IDAHO FALLS POWER

What is the Power Cost Adjustment?

Implemented in Fiscal Year 2016, the PCA was designed to pass along savings (via PCA credit) in good water years or costs (via PCA charge) in bad water years. This component is a price signal into the variability of IFP's power supply costs given that we are largely dependent upon hydropower.

In good water years the City's four hydro plants generate sufficient energy to allow us to sell a surplus, creating revenue to help lower rates. That's what occurred in 2014, when we had an above-average snowpack and stream flows. The revenue generated allowed IFP to return more than $3 million to customers through the PCA mechanism in 2015.

This year's snowpack this winter was 75 percent of average, however, hampering generation. In addition, poor market conditions led to a substantial reduction in sales of surplus power, as declining electric consumption across the region led to additional surplus power on the wholesale market, driving down costs.

These factors led to the lowering of the PCA for the coming fiscal year.