SCHEDULE 75

FIXED COST ADJUSTMENT MECHANISM – ELECTRIC

PURPOSE:

This Schedule establishes balancing accounts and implements an annual Fixed Cost Adjustment ("FCA") rate mechanism that separates the recovery of the Company's Commission authorized revenues from kilowatt-hour sales to customers served under the applicable electric service schedules.

TERM:

The FCA mechanism will remain in effect through March 31, 2025.

APPLICABLE:

To Customers in the State of Idaho where the Company has electric service available. This schedule shall be applicable to all retail customers taking service under Schedules 1, 11, 12, 21, 22, 31, and 32. This Schedule does not apply to Extra Large General Service Schedule 25, Extra Large General Service to Clearwater Paper Schedule 25P, or to Street and Area Light Schedules 41 through 49.

Applicable Customers will be segregated into two (2) distinct Rate Groups:

Group 1 – Schedule 1
Group 2 – Schedules 11, 12, 21, 22, 31, 32

Note – the recovery of incremental revenue related to fixed production and transmission costs will be excluded for new natural gas customers added after the FCA Base test year.

MONTHLY RATE:

Group 1 – ($0.00540) per kWh
Group 2 – ($0.00048) per kWh

SCHEDULE 75A

FIXED COST ADJUSTMENT MECHANISM – ELECTRIC (continued)

DESCRIPTION OF THE ELECTRIC FIXED COST ADJUSTMENT MECHANISM:

Calculation of Monthly Allowed Delivery Revenue Per Customer:

Step 1 – Determine the Total Rate Revenue - The Total Rate Revenue is equal to the final approved base rate revenue approved in the Company's last general rate case, individually for each Rate Schedule.

Step 2 – Determine Variable Power Supply Revenue - The Normalized kWhs by rate schedule from the last approved general rate case are multiplied by the approved Load Change Adjustment Rate (LCAR) to determine the total Variable Power Supply Revenue. Step 2A – Determine Fixed Production and Transmission Revenue - The Normalized kWh's by rate schedule from the last approved general rate case are multiplied by the total average Production and Transmission Cost per kWh by rate schedule from the approved Cost of Service less the LCAR above to determine the Fixed Production and Transmission Revenue.

Step 3 – Determine Delivery and Power Plant Revenue – To determine the Delivery and Power Plant Revenue for test period existing customers, the mechanism subtracts the Variable Power Supply Revenue from the Total Rate Revenue. For new customers, in addition to subtracting the Variable Power Supply Revenue, the mechanism also subtracts the Fixed Production and Transmission Revenue from the Total Rate Revenue to determine Delivery and Power Plant Revenue applicable to customer hookups after the last approved general rate case test period.

Step 4 – Remove Basic Charge Revenue – included in the Delivery and Power Plant Revenue is revenue recovered from customers in Basic and Fixed Demand charges ("Fixed Charges"). Because the FCA mechanism only tracks revenue that varies with customer energy usage, the revenue from Fixed Charges is removed. The number of Customer Bills in the test year, multiplied by the applicable Fixed Charges determines the total Fixed Charge revenue by rate schedule.

Step 5 – Determine FCA Revenue – FCA Revenue is equal to the Delivery and Power Plant Revenue (Step 3) minus the Basic Charge Revenue (Step 4).

Step 6 – Determine the FCA Revenue per Customer – To determine the annual per customer FCA Revenue, divide the FCA Revenue (by Rate Group) by the approved Rate Year number of Customers (by Rate Group) to determine the annual Allowed FCA Revenue per Customer (by Rate Group)

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SCHEDULE 75B

FIXED COST ADJUSTMENT MECHANISM – ELECTRIC (continued)

Step 7 – Determine the Monthly FCA Revenue per Customer - to determine the Monthly FCA Revenue per customer, the annual FCA Revenue per customer is shaped based on the monthly kWh usage from the rate year. The FCA mechanism uses the resulting monthly percentage of usage by month and multiplied that by the annual FCA Revenue per Customer to determine the 12 monthly values.

Calculation of Monthly FCA Deferral:

Step 1 – Determine the actual number of customers each month.

Step 2 – Multiply the actual number of customers by the applicable monthly Allowed FCA Revenue per Customer. The result of this calculation is the total Allowed FCA Revenue for the applicable month.

Step 3 – Determine the actual revenue collected in the applicable month.

Step 4 – Calculate the amount of fixed charge revenue included in total actual monthly revenue.

Step 5 – For existing customers, multiply actual kWh sales by the approved Load Change Adjustment Rate. The result of this calculation is the total revenue collected related to variable power supply. For new customers, multiply actual kWh sales by both the approved Load Change Adjustment Rate and the approved Fixed Production and Transmission Revenue rate. The result of this calculation is the total revenue collected related to fixed and variable production and transmission costs.

Step 6 – For existing customers, subtract the basic charge revenue and the variable power supply revenue from the total actual monthly revenue. The result is the Actual FCA Revenue. For new customers, subtract the basic charge revenue and the fixed and variable production and transmission revenue from the actual monthly revenue. The result is the Actual FCA Revenue.

Step 7 – The difference between the Actual FCA Revenue (Step 6) and the Allowed FCA Revenue (Step 2) is calculated, and the resulting balance is deferred by the Company. Interest on the deferred balance will accrue at the Customer Deposit Rate.

Step 8 – At the end of every 12 month deferral period, the annual FCA revenue per customer, by Rate Group, will be multiplied by the average annual number of actual customers). The result of that calculation will be compared to the actual deferred revenue for the same 12 month period. The difference between the actual deferred revenue, and the calculated value, will be added to, or subtracted from, the total deferred balance, by Rate Group.

SCHEDULE 75C

FIXED COST ADJUSTMENT MECHANISM – ELECTRIC (continued)

ANNUAL ELECTRIC FCA RATE ADJUSTMENT:

On or before July 31 each year, the Company will file a request with the Commission to surcharge or rebate, by Rate Group, the amount accumulated in the deferred revenue accounts for the prior July through June time period (the transition deferral period will be from January 2020 through June 2021).

The proposed tariff revisions included with that filing would include a rate adjustment that recovers/rebates the appropriate deferred revenue amount over a twelve-month period effective on October 1st. The deferred revenue amount approved for recovery or rebate would be transferred to a balancing account and the revenue surcharged or rebated during the period would reduce the deferred revenue in the balancing account. Any deferred revenue remaining in the balancing account at the end of the calendar year would be added to the new revenue deferrals to determine the amount of the proposed surcharge/rebate for the following year.

After determining the amount of deferred revenue that can be recovered through a surcharge (or refunded through a rebate) by Rate Group, the proposed rates under this Schedule will be determined by dividing the deferred revenue to be recovered by Rate Group by the estimated kWh sales for each Rate Group during the twelve month recovery period. The deferred revenue amount to be recovered will be transferred to a FCA Balancing Account and the actual revenue received under this Schedule will be applied to the Account to reduce (amortize) the balance. Interest will be accrued on the unamortized balance in the FCA Balancing Account at the Customer Deposit Rate.

3% ANNUAL RATE INCREASE LIMITATION:

The amount of the incremental proposed rate adjustment under this Schedule cannot reflect more than a 3% rate increase. This will be determined by dividing the incremental annual revenue to be collected (proposed surcharge revenue less present surcharge revenue) under this Schedule by the total “normalized” revenue for the two Rate Groups for the most recent July through June time period (the transition deferral period will be from January 2020 through June 2021). Normalized revenue is determined by multiplying the weather-corrected usage for the period by the present rates in effect. If the incremental amount of the proposed surcharge exceeds 3%, only a 3% incremental rate increase will be proposed and any remaining deferred revenue will be carried over to the following year. There is no limit to the level of the FCA rebate, and the reversal of any rebate rate would not be included in the 3% incremental surcharge test.