

# McDowell & Rackner PC



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December 15, 2008

## VIA ELECTRONIC FILING

PUC Filing Center  
Public Utility Commission of Oregon  
PO Box 2148  
Salem, OR 97308-2148

**Re: Docket UE 202**

Enclosed for filing in the above-referenced docket, on behalf of OPUC Staff and Idaho Power Company, are an original and five copies of the Parties' Stipulation and Brief in Support of Stipulation. Please note that Staff's signature page to the Stipulation is a facsimile. We will file the original as soon as it is received.

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,

A handwritten signature in black ink, appearing to read "Lisa Rackner".

Lisa F. Rackner

Enclosures

cc: UE 202 Service List

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**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 202**

In the Matter of Idaho Power Company's  
Application to Accelerate Depreciation of  
Existing Metering Equipment to be Replaced by  
Advanced Metering Infrastructure ("AMI")  
Installation; and to Implement Revised  
Depreciation Rates for the Company's Electric  
Plant-In-Service

**PARTIES' BRIEF IN SUPPORT OF  
STIPULATION**

Idaho Power Company ("Idaho Power" or "Company") and Staff of the Public Utility Commission of Oregon ("OPUC" or "Commission") (together, "the Parties") file this brief in support of their stipulation ("Stipulation") in this docket.

**I. INTRODUCTION**

On October 3, 2008, Idaho Power filed an Application to Accelerate the Depreciation of Existing Metering Equipment to be Replaced by Advanced Metering Infrastructure ("AMI") Installation; and to Implement Revised Depreciation Rates for the Company's Electric Plant-in-Service ("Application").<sup>1</sup> In its Application, Idaho Power seeks authority to accelerate the depreciation of its existing metering equipment in anticipation of, and prior to, the deployment of AMI technology to its Oregon service territory in 2010. Idaho Power has proposed that the accelerated depreciation be effected through a temporary rider that will increase customer rates while in effect. Additionally, the Company seeks authority to offset the effects of the rider by including the impact of revised depreciation rates for the Company's electric plant-in-service, for which it has requested approval in UM 1395. The

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<sup>1</sup> *Re Idaho Power Application to Accelerate the Depreciation of Existing Metering Equipment to be Replaced by Advanced Metering Infrastructure ("AMI") Installation; and to Implement Revised Depreciation Rates for the Company's Electric Plant-in-Service, Docket UE 202, Application (Oct. 3, 2008) [hereinafter "Application"]*.

1 Company requests that the effect of these revised depreciation rates, which will serve to  
2 decrease customer rates, not be incorporated into Idaho Power's permanent rates until the  
3 Company's next rate case. In order to offset the impact of the rate increase resulting from  
4 the accelerated depreciation for AMI, however, Idaho Power has proposed that the effects  
5 of the revised depreciation rates be incorporated into rates through the accelerated  
6 depreciation rider.

7 In their Stipulation, the Parties agree that the Commission should (a) approve the  
8 Company's proposal for accelerated depreciation; (b) offset the rate increase by  
9 implementing the effect of the revised depreciation schedules; (c) implement the net rate  
10 increase through a temporary rider; and (d) allow for revision of the rider amount,  
11 depending on the outcome of the Commission's review of the Company's proposed  
12 depreciation studies, in UM 1395.

13 For the purposes of settlement the Parties agree that the Company's requests are  
14 reasonable and should be implemented as proposed, subject to the Company filing an  
15 application for a general rate case no later than December 31, 2009.

16 Further, Parties agree that the rider may be temporarily suspended or terminated  
17 should issues arise during the deployment period that will delay mass deployment to or  
18 beyond June 30, 2009. Idaho Power agrees to provide notice at least 45 days prior to the  
19 June 30, 2009 date should it become aware of any specific issues that may cause a delay  
20 of mass deployment.

21 To support the agreement for a rate revision should Staff's findings in Docket No. UM  
22 1395 result in a revision to the implementation of revised depreciation rates Idaho Power  
23 will file an application for deferred accounting to track any difference between the rates  
24 implemented on January 1, 2009 related to the proposed depreciation rate rider and the  
25 findings due to Staff's review in Docket No. UM 1395. The Stipulation requires Idaho  
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1 Power to file the application for deferred accounting no later than January 1, 2009, and  
2 requires Staff to support it.

3 The Parties agree that Company's immediate inclusion of the effects of the revised  
4 depreciation rates to offset the rate increase caused by the accelerated depreciation rider  
5 will benefit customers. For these reasons, the Parties urge the Commission to adopt the  
6 Stipulation.

## 7 II. BACKGROUND

### 8 A. Idaho Power's AMI Plan

#### 9 1. Procedural History

10 Idaho Power has developed an AMI Implementation Plan ("AMI Plan") proposing a  
11 three-year deployment, beginning January 2009 and continuing through the end of 2011.<sup>2</sup>  
12 When complete, the AMI system will cover roughly 99 percent of the Company's  
13 customers<sup>3</sup> in its service territory. This AMI Plan is the culmination of nearly ten years of  
14 investigation and experience with AMI technology, including a number of pilot programs, a  
15 Phase One deployment of AMI technology to a limited number of customers in Idaho, and  
16 several reports to the Idaho Public Utilities Commission ("IPUC").

17 In 2003, after review of the Company's initial report on the implementation of time-of-  
18 use pricing to residential customers, the IPUC directed Idaho Power to implement AMI over  
19 its entire system by the end of 2004.<sup>4</sup> The 2004 implementation was subsequently delayed

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21 <sup>2</sup> Application at Attachment 1.

22 <sup>3</sup> There are approximately 4,000 customers system wide, of which 1,500 are Oregon  
23 customers, who make up approximately one percent of Idaho Power's total customers whose  
24 electrical service comes from Idaho Power's 53 smallest distribution substations. The AMI  
25 technology selected by the Company will work in these locations; however the station infrastructure  
26 cost per customer is very high and is not offset by the benefits that would be achieved through AMI at  
this time. Therefore customers are not currently included in the proposed deployment plan.

25 <sup>4</sup> *Automated Meter Reading and Time-of-Use Pricing*, IPUC Case No. IPC-E-02-12, Order  
26 No. 29196 at 10 (Feb. 21, 2003).

1 due to financial and technical issues<sup>5</sup> and instead the IPUC adopted a phased-in  
2 implementation and collaborative evaluation approach, while directing the Company to  
3 continue to work towards implementation of AMI technology “as soon as possible.”<sup>6</sup>

4 On December 30, 2005, the Company filed its Phase One AMI Implementation  
5 Status Report with the IPUC detailing the limited AMI implementation as well as the time-  
6 variant pricing pilots and load control air conditioner cycling programs conducted with the  
7 AMI technology.<sup>7</sup> The report also made recommendations for future evaluation and  
8 deployment.<sup>8</sup> The IPUC granted the Company an additional one-year period in which to  
9 work to resolve technical issues encountered in the pilot programs, allow for the technology  
10 to mature, and to assess further AMI deployment.<sup>9</sup> The IPUC ordered the Company to file  
11 an updated status report by May 1, 2007.<sup>10</sup>

12 On May 1, 2007, the Company filed a detailed AMI Status Report, followed by an  
13 August 31, 2007, Implementation Plan describing and proposing a three-year deployment,  
14 beginning January 2009 and continuing through the end of 2011.<sup>11</sup> The final Report and  
15 Implementation Plan is attached hereto as Attachment No. 1.

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17 <sup>5</sup> *Automated Meter Reading and Time-of-Use Pricing*, IPUC Case No. IPC-E-02-12, Order  
No. 29226 at 2-3 (Apr. 15, 2003).

18 <sup>6</sup> *Automated Meter Reading and Time-of-Use Pricing*, IPUC Case No. IPC-E-02-12, Order  
19 No. 29362 at 12 (Oct. 24, 2003); *Idaho Power—Review of Phase One AMR Implementation Status  
Report*, IPUC Case No. IPC-E-06-01, Order No. 30102 at 5-6 (July 13, 2006).

20 <sup>7</sup> *Automated Meter Reading and Time-of-Use Pricing*, IPUC Case No. IPC-E-02-12, Phase  
One Implementation Status Report (Dec. 30, 2005).

21 <sup>8</sup> *Id.*

22 <sup>9</sup> *Idaho Power—Review of Phase One AMR Implementation Status Report*, IPUC Case No.  
IPC-E-06-01, Order No. 30102 at 6 (July 13, 2006).

23 <sup>10</sup> *Id.* at 7.

24 <sup>11</sup> *Idaho Power—Review of Phase One AMR Implementation Status Report*, IPUC Case No.  
IPC-E-06-01, Phase I AMI Implementation Status Report (May 1, 2007); *Idaho Power—Review of  
25 Phase One AMR Implementation Status Report*, IPUC Case No. IPC-E-06-01, AMI Implementation  
Plan (Aug. 31, 2007).

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1 On August 4, 2008, Idaho Power filed an Application for a Certificate of Public  
2 Convenience and Necessity with the IPUC to Install AMI Technology throughout Its Service  
3 Territory, consistent with the August 31, 2007, Implementation Plan.<sup>12</sup> That Application is  
4 currently under review at the IPUC.

5 **2. AMI Implementation**

6 Idaho Power proposes to install AMI throughout its entire service territory in a  
7 systematic, three-year deployment schedule starting in January 2009 and continuing  
8 through the end of 2011. The actual meter exchanges will take place on a carefully  
9 planned schedule that would generally follow meter reading routes, and progress route-by-  
10 route and substation-by-substation to install the required hardware throughout the  
11 system.<sup>13</sup>

12 The Company has selected vendors and executed contracts to secure the required  
13 hardware, software, and labor for this deployment through its Strategic Sourcing Process  
14 which involves both a Request for Information (“RFI”) and a Request for Proposals (“RFP”)  
15 process.<sup>14</sup> The Strategic Sourcing Process utilizes a cross-functional team made up of  
16 Idaho Power employees, with the assistance of a strategic sourcing consultant, and is led  
17 by the Company’s Procurement Department professionals.<sup>15</sup> The team conducted the RFI  
18 and RFP process to evaluate and assess the possible AMI solutions and ultimately to  
19 select vendors and successfully negotiate contracts for the deployment of the AMI

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<sup>12</sup> IPUC Case No. IPC-E-08-16.

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<sup>13</sup> See Application at Attachment No. 4 at 7: Testimony of Mark C. Heintzelman.

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<sup>14</sup> *Id.* at 4–5.

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<sup>15</sup> *Id.*

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1 technology.<sup>16</sup> The team consists of employees with expertise in procurement/purchasing,  
2 pricing/regulatory, meter support, finance, and other subject matter experts.<sup>17</sup>

3 Because of the evolving and developing nature of the AMI technology, there is no  
4 single-source vendor that can provide all of the necessary components required for AMI  
5 deployment.<sup>18</sup> For this reason, Idaho Power has executed contracts (“Agreements”) with  
6 four separate vendor companies that each provide a distinct product and/or service  
7 required for AMI installation. The contracted vendors are: (1) Aclara Power-Line Systems  
8 Inc. (“Aclara”), formerly known as Distribution Control Systems Inc. (“DSCI”), to provide the  
9 Two-Way Automated Communication System (“TWACS®”) which uses power line carrier  
10 communication technology, and primarily includes the AMI modules that are installed in the  
11 meters, software, and substation control equipment, as well as support service, project  
12 management, and training; (2) Landis+Gyr Inc. (“Landis+Gyr”), to provide the residential  
13 meters including the integration of TWACS® modules from Aclara into Landis+Gyr meters,  
14 providing electronic certified meter test results with each shipment, support services to  
15 manage the meter module integration and delivery, and meter/module failure analysis and  
16 resolution; (3) General Electric Company (“GE”), to provide the commercial meters,  
17 including integration of TWACS® modules into GE meters, providing electronic certified  
18 meter test results with each shipment, support services to manage the meter module  
19 integration and delivery, and meter/module failure analysis and resolution; and (4) Tru-  
20 Check, Inc. (“Tru-Check”), to provide meter exchange services (remove and replace) and  
21 plan the logistics to provide: material management, project management, exchange order

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24 <sup>16</sup> *Id.* at 4.

25 <sup>17</sup> *Id.*

26 <sup>18</sup> Application at 5.

1 management, meter exchange resource management, and other services necessary to  
2 exchange meters on schedule in years 2008-2011.<sup>19</sup>

3 Idaho Power has negotiated firm unit pricing in its contracts to acquire and deploy  
4 AMI technology over the three-year plan.<sup>20</sup> Based upon the Agreements, Idaho Power  
5 estimates a total capital cost of the project at \$74.51 million.<sup>21</sup> The portion of the capital  
6 cost estimate attributable to the Oregon jurisdiction is \$3.64 million.<sup>22</sup> This estimate does  
7 not include the accelerated depreciation of the existing metering equipment or the  
8 operation and maintenance benefits associated with the installation of the AMI  
9 technology.<sup>23</sup> The Company is not seeking a rate increase associated with the capital  
10 investment at this time.<sup>24</sup> This will be addressed in a future rate filing.

11 **B. Accelerated Depreciation**

12 ORS 737.355 specifies that utilities may not collect any customer rates that include  
13 costs of “construction, building, installation or real or personal property not presently used  
14 for providing service.” Therefore, to allow the Company to recover its return on that  
15 investment, the Company has requested that it be allowed to fully depreciate its existing  
16 meters prior to AMI deployment. Specifically, the Company requests that the net plant  
17 value of the meters be depreciated using a straight line method over an eighteen month  
18 period (January 2009 through June 2010).<sup>25</sup> The Company estimates the net plant value of  
19 the existing Oregon metering equipment on December 31, 2008 (based on the actual net  
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21 <sup>19</sup> *Id.* at 5–6.

22 <sup>20</sup> *Id.* at 6.

23 <sup>21</sup> *Id.*

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

25 <sup>23</sup> *Id.*

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

<sup>25</sup> Application at 7.



1 plant value as of March 31, 2008, and forecasted net plant values through December 31,  
2 2008) is \$1,318,786. The eighteen month, straight line depreciation is \$73,266 per month.  
3 Current rates reflect a depreciation expense related to existing metering equipment of  
4 \$6,582. The increment between current rates and accelerated depreciation results in a  
5 monthly net increase in depreciation expense of \$66,684.

6 **C. Revised Plant in Service Depreciation Rates**

7 As a matter separate from the AMI Implementation, Idaho Power has conducted a  
8 detailed depreciation study of all electric plant-in-service.<sup>26</sup> Idaho Power filed the new  
9 depreciation studies with the IPUC in April of 2008.<sup>27</sup> Idaho Commission Staff and Idaho  
10 Power subsequently entered into a settlement agreement regarding the studies, and the  
11 settlement was adopted by the IPUC on September 12, 2008.<sup>28</sup> On October 10, 2008 the  
12 Company filed the new studies, (as revised by the Idaho settlement) with the OPUC in  
13 Docket UM 1395.<sup>29</sup>

14 In this docket, the Company proposes that the effect of the new depreciation studies  
15 filed in Docket UM 1395 be applied as an offset to the proposed rate increase caused by  
16 the accelerated depreciation for AMI.

17 **D. Proposed Tariff Rider**

18 The combined impact of the proposed accelerated depreciation and the revised  
19 depreciation rates results in a net annual increase to customer rates of approximately  
20 1.12%, consisting of \$383,736 (accelerated depreciation, \$800,091 – revised depreciation

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22 <sup>26</sup> *Id.*

23 <sup>27</sup> *Idaho Power—Revised Depreciation Rates for Electric Plant in Service*, IPUC Case No.  
IPC-E-08-06, Application (Apr. 1, 2008).

24 <sup>28</sup> *Idaho Power—Revised Depreciation Rates for Electric Plant in Service*, IPUC Case No.  
IPC-E-08-06, Order No. 306398 (Sept. 12, 2008).

25 <sup>29</sup> *Re Idaho Power Co. Application for Authorization to Implement Revised Depreciation*  
Rates, Docket UM 1395, Application (Oct. 10, 2008).

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1 rates, \$416,355 = net increase, \$383,736).<sup>30</sup> The Company proposes that this net amount  
2 be recovered from customers by use of a tariff rider, in the amount of 0.0979 cents per  
3 kWh, that would be in place for the eighteen month period of accelerated depreciation,  
4 January 2009 through June 2010.<sup>31</sup>

5 The proposed Tariff Schedule 92 which is attached hereto as Attachment No. 2,  
6 includes the following conditions: First, the Parties agree that the rider may be temporarily  
7 suspended or terminated should issues arise during the mass deployment period that will  
8 delay mass deployment, to or beyond June 30, 2009. Second, the Parties agree that Idaho  
9 Power will provide notice at least 45 days prior to the June 30, 2009 date should it become  
10 aware of any specific issues that might cause a delay of mass deployment. Included as a  
11 special condition in the proposed tariff is a provision by which the rider may be terminated  
12 should the system-wide deployment not take place.

### 13 III. DISCUSSION

14 In the Stipulation, the Parties agree that:

- 15 1. Idaho Power may accelerate the depreciation of its existing metering  
16 equipment over an eighteen (18) month period starting on January 1, 2009,  
17 and ending June 30, 2010.
- 18 2. The effect of the accelerated depreciation should be offset by the effect of the  
19 revised depreciation studies filed in Docket UM 1395.
- 20 3. Idaho Power will file for a general rate proceeding by December 31, 2009  
21 which will include a permanent rate revision related to the findings in Docket  
22 UM 1395.

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25 <sup>30</sup> Exhibit 302, Waites/1.

26 <sup>31</sup> *Id.*

- 1        4.        The accelerated depreciation of the existing metering equipment, less the  
2                revenue requirement impact of the revised electric plant-in-service  
3                depreciation rates, will be collected by use of a rate rider, in the amount of  
4                0.0979 cents per kWh, (an increase of approximately 1.12%) effective in  
5                customer rates starting January 1, 2009, and ending June, 30, 2010.
- 6        5.        The rider may be suspended or terminated should mass deployment be  
7                delayed to or beyond June 30, 2009. Idaho Power will provide notice at least  
8                45 days prior to June 30, 2009 should the Company become aware that  
9                mass deployment may be delayed.
- 10       6.        The rider rate assumes that the OPUC will approve the same depreciation  
11               rates for Oregon as those approved by the IPUC for Idaho, and is subject to  
12               revision in the event the OPUC approves depreciation rates different from  
13               those adopted by the IPUC in Docket No. UM 1395.
- 14       7.        The Company will file prior to January 1, 2009, and Staff will support a  
15               deferral petition to account for any difference between the amount of the rate  
16               offset incorporated in the rate rider due to the revised depreciation studies  
17               and the amount the Commission might ultimately determine was  
18               appropriately offset due to the revised depreciation studies. The revision may  
19               be effected through either a change in the rider rate or a change in the  
20               effective ending date of the rider.

21 This Stipulation is in the public interest and should be adopted by the Commission.

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1 **A. The Company reports that the Deployment of AMI Technology Has Numerous**  
2 **Other Non-Financial Benefits for Both the Company and Its Customers.**<sup>32</sup>

3 Specifically, AMI will allow the Company to provide more accurate and efficient time-  
4 of-use pricing, improved meter reading accuracy, outage management and monitoring,  
5 theft detection, employee safety, fewer estimated bills, less rebilling, flexible billing  
6 schedules, account aggregating, and more flexible rate designs.<sup>33</sup> Finally, the AMI system  
7 will allow for superior outage management functionality.<sup>34</sup> While some of these benefits will  
8 be realized over time, many will be realized almost immediately. Staff and other Parties will  
9 have the opportunity to review these attributes and the cost-effectiveness of the Company's  
10 new AMI system in a future filing.

11 **B. The Proposed Revised Depreciation Offset will Benefit Customers**

12 As discussed above, the proposed offset for the revised depreciation rates will lower  
13 the rate increase for accelerated depreciation for AMI by \$416,355. This is a rate benefit  
14 that customers would not otherwise receive until the Company's next rate case. There is  
15 no question then that the adoption of the offset is in the public interest and should be  
16 approved. Moreover, because the revised depreciation rates have not yet been approved  
17 by this Commission, the Stipulation provides that the amount of the offset is subject to  
18 revision after the Commission has approved new depreciation rates. In the event that the  
19 Commission adopts depreciation schedules in Docket UM 1395 that result in further rate  
20 reductions, the Commission may order that the rider offset be revised in the form of either  
21 (a) a deferral beginning on January 1, 2009 to account for the differences; (b) early  
22 termination of the rider; or (c) a revision to the amount of the rider.

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24 <sup>32</sup> See *Id.*, Order No. 29196 at 10; *Id.*, Order No. 29362 at 12-14; IPUC Case No. IPC-E-06-  
01, Order No. 30102 at 5-6.

25 <sup>33</sup> Application at 4

26 <sup>34</sup> *Id.*

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**IV. CONCLUSION**

For all of the above reasons, the Commission should adopt the Stipulation.

DATED: December 15, 2008.

**MCDOWELL & RACKNER PC**



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Lisa F. Rackner

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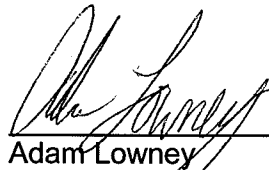
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**CERTIFICATE OF SERVICE**

I hereby certify that I served a true and correct copy of the foregoing document in Docket UE 202 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.

Stephanie S. Andrus  
Department of Justice  
1162 Court St NE  
Salem, OR 97301-4096  
stephanie.andrus@state.or.us

DATED: December 15, 2008.



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Adam Lowney

Of Attorneys for Idaho Power Company

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 202**

In the Matter of Idaho Power Company's  
Application to Accelerate Depreciation of  
Existing Metering Equipment to be Replaced by  
Advanced Metering Infrastructure ("AMI")  
Installation; and to Implement Revised  
Depreciation Rates for the Company's Electric  
Plant-In-Service

**STIPULATION**

1. This stipulation ("Stipulation") is entered into, by and among Idaho Power Company ("Idaho Power" or the "Company"), and the staff of the Public Utility Commission of Oregon ("Staff"), collectively referred to as the "Parties." The Parties are the only parties to the above-captioned docket.

**INTRODUCTION**

2. The terms and conditions of this Stipulation are set forth herein. The Parties agree that this Stipulation represents a fair, just, and reasonable compromise of the issues raised in this proceeding and that this Stipulation is in the public interest. The Parties maintain that this Stipulation and its acceptance by the Public Utility Commission of Oregon ("Commission") represents a reasonable resolution of multiple issues identified in this matter. The Parties, therefore, recommend that the Commission approve the Stipulation and all of its terms and conditions without material change or condition.

3. By entering into this Stipulation, the Parties intend to resolve all issues arising from and relating to Idaho Power's Application to Accelerate Depreciation of Existing Metering Equipment to be Replaced by Advanced Metering Infrastructure Installation ("Application"). That portion of the Company's Application relating to the request to Implement Revised Depreciation Rates for the Company's Electric Plant-In-Service will be addressed in Docket UM 1395.

## BACKGROUND

4. Idaho Power filed its Application on October 3, 2008, supported by the Direct Testimony of Idaho Power witnesses Gregory W. Said and Courtney Waites. Idaho Power filed Supplemental Direct Testimony of Ms. Waites on October 21, 2008.

5. On November 5, 2008, Administrative Law Judge Lisa D. Hardie presided over a pre-hearing conference at which the parties agreed to a procedural schedule.

6. The Parties met for a Staff Workshop on November 5, 2008. As a result of discussions at the Staff Workshop, the Parties enter into this Stipulation.

## STIPULATION

### *The Parties agree to the following, as a basis for this Stipulation:*

7. Idaho Power is currently planning a system-wide implementation of Advanced Metering Infrastructure ("AMI"), with installation in its Oregon service territory to occur during the month of October, 2010.

8. The AMI implementation will replace the existing customer meters and metering system with AMI technology.

9. ORS 757.355 specifies that utilities may not collect from any customer rates that include the costs of "construction, building, installation or real or personal property not presently used for providing utility service." To ensure that ORS 757.355 does not strand Idaho Power's investment in existing meters or preclude Idaho Power from recovering its return on that investment, Idaho Power should be allowed to accelerate the depreciation of existing metering equipment in order to fully depreciate the meters before replacing them.

10. The Company has conducted a depreciation study of its electric plant-in-service and proposed to include as a mitigation of the rate increase associated with the AMI accelerated depreciation, a rate decrease associated with the revised depreciation rates.



***Therefore, the Parties agree as follows:***

- a. Idaho Power may accelerate the depreciation of the net plant value of its existing metering equipment using a straight line depreciation method over an eighteen (18) month period starting on January 1, 2009, and ending June 30, 2010.
- b. The effect of the accelerated depreciation of the existing metering equipment should be offset by the effect of the revised electric plant-in-service depreciation rates filed in UM 1395.
- c. Idaho Power will file for a rate proceeding by December 31, 2009 that will include a permanent rate revision related to the findings in UM 1395.
- d. The accelerated depreciation of the existing metering equipment, less the revenue requirement impact of the revised electric plant-in-service depreciation rates, will be collected by use of a rate rider in the amount of 0.0979 cents per kWh, effective in customer rates starting January 1, 2009, and ending June, 30, 2010. A draft copy of the proposed rider is attached to this Stipulation as Exhibit A.
- e. The rider may be temporarily suspended or terminated should issues arise during the deployment period that will delay mass deployment, to or beyond, June 30, 2009. Idaho Power agrees to provide notice at least 45 days prior to the June 30, 2009 date should it become aware of any specific issues that may cause a delay of mass deployment. Included as a special condition in the proposed tariff is a provision by which the rider may be terminated should the system-wide deployment not take place.
- f. Additionally, the rate in the rider assumes in its calculation that the OPUC will approve the same depreciation rates for its jurisdiction as

those that were recently put in place for the Company's Idaho jurisdiction. Staff is currently examining the depreciation rates in Docket UM 1395 and agrees in this Stipulation to implement the Company's proposed depreciation rate rider subject to revision should Oregon ultimately approve depreciation rates that differ from those implemented in the Company's Idaho jurisdiction.

- g. Prior to January 1, 2009, Idaho Power agrees to file, and the Parties agree to support, a deferred accounting application for Idaho Power to account for any difference between the amount of the rate offset incorporated in the rate rider implemented on January 1, 2009 due to the revised depreciation studies and the amount the Commission ultimately determines was appropriately offset due to its investigation in Docket UM 1395. A revision may be effected through either a change in the rider rate or a change in the effective ending date of the rider. The method used to implement a revision will be negotiated by the Parties upon the completion of Staff's review in Docket UM 1395.

11. The Parties agree that the Stipulation represents a compromise in the position of the Parties.

12. The Stipulation will be offered into the record of the above-captioned docket pursuant to OAR 860-014-0085. The Parties agree to support the Stipulation throughout this proceeding and any appeal, provide witnesses to sponsor the Stipulation at any hearing held in the above-captioned docket and recommend that the Commission issue an order adopting the settlement contained herein.

13. The Parties have negotiated the Stipulation as an integrated document. If the Commission rejects all or any material portion of the Stipulation, or conditions its approval upon the imposition of additional material conditions, any party disadvantaged

by such action shall have the rights provided in OAR 860-014-0085 and shall be entitled to seek reconsideration of the Commission's order.

14. By entering into this Stipulation, no party shall be deemed to have approved, admitted or consented to the facts principles, methods or theories employed by any other party in arriving at the terms of the Stipulation. No party shall be deemed to have agreed that any part of the Stipulation is appropriate for resolving issues arising in any other proceeding.


15. The Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

**OPUC STAFF**

By: \_\_\_\_\_  
Stephanie Andrus, Attorney for Staff

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

**IDAHO POWER**

By:  \_\_\_\_\_  
Lisa Rackner, Attorney for Idaho Power

Date: Dec 15, 2008

by such action shall have the rights provided in OAR 860-014-0085 and shall be entitled to seek reconsideration of the Commission's order.

14. By entering into this Stipulation, no party shall be deemed to have approved, admitted or consented to the facts principles, methods or theories employed by any other party in arriving at the terms of the Stipulation. No party shall be deemed to have agreed that any part of the Stipulation is appropriate for resolving issues arising in any other proceeding.

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**OPUC STAFF**

By:   
Stephanie Andrus, Attorney for Staff

Date: December 15, 2008

**IDAHO POWER**

By: \_\_\_\_\_  
Lisa Rackner, Attorney for Idaho Power

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

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**CERTIFICATE OF SERVICE**

I hereby certify that I served a true and correct copy of the foregoing document in Docket UE 202 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.

Stephanie S. Andrus  
Department of Justice  
1162 Court St NE  
Salem, OR 97301-4096  
stephanie.andrus@state.or.us

DATED: December 15, 2008.

  
\_\_\_\_\_  
Adam Lowney  
Of Attorneys for Idaho Power Company