issuance of such final order, to be made effective on the same date as such rates are made effective by the IPUC. If as a result of FERC's review or for any other reason, the depreciation rates approved by FERC for ratemaking purposes differ from those approved by the IPUC, the inputs to the formula rate will be calculated using the FERC-approved depreciation rates.

## 4.0 Depreciation Rates For Use In Formula Rate

### 4.1

Account Number	Column A Depreciation Rates for determining depreciation expense through May 31, 201 <del>7</del> <sup>2</sup>	Column B Depreciation Rates for determining depreciation expense beginning June 1, 201 <del>7</del> <sup>2</sup>
350.20	<del>1.39%</del> <sup>1.51%</sup>	<del>1.39%</del> <sup>0.89%</sup>
350.21	<del>-1.50%</del>	-
352.00	<del>1.84%</del> <sup>1.68%</sup>	<del>1.84%</del> <sup>1.88%</sup>
353.00	<del>1.90%</del> <sup>2.06%</sup>	<del>1.90%</del> <sup>1.97%</sup>
354.00	<del>1.70%</del> <sup>1.96%</sup>	<del>1.70%</del> <sup>1.07%</sup>
355.00	<del>2.77%</del> <sup>2.81%</sup>	<del>2.77%</del> <sup>2.64%</sup>
356.00	<del>2.25%</del> <sup>1.92%</sup>	<del>2.25%</del> <sup>1.87%</sup>
359.00	<del>0.79%</del> <sup>0.98%</sup>	<del>0.79%</del> <sup>0.91%</sup>
390.11	<del>2.58%</del> <sup>2.38%</sup>	<del>2.58%</del> <sup>2.08%</sup>
390.12	<del>1.90%</del> <sup>2.24%</sup>	<del>1.90%</del> <sup>2.11%</sup>
390.20	<del>2.15%</del> <sup>2.58%</sup>	<del>2.15%</del> <sup>-</sup>
391.10	<del>2.88%</del> <sup>4.97%</sup>	<del>2.88%</del> <sup>3.72%</sup>
391.20	<del>11.12%</del> <sup>24.37%</sup>	<del>11.12%</del> <sup>20.00%</sup>
391.201	-	-
391.21	<del>11.22%</del> <sup>13.96%</sup>	<del>11.22%</del> <sup>12.50%</sup>
391.211	-	-
392.10	<del>7.50%</del> <sup>6.23%</sup>	<del>7.50%</del> <sup>7.07%</sup>
392.30	<del>1.73%</del> <sup>8.62%</sup>	<del>1.73%</del> <sup>4.13%</sup>
392.40	<del>7.36%</del> <sup>3.58%</sup>	<del>7.36%</del> <sup>6.20%</sup>
392.50	<del>3.53%</del> <sup>1.49%</sup>	<del>3.53%</del> <sup>6.34%</sup>
392.60	<del>4.14%</del> <sup>3.69%</sup>	<del>4.14%</del> <sup>3.95%</sup>
392.70	<del>3.21%</del> <sup>2.39%</sup>	<del>3.21%</del> <sup>4.16%</sup>
392.90	<del>2.10%</del> <sup>1.99%</sup>	<del>2.10%</del> <sup>2.24%</sup>
393.00	<del>3.30%</del> <sup>5.40%</sup>	<del>3.30%</del> <sup>4.00%</sup>
394.00	<del>4.13%</del> <sup>4.84%</sup>	<del>4.13%</del> <sup>5.00%</sup>
395.00	<del>4.29%</del> <sup>5.39%</sup>	<del>4.29%</del> <sup>5.00%</sup>
396.00	<del>1.66%</del> <sup>6.95%</sup>	<del>1.66%</del> <sup>2.97%</sup>
397.10	<del>4.25%</del> <sup>6.16%</sup>	<del>4.25%</del> <sup>6.67%</sup>
397.20	<del>5.38%</del> <sup>6.99%</sup>	<del>5.38%</del> <sup>6.67%</sup>
397.30	<del>5.31%</del> <sup>8.36%</sup>	<del>5.31%</del> <sup>6.67%</sup>
397.40	<del>7.90%</del> <sup>8.20%</sup>	<del>7.90%</del> <sup>5.98%</sup>
398.00	<del>5.20%</del> <sup>9.57%</sup>	<del>5.20%</del> <sup>6.67%</sup>



4.1.1 For service provided during the period October 1, 201~~72~~ through September 30, 201~~83~~ (for which the transmission revenue requirement is based on 201~~64~~ costs) the depreciation rates in column A will be used to determine depreciation expense. For service provided during the period October 1, 201~~83~~ through September 30, 201~~94~~ (for which the transmission revenue requirement is based on 201~~72~~ costs), the depreciation rates in column A will be used to determine depreciation expense for January 1, 201~~72~~ through May 31, 201~~72~~, and the depreciation rates in column B will be used to determine depreciation expense for June 1, 201~~72~~ through December 31, 201~~72~~. For service provided during the period October 1, 201~~94~~ through September 30, 20~~2015~~ (for which the transmission revenue requirement is based on 201~~83~~ costs), the depreciation rates in column B will be used to determine depreciation expense.

4.2 In the event that the Idaho Public Utilities Commission (IPUC) issues a final order approving changes to the depreciation rates set forth in Section 4.1, Idaho Power will file such changed rates with the FERC pursuant to Section 205 of the Federal Power Act within 45 days of the issuance of such final order, to be made effective on the same date as such rates are made effective by the IPUC. If as a result of FERC's review or for any other reason, the depreciation rates approved by FERC for ratemaking purposes differ from those approved by the IPUC, the inputs to the formula rate will be calculated using the FERC-approved depreciation rates.