

1 **BEFORE THE PUBLIC UTILITY COMMISSION**  
2 **OF OREGON**

3 **UM 1355**

4 In the Matter of

5 THE PUBLIC UTILITY COMMISSION  
6 OF OREGON,

7 Investigation into Forecasting Forced Outage  
8 Rates for Electric Generating Units.

**IDAHO POWER STIPULATION**

9  
10 This Stipulation resolves all issues among the parties to this Stipulation related to  
11 the methodology to be used by Idaho Power Company ("Idaho Power" or the "Company")  
12 to forecast its forced outage rates. This Stipulation includes identical terms as the  
13 Company's September 1, 2009, Stipulation in this docket, with the exception that this  
14 Stipulation includes a different collar mechanism.

15 **PARTIES**

16 1. The parties to this Stipulation are Idaho Power, Staff of the Public Utility  
17 Commission of Oregon ("Staff"), and the Citizens' Utility Board ("CUB") (together, the  
18 "Parties"). The Industrial Customers of Northwest Utilities ("ICNU") is not a party to this  
19 Stipulation, although ICNU does not oppose the Stipulation.

20 **BACKGROUND**

21 2. In Order No. 07-015 in Docket UE 180, the Public Utility Commission of  
22 Oregon ("Commission") ordered the opening of a new generic docket to evaluate the  
23 accuracy of the utilities' methods for forecasting forced outages.<sup>1</sup> Forced outages are  
24 instances where a utility's generating plant is unavailable for generation.<sup>2</sup> Generally, there

25 <sup>1</sup> *Re. Portland General Electric Co. Request for General Rate Revision, Docket UE 180, Order No. 07-*  
*015 at 15, 55 (Jan. 12, 2007).*

26 <sup>2</sup> *Re. Public Utility Comm'n of Oregon Investigation into Forecasting Forced Outage Rates for Electric*  
*Generating Unit, Docket UM 1355, Staff/100, Brown/2 (Apr. 7, 2009).*

1 are three types of outages: (1) forced outages that require an immediate generator shut-  
2 down; (2) maintenance outages that are scheduled less than a year in advance; and (3)  
3 planned outages that are scheduled more than one year out.<sup>3</sup> The forced outage rate is a  
4 measure of the availability of a utility's generating plants and expressed as the proportion  
5 of the forced outage hours to the total hours the plant is available for generation.<sup>4</sup>

6 3. For the purposes of this Stipulation and the Brief filed concurrently, the term  
7 "outage rates" will be used generically, to cover all three types of outages, unless  
8 abbreviated as FOR, in which it will refer specifically to the forced outage rate, as opposed  
9 to a maintenance outage rate or planned outage rate.

10 4. On November 2, 2007, the Commission opened this docket to review the  
11 appropriate methodology for determining the forced outages rate for generating plants.<sup>5</sup>

12 5. The parties to this docket convened two settlement conferences held on  
13 June 18 and June 23, 2009. All parties to the docket participated in the conferences.

14 6. On September 1, 2009, the Parties entered into an agreement and filed a  
15 Stipulation (hereinafter, "First Stipulation"). That comprehensive settlement resolved all  
16 issues in this docket and included the adoption of Staff's proposed collar mechanism.<sup>6</sup>

17 7. On October 7, 2009, the Commission issued a Notice of Intent to Modify  
18 Stipulations and Establish Rate Calculation.<sup>7</sup> The Notice reflected the Commission's intent  
19 to adopt the terms of the First Stipulation, subject to a modification of the collar

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22 <sup>3</sup> *Id.*

23 <sup>4</sup> *Id.* at Staff/100, Brown/5.

24 <sup>5</sup> *Re. Portland General Electric Co. Request for General Rate Revision*, Docket UE 180, Order No. 07-  
015 at 55 (Jan. 12, 2007).

25 <sup>6</sup> *See Re. Public Utility Comm'n of Oregon Investigation into Forecasting Forced Outage Rates for*  
*Electric Generating Unit*, Docket UM 1355, Idaho Power Stipulation at ¶ 5.c. (Sept. 1, 2009). Staff's  
collar mechanism is set forth at Staff/200, Brown/8-15.

26 <sup>7</sup> *Re. Public Utility Comm'n of Oregon Investigation into Forecasting Forced Outage Rates for Electric*  
*Generating Unit*, Docket UM 1355, Notice of Intent to Modify Stipulations and Establish Rate  
Calculation (Oct. 7, 2009) (hereinafter, "Notice").

1 mechanism.<sup>8</sup> In place of the collar mechanism reflected in the First Stipulation, the  
2 Commission modified Paragraph 5.c. and replaced its language with the following:

3           **“FOR “Collar”:** The Parties agree that for each year in which  
4 a coal fired unit’s annual FOR falls outside the 10<sup>th</sup> or 90<sup>th</sup>  
5 percentile of comparable NERC coal units, the methodology  
6 for calculating the forced outage rate shall be as set forth in  
7 Staff/200, Brown 8-15, except that, instead of adjusting the  
8 FOR to the 10<sup>th</sup> or 90<sup>th</sup> percentile values for the calendar  
9 year, the mean annual FOR from the unit’s entire historical  
10 data shall be substituted. This methodology does not imply  
11 ‘imprudence,’ and it is not intended to be used to determine  
12 imprudence. If the Commission, however, finds that any  
13 plant outage is due to utility imprudence, the FOR for that  
14 calendar year would be replaced in the four-year rolling  
15 average by the historical mean annual FOR for the unit.  
16 Furthermore, for any determination of imprudence related to  
17 an outage made after a final order is issued in this docket, the  
18 FOR for the calendar year of the outage will not be included  
19 in the calculation of the historical mean annual FOR.”<sup>9</sup>

12           8. Although the Notice was not an “order,” the Commission made clear that it  
13 intended the Notice to trigger the provisions of Paragraph 10 of the First Stipulation that  
14 allowed a party to withdraw from the agreement pursuant to OAR 860-014-0085.

15           9. Thus, on October 19, 2009, Idaho Power filed a Request for Approval of  
16 Stipulation or Additional Proceedings.<sup>10</sup> Idaho Power requested the Commission  
17 reconsider its decision and approve the First Stipulation as filed. In the event the  
18 Commission did not so, the Company intended to exercise its rights under OAR 860-014-  
19 0085(6) and the terms of the First Stipulation and seek additional proceedings.

20           10. The Commission then issued Order No. 09-479 on December 7, 2009.<sup>11</sup>  
21 This order clarified the Notice in two ways. *First*, the Commission clarified that in the event  
22 a utility lacks a “unit’s entire historical data,” the utility must make its best efforts to locate or

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23 <sup>8</sup> *Id.* at 1-2.  
24 <sup>9</sup> Notice at 3.  
25 <sup>10</sup> *Re. Public Utility Comm’n of Oregon Investigation into Forecasting Forced Outage Rates for Electric*  
26 *Generating Unit*, Docket UM 1355, Request for Approval of Stipulation or Additional Proceedings (Oct.  
19, 2009).  
<sup>11</sup> *Re. Public Utility Comm’n of Oregon Investigation into Forecasting Forced Outage Rates for Electric*  
*Generating Unit*, Docket UM 1355, Order No. 09-479 (Dec. 7, 2009).

1 recreate the outage data of the plant. If the utility cannot reasonably locate or recreate the  
2 data, it "shall use all of the historical data that is has been able to obtain through its best  
3 efforts and accompany the data by a declaration to that effect."<sup>12</sup> *Second*, Order No. 09-  
4 479 clarified the use of the outside-the-collar historical data in the calculation of the  
5 historical mean, noting that:

6 "the actual data for the outside-the-collar forced outage year  
7 will not be used in the computation of the FOR four-year  
8 moving average, it will (if not due to imprudence) become  
9 part of the historical data set that will be utilized in  
subsequent outside-the-collar FOR calculations. Years with  
outages due to imprudence will be excluded from all  
calculations."<sup>13</sup>

10

11 Order No. 09-479 also stated that "parties may file additional testimony and cross-examine  
12 witnesses on issues related to the FOR collar for coal plants outlined in the Notice, to the  
13 extent they can show there are new facts that are in dispute."<sup>14</sup>

14 11. Pursuant to Order No. 09-479, on January 7, 2010, the Commission  
15 convened a Prehearing Conference to establish a procedural schedule for the docket in  
16 light of the Commission's Notice and Order No. 09-479. On January 22, 2010,  
17 Administrative Law Judge Allan J. Arlow issued a Ruling that allowed parties to file motions  
18 seeking the right to file additional testimony.<sup>15</sup>

19 12. On January 29, 2010, Idaho Power filed a Motion for Additional Testimony  
20 seeking leave to file testimony responding to new issues of fact arising subsequent to the  
21 submission of reply and supplemental testimony.<sup>16</sup>

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23 <sup>12</sup> *Id.* at 3.

24 <sup>13</sup> *Id.*

24 <sup>14</sup> *Id.* at 4.

25 <sup>15</sup> *Re. Public Utility Comm'n of Oregon Investigation into Forecasting Forced Outage Rates for Electric  
Generating Unit*, Docket UM 1355, Ruling (Jan. 22, 2010).

26 <sup>16</sup> *Re. Public Utility Comm'n of Oregon Investigation into Forecasting Forced Outage Rates for Electric  
Generating Unit*, Docket UM 1355, Idaho Power's Motion for Additional Testimony (Jan. 29, 2010).

1 13. In Order No. 10-157, issued by the Commission on April 26, 2010, the  
2 Commission granted Idaho Power's motion in part.<sup>17</sup> The Commission authorized Idaho  
3 Power to file testimony addressing ICNU's proposed modifications to Staff's collar  
4 mechanism, which was included in the First Stipulation.

5 14. On June 25, 2010, another Prehearing Conference was convened to  
6 establish a schedule for the filing of new testimony and related issues.

7 15. Idaho Power filed testimony on July 16, 2010.

### 8 **AGREEMENT**

9 16. The Parties agree that Idaho Power will continue to calculate its outage  
10 rates for thermal generating units using the methodology that Idaho Power uses in its  
11 Annual Power Cost Update filings, such as Docket UE 214, and currently in its filings  
12 before the Idaho Public Utilities Commission, subject to the modifications contained in this  
13 Stipulation.

14 17. **Calculating Forced Outage Rates.** The Parties agree that Idaho Power  
15 will continue to use the North American Electric Reliability Corporation ("NERC") formulas  
16 based upon a three-year historical average for calculating the forced outage rate ("FOR")  
17 for all thermal plants. Use of the three-year average creates administrative efficiencies for  
18 Idaho Power as that is the average used to calculate the FOR for the Company's Idaho  
19 service territory. Idaho Power does not model forced outages for its hydroelectric and  
20 peaker plants, and the Parties agree that Idaho Power will continue this current  
21 methodology.

22 18. **Exclusion of Extreme Events for Coal Units.** The Parties agree that for  
23 each year in which a coal fired unit's annual FOR falls outside the 10<sup>th</sup> or 90<sup>th</sup> percentile of  
24 comparable NERC coal units, the methodology for calculating the FOR shall be as set forth

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26 <sup>17</sup> *Re. Public Utility Comm'n of Oregon Investigation into Forecasting Forced Outage Rates for Electric  
Generating Unit, Docket UM 1355, Order No. 10-157 (Apr. 26, 2010).*

1 in Staff/200, Brown/8-15, except that, instead of adjusting the FOR to the 10<sup>th</sup> or 90<sup>th</sup>  
2 percentile values for the calendar year, the mean annual FOR from the unit's entire  
3 historical data shall be substituted. This methodology does not imply "imprudence," and it  
4 is not intended to be used to determine imprudence. If the Commission, however, finds  
5 that any plant outage is due to utility imprudence, the FOR for that calendar year would be  
6 replaced in the three-year rolling average by the historical mean annual FOR for the unit.  
7 Furthermore, for any determination of imprudence related to an outage made after a final  
8 order is issued in this docket, the FOR for the calendar year of the outage will not be  
9 included in the calculation of the historical mean annual FOR. Nothing in this provision  
10 modifies Idaho Power's continued use of a three-year rolling average.

11           a.       In the event that Idaho Power cannot reasonably locate or recreate  
12 the forced outage data for a unit's entire history, it will use all of the historical data that it  
13 has been able to obtain through its best efforts and accompany the data by a declaration to  
14 that effect.

15           b.       When calculating the mean annual FOR for the unit's entire history,  
16 the actual data for an outside-the-collar forced outage year will (if not due to imprudence)  
17 become part of the historical data set that will be utilized in subsequent outside-the-collar  
18 FOR calculations, unless otherwise decided by the Commission in its adopted collar  
19 mechanism. Years with outages due to imprudence will be excluded from all calculations,  
20 including both the three-year rolling average and the historical mean.

21       19.       In the event that the Commission adopts a different collar mechanism, the  
22 Parties agree that Idaho Power will be subject to that collar mechanism as long as that  
23 collar falls within the following parameters:

24           a.       The collar must apply only when a coal fired unit's annual FOR falls  
25 outside the 10<sup>th</sup> or 90<sup>th</sup> percentile of comparable NERC coal units, as set forth in Staff/200,  
26 Brown/8-15 or outside the 10<sup>th</sup> or 90<sup>th</sup> percentile of unit historical data (*i.e.* the mechanism

1 must include the same benchmarks/collar boundary values used in the mechanism  
2 proposed by the Commission, Staff, ICNU, and supported by PGE<sup>18</sup>).

3           b.       The collar must adjust a unit's annual FOR falling outside the 10<sup>th</sup> or  
4 90<sup>th</sup> percentile of comparable NERC coal units to either:

5                   i.   the 10<sup>th</sup> or 90<sup>th</sup> percentile values for the calendar year (*i.e.* Staff's  
6                   proposed replacement values); or

7                   ii. an average value based upon the actual historical operating data  
8                   for the particular unit (*i.e.* the Commission and ICNU replacement  
9                   values). Thus, the replacement value must be based upon a  
10                  historical average but the Commission may determine the  
11                  appropriate length of time to use in calculating that average (*e.g.*  
12                  life of the plant, 20 years, 10 years, etc.).

13           c.       The collar methodology does not imply "imprudence," and it is not  
14 intended to be used to determine imprudence. For any year that includes an imprudent  
15 outage the FOR for that calendar year would be replaced in the three-year rolling average  
16 by a value determined according to the Commission's adopted method for replacing  
17 excluded outages, as outlined in subparagraph (b) above. Again, the Parties agree that  
18 any length of time used to calculate the historical average is acceptable as long as it is  
19 based on actual historical operating data, and exclusion of outlier values within the  
20 historical data set will be determined by the Commission in its adoption of a collar  
21 mechanism.

22       20.   **Planned Maintenance Outage Forecasting.** The Parties agree that Idaho  
23 Power may continue to forecast its planned outages. However, Staff and CUB retain the  
24 right to challenge future planned maintenance outage forecasts as not being representative  
25 of future outages.

26 <sup>18</sup> See PGE/300, Tinker-Weitzel/16, ll. 1-2.

1           21.     **Calculating FOR for New Plants.** The Parties agree that Idaho Power will  
2 use the manufacturer/project guarantee relevant to a new plant for the first two years of  
3 operation when calculating the FOR. Actual operating data will be used after the first two  
4 years of operation.

5           22.     **Heavy Load/Light Load.** The Parties agree that Idaho Power will work with  
6 Staff to explore the Company's potential ability to implement a Heavy Load Hour and Light  
7 Load Hour split of maintenance hours for purposes of its annual power cost adjustment  
8 mechanism.

9           23.     **Wind Availability Reporting.** The Parties agree that, concurrent with its  
10 annual results of operations report beginning with the 2010 report, Idaho Power will provide  
11 an annual report on wind resources in Idaho Power's resource portfolio. The report will  
12 contain:

- 13           a.     Projected energy by month for the wind resource (MWh);
- 14           b.     Projected capacity factor by month for the wind resource (%);
- 15           c.     Actual energy by month for the wind resource (MWh);
- 16           d.     Actual capacity factor by month for the wind resource (%); and
- 17           e.     Energy variance by month (MWh) for the wind resource.

18           In addition, to the extent that such information is made available to Idaho Power,  
19 Idaho Power will include in the annual report information as to the capacity factor variance  
20 by month as reported by the operator, along with the operator's specific definition of  
21 "availability." The information will be provided for each wind resource at the project level  
22 and will be measured via the revenue quality meter associated with the large generator  
23 interconnection agreement applicable to the wind resource.

24           24.     Idaho Power reserves the right to employ a different methodology for  
25 calculating outages rates in the context of a general rate case or other power cost filing.  
26 However, in conjunction with such filing, Idaho Power will clearly state that it is seeking a

1 modification to its methodology for calculating forced outage rates and will provide  
2 testimony to support its proposed changes. Any such changes will be subject to  
3 Commission approval.

4 25. The Parties agree to submit this Stipulation to the Commission and request  
5 that the Commission approve the Stipulation as presented. The Parties agree that the  
6 rates resulting from the adopted methodology are sufficient, fair, just, and reasonable.

7 26. This Stipulation will be offered into the record of this proceeding as evidence  
8 pursuant to OAR 860-014-0085. The Parties agree to support this Stipulation throughout  
9 this proceeding and any appeal, provide witnesses (if necessary) to sponsor this Stipulation  
10 at the hearing, and recommend that the Commission issue an Order adopting the  
11 settlement contained herein.

12 27. If this Stipulation is challenged by any other party to this proceeding, the  
13 Parties agree that they will continue to support the Commission's adoption of the terms of  
14 this Stipulation. The Parties agree to cooperate in cross-examination and put on such a  
15 case as they deem appropriate to respond fully to the issues presented, which may include  
16 raising issues that are incorporated in the settlements embodied in this Stipulation.

17 28. The Parties have negotiated this Stipulation as an integrated document. If  
18 the Commission rejects all or any material portion of this Stipulation or imposes material  
19 additional conditions in approving this Stipulation, any Party disadvantaged by such action  
20 shall have the rights provided in OAR 860-014-0085 and shall be entitled to seek  
21 reconsideration or appeal of the Commission's Order.

22 29. By entering into this Stipulation, no Party shall be deemed to have  
23 approved, admitted, or consented to the facts, principles, methods, or theories employed  
24 by any other Party in arriving at the terms of this Stipulation, other than those specifically  
25 identified in this Stipulation, including attachments. No Party shall be deemed to have  
26

1 agreed that any provision of this Stipulation is appropriate for resolving issues in any other  
2 proceeding, except as specifically identified in this Stipulation.

3 30. This Stipulation may be executed in counterparts and each signed  
4 counterpart shall constitute an original document.

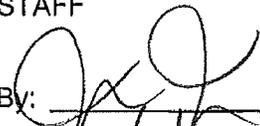
5 This Stipulation is entered into by each Party on the date entered below such  
6 Party's signature.

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STAFF

IDAHO POWER

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By: \_\_\_\_\_

Date: 9/2/16 \_\_\_\_\_

Date: \_\_\_\_\_

CUB

By: \_\_\_\_\_

Date: \_\_\_\_\_

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**SIGNATURE PAGE FOLLOWS**

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8 STAFF

IDAHO POWER

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10 By: \_\_\_\_\_

By: \_\_\_\_\_

11 Date: \_\_\_\_\_

Date: \_\_\_\_\_

12 CUB

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14 By:  \_\_\_\_\_

15 Date: 9-2-10 \_\_\_\_\_

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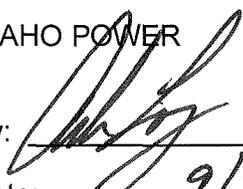
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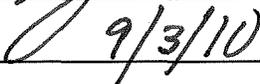
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6 OF OREGON,

7 Investigation into Forecasting Forced Outage  
8 Rates for Electric Generating Units.

**JOINT BRIEF IN SUPPORT OF  
STIPULATION**

9 This brief explains and supports the Stipulation ("Stipulation") between Idaho Power  
10 Company ("Idaho Power" or "Company"), Staff of the Public Utility Commission of Oregon  
11 ("Staff"), and the Citizens' Utility Board ("CUB") (together, the "Parties") filed in this docket.<sup>1</sup>  
12 The Stipulation resolves all issues among the Parties related to Idaho Power's methodology  
13 used to forecast its forced outage rates.

14 **I. BACKGROUND**

15 In Order No. 07-015 in Docket UE 180, the Public Utility Commission of Oregon  
16 ("Commission") ordered the opening of a new generic docket to evaluate the accuracy of the  
17 utilities' methods for forecasting forced outages.<sup>2</sup> Forced outages are instances where a  
18 utility's generating plant is unavailable for generation.<sup>3</sup> Generally, there are three types of  
19 outages: (1) forced outages that require an immediate generator shut-down; (2) maintenance  
20 outages scheduled less than a year ahead of time; and (3) planned outages scheduled more  
21 than one year out.<sup>4</sup> The forced outage rate is a measure of the availability of a utility's  
22 generating plants and expressed as the proportion of the forced outage hours to the total

23 \_\_\_\_\_  
24 <sup>1</sup> The Industrial Customers of Northwest Utilities is not a party to this Stipulation, but has informed Idaho  
25 Power that it does not oppose the Stipulation.

26 <sup>2</sup> *Re. Portland General Electric Co. Request for General Rate Revision*, Docket UE 180, Order No. 07-  
015 at 15, 55 (Jan. 12, 2007).

<sup>3</sup> *Re. Public Utility Comm'n of Oregon Investigation into Forecasting Forced Outage Rates for Electric  
Generating Unit*, Docket UM 1355, Staff/100, Brown/2 (Apr. 7, 2009).

<sup>4</sup> *Id.*

1 hours the plant is available for generation.<sup>5</sup> For the purposes of this Brief and the Stipulation,  
2 the term “forced outage rates” will be used generically, to cover all three types of outages,  
3 unless abbreviated as FOR, in which case it will refer specifically to the forced outage rate,  
4 as opposed to a maintenance outage rate or planned outage rate.

5 On September 1, 2009, the Parties entered into an agreement and filed a Stipulation  
6 (hereinafter, “First Stipulation”). That comprehensive settlement resolved all issues in this  
7 docket and included the adoption of Staff’s proposed collar mechanism.<sup>6</sup> On October 7,  
8 2009, the Commission issued a Notice of Intent to Modify Stipulations and Establish Rate  
9 Calculation.<sup>7</sup> The Notice reflected the Commission’s intent to adopt the terms of the First  
10 Stipulation, subject to a modification of the collar mechanism.<sup>8</sup> Rather than adopting Staff’s  
11 proposed collar mechanism, the Commission presented its own, which was as follows:

12 **“FOR “Collar”:** The Parties agree that for each year in which a  
13 coal fired unit’s annual FOR falls outside the 10<sup>th</sup> or 90<sup>th</sup>  
14 percentile of comparable NERC coal units, the methodology for  
15 calculating the forced outage rate shall be as set forth in  
16 Staff/200, Brown 8-15, except that, instead of adjusting the  
17 FOR to the 10<sup>th</sup> or 90<sup>th</sup> percentile values for the calendar year,  
18 the mean annual FOR from the unit’s entire historical data shall  
19 be substituted. This methodology does not imply ‘imprudence,’  
20 and it is not intended to be used to determine imprudence. If  
21 the Commission, however, finds that any plant outage is due to  
22 utility imprudence, the FOR for that calendar year would be  
23 replaced in the four-year rolling average by the historical mean  
24 annual FOR for the unit. Furthermore, for any determination of  
25 imprudence related to an outage made after a final order is  
26 issued in this docket, the FOR for the calendar year of the  
outage will not be included in the calculation of the historical  
mean annual FOR.”<sup>9</sup>

22 <sup>5</sup> *Id.* at Staff/100, Brown/5.

23 <sup>6</sup> See *Re. Public Utility Comm’n of Oregon Investigation into Forecasting Forced Outage Rates for*  
24 *Electric Generating Unit*, Docket UM 1355, Idaho Power Stipulation at ¶ 5.c. (Sept. 1, 2009). Staff’s collar  
mechanism is set forth at Staff/200, Brown/8-15.

25 <sup>7</sup> *Re. Public Utility Comm’n of Oregon Investigation into Forecasting Forced Outage Rates for Electric*  
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<sup>8</sup> *Id.* at 1-2.

<sup>9</sup> Notice at 3.

1 The Commission then issued Order No. 09-479 on December 7, 2009.<sup>10</sup> This order  
2 clarified the Notice in two ways. *First*, the Commission clarified that in the event a utility  
3 lacks a “unit’s entire historical data,” the utility must make its best efforts to locate or recreate  
4 the outage data of the plant. If the utility cannot reasonably locate or recreate the data, it  
5 “shall use all of the historical data that is has been able to obtain through its best efforts and  
6 accompany the data by a declaration to that effect.”<sup>11</sup> *Second*, Order No. 09-479 clarified the  
7 use of the outside-the-collar historical data in the calculation of the historical mean, noting  
8 that:

9 “the actual data for the outside-the-collar forced outage year  
10 will not be used in the computation of the FOR four-year  
11 moving average, it will (if not due to imprudence) become part  
12 of the historical data set that will be utilized in subsequent  
outside-the-collar FOR calculations. Years with outages due to  
imprudence will be excluded from all calculations.”<sup>12</sup>

13 Thereafter, the Commission granted Idaho Power’s request to file testimony, which  
14 Idaho Power did on July 16, 2010.

## 15 II. DISCUSSION

### 16 A. Terms of the Stipulation

17 The terms of the Stipulation reflect the Parties’ agreement that with certain exceptions  
18 described in the Stipulation, the Commission should allow Idaho Power to continue using the  
19 methodology for forecasting forced outage rates that Idaho Power used in its Annual Power  
20 Cost Updates, such as Docket UE 214. Idaho Power currently uses these same methods in  
21 proceedings before the Idaho Public Utilities Commission (“Idaho Commission”). The Parties  
22 have evaluated Idaho Power’s current methods for forecasting forced outage rates and have

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25 <sup>10</sup> *Re. Public Utility Comm’n of Oregon Investigation into Forecasting Forced Outage Rates for Electric  
Generating Unit*, Docket UM 1355, Order No. 09-479 (Dec. 7, 2009).

26 <sup>11</sup> *Id.* at 3.

<sup>12</sup> *Id.*

1 found that, with the changes described in the Stipulation, the methods will accurately forecast  
2 Idaho Power's forced outage rates.

3 With respect to specific forced outage rates, the Parties have agreed as follows:

4 a. The Parties agree that Idaho Power will continue to use the North  
5 American Electric Reliability Corporation ("NERC") formulas, which are comparable to the  
6 formulas proposed by Staff<sup>13</sup>, based upon a three-year historical average for calculating the  
7 FOR for all thermal plants. Idaho Power does not model forced outages for its hydroelectric  
8 and peaker plants, and the Parties agree that Idaho Power will continue this current  
9 methodology.

10 b. The Parties agree that for each year in which a coal fired unit's annual  
11 FOR falls outside the 10<sup>th</sup> or 90<sup>th</sup> percentile of comparable NERC coal units, the methodology  
12 for calculating the forced outage rate shall be as set forth in Staff/200, Brown/8-15, except  
13 that, instead of adjusting the FOR to the 10<sup>th</sup> or 90<sup>th</sup> percentile values for the calendar year,  
14 the mean annual FOR from the unit's entire historical data shall be substituted. This  
15 methodology does not imply "imprudence," and it is not intended to be used to determine  
16 imprudence. If the Commission, however, finds that any plant outage is due to utility  
17 imprudence, the FOR for that calendar year would be replaced in the three-year rolling  
18 average by the historical mean annual FOR for the unit. Furthermore, for any determination  
19 of imprudence related to an outage made after a final order is issued in this docket, the FOR  
20 for the calendar year of the outage will not be included in the calculation of the historical  
21 mean annual FOR.

22 i. In the event that Idaho Power cannot reasonably locate or recreate  
23 the forced outage data for a unit's entire history, it will use all of the  
24 historical data that it has been able to obtain through its best efforts  
25 and accompany the data by a declaration to that effect.

26 <sup>13</sup> Staff's formulas were set forth at Staff/200, Brown/3.

1                   ii. When calculating the mean annual FOR for the unit's entire history,  
2                   the actual data for an outside-the-collar forced outage year will (if not  
3                   due to imprudence) become part of the historical data set that will be  
4                   utilized in subsequent outside-the-collar FOR calculations. Years  
5                   with outages due to imprudence will be excluded from all  
6                   calculations, including both the three-year rolling average and the  
7                   historical mean.

8                   c. In the event that the Commission adopts a different collar mechanism,  
9 the Parties agree that Idaho Power will be subject to that collar mechanism as long as that  
10 collar falls within the following parameters:

11                   i. The collar must apply only when a coal fired unit's annual FOR falls  
12                   outside the 10<sup>th</sup> or 90<sup>th</sup> percentile of comparable NERC coal units, as  
13                   set forth in Staff/200, Brown/8-15 or outside the 10<sup>th</sup> or 90<sup>th</sup>  
14                   percentile of unit historical data (*i.e.* the mechanism must include the  
15                   same benchmarks/collar boundary values used in the mechanism  
16                   proposed by the Commission, Staff, ICNU, and supported by PGE<sup>14</sup>).

17                   ii. The collar must adjust a unit's annual FOR falling outside the 10<sup>th</sup> or  
18                   90<sup>th</sup> percentile of comparable NERC coal units to either:

19                           1. the 10<sup>th</sup> or 90<sup>th</sup> percentile values for the calendar year (*i.e.*  
20                           Staff's proposed replacement values); or

21                           2. an average value based upon the actual historical operating  
22                           data for the particular unit (*i.e.* the Commission and ICNU  
23                           replacement values). Thus, the replacement value must be  
24                           based upon a historical average but the Commission may  
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26 <sup>14</sup> See PGE/300, Tinker-Weitzel/16, II. 1-2.

1 determine the appropriate length of time to use in calculating  
2 that average (e.g. life of the plant, 20 years, 10 years, etc.).

3 d. The Parties agree that Idaho Power may continue to forecast its  
4 planned outages, although the Parties retain the right to challenge future planned  
5 maintenance outage forecasts as not being representative of future outages.

6 e. When calculating FOR for new plants, the Parties agree that Idaho  
7 Power will use the manufacturer/project guarantee relevant to a new plant for the first two  
8 years of operation. Actual operating data will be used after the first two years of operation.

9 f. The Parties agree that, concurrent with its annual results of operations  
10 report beginning with the report for 2010, Idaho Power will provide an annual report on wind  
11 resources in Idaho Power's resource portfolio containing the information designated in the  
12 Stipulation.

13 g. The Parties agree that they may propose a temporary adjustment to  
14 the forced outage rate, either an increase or a decrease, to reflect a specific capital  
15 investment that is expected to result in a change in unit availability. Such an adjustment  
16 would remain applicable until the impact of the capital investment is adequately reflected in  
17 the actual operating data that serves as the basis for the standard forced outage rate  
18 calculations.

19 h. The Parties have agreed that Idaho Power may present to the  
20 Commission in a general rate case or other relevant proceeding a methodology for  
21 calculating forced outage rates that departs from the methodology laid out in the Stipulation.  
22 However, in such an event, Idaho Power will provide testimony to support its proposed  
23 changes, and such changes will be subject to Commission approval.

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1 **B. The Stipulation Conforms to Commission Orders.**

2 In the October 7, 2009, Notice the Commission found that the terms of Idaho Power's  
3 First Stipulation were "reasonable and in the public interest" with the exception of the collar  
4 mechanism.<sup>15</sup> The Notice then presented the Commission's preferred collar mechanism,  
5 which it found was "more accurately predictive" of future forced outage rates than Staff's.<sup>16</sup>  
6 Subsequent to the Notice, the Commission issued Order No. 09-479, which clarified certain  
7 elements of its proposed collar. Here, this Stipulation includes all of the terms the  
8 Commission found reasonable and in the public interest and the Commission's proposed  
9 collar, as clarified by Order No. 09-479. The Stipulation also provides certain flexibility to  
10 ensure that the collar mechanism adopted for Idaho Power conforms to the method the  
11 Commission applies to the other utilities, in the event the Commission chooses to not apply  
12 the method set forth in the October, 2009, Notice. Thus, the terms of this Stipulation conform  
13 fully to the Commission's Notice and subsequent orders in this docket.

14 **C. The Stipulation Will Result in Just and Reasonable Rates.**

15 The methodology for calculating forced outage rates set forth in the Stipulation will  
16 accurately forecast FOR and will therefore contribute to calculating just and reasonable  
17 rates. The Parties evaluated Idaho Power's current methodology with respect to thermal,  
18 hydro, and peaker plants and retained that methodology to the extent that it resulted in  
19 accurate forecasts of FOR. The Commission has approved that methodology several times,  
20 including in Order No. 10-191 where the Commission approved Idaho Power's 2010 Annual  
21 Power Cost Update ("APCU") that included forced outage calculations.<sup>17</sup> There the  
22 Commission found that Idaho Power's APCU—which included the Company's traditional  
23 forced outage calculation—was reasonable and resulted in just and reasonable rates. The

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25 <sup>15</sup> Notice at 3.

25 <sup>16</sup> *Id.*

26 <sup>17</sup> *Matter of Idaho Power Company's 2010 Annual Power Cost Update*, Docket UE 214, Order No. 10-191  
(May 24, 2010).

1 methodology has also been approved for use by the Idaho Public Utilities Commission. The  
2 Stipulation therefore allows the continued use of a methodology that has been approved by  
3 this Commission and the Idaho Public Utilities Commission, with specific modifications to  
4 make the FOR forecast more accurate. In addition, the Stipulation provides a method for  
5 addressing extreme outages, one of the Commission's key concerns expressed in Order No.  
6 07-015.

7 The Stipulation represents a reasonable compromise of positions among the Parties  
8 and will result in fair, just, and reasonable rates that fall within the "range of reasonableness"  
9 for resolution of this issue.<sup>18</sup>

### 10 III. CONCLUSION

11 For the reasons set forth above, the Parties respectfully request that the Commission  
12 adopt the Stipulation.

13 Dated: Sept. 3, 2010.

14 Respectfully submitted,

15 **MCDOWELL RACKNER & GIBSON PC**

16   
17 \_\_\_\_\_  
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23 Of Attorneys for Idaho Power

24 <sup>18</sup> See *Re Idaho Power Company Request for General Rate Revision*, Docket UE 213, Order No. 10-  
25 046 at 6 (Feb. 24, 2010) ("When considering a stipulation, we have the statutory duty to make an  
26 independent judgment as to whether any given settlement constitutes a reasonable resolution of the  
issues."); *Re US West*, Docket UM 773, Order No. 96-284 at 31 (Nov. 1, 1999); *PacifiCorp's 2009  
Rate Adjustment Clause Schedule 202*, Docket UE 200, Order No. 08-548 at 2 (Nov. 14, 2008)  
(stipulating to O&M costs that are an average of two results is a fair way to resolve a difference in  
figures).

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September 3, 2010

## VIA ELECTRONIC FILING AND U.S. MAIL

PUC Filing Center  
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PO Box 2148  
Salem, OR 97308-2148

**Re: Docket No. UM 1355**

Enclosed for filing in the above-referenced docket are originals and five copies of the Idaho Power Stipulation, and the Joint Brief in Support of Stipulation.

A copy of this filing has been served on all parties to this proceeding as indicated on the attached certificate of service.

Very truly yours,

Adam Lowney

cc: Service List

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**CERTIFICATE OF SERVICE**

I hereby certify that I served a true and correct copy of the foregoing document in Docket UM 1355 on the following named person(s) on the date indicated below by email and first-class mail addressed to said person(s) at his or her last-known address(es) indicated below.

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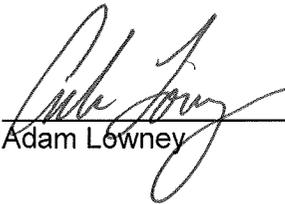
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DATED: September 3, 2010

  
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