

Lisa D. Nordstrom
Lead Counsel
lnordstrom@idahopower.com

March 10, 2015

Public Utility Commission of Oregon
Filing Center
550 Capitol Street NE, Suite 215
P. O. Box 2148
Salem, OR 97308-2148

RE: Tariff Advice No. 15-02
Modifications to Schedule 92, Boardman Operating Life Adjustment

Attention Filing Center:

Idaho Power Company (“Idaho Power” or “Company”) herewith transmits for filing revisions to Schedule 92, Boardman Operating Life Adjustment, with a requested effective date of June 1, 2015. Pursuant to Commission Order No. 12-235, Idaho Power has completed its annual update to the Boardman Power Plant (“Boardman”) incremental revenue requirement and review of the Boardman Balancing Account for 2014. The purpose of this filing is to provide the Public Utility Commission of Oregon (“Commission”) with (1) a description of adjustments made to the incremental recovery amount and (2) a revenue collection worksheet that tracks the over- or under-collection of the previous year’s allowed revenue.

Background

On September 26, 2011, Idaho Power filed an application with the Commission requesting approval of the establishment of the Boardman Operating Life Adjustment tariff, the balancing account whereby incremental costs and benefits associated with the shutdown of Boardman will be tracked and recovered from Oregon customers (Docket No. UE 239). In June 2012, the Commission issued Order No. 12-235 approving the Company’s proposed balancing account and method for recovering costs associated with the early shutdown of Boardman. The approved Balancing Account will track costs associated with (1) the accelerated depreciation of existing Boardman investments and (2) decommissioning costs related to the Boardman shutdown. The Commission approved the recovery of these incremental costs through Schedule 92, the Boardman Operating Life Adjustment tariff, smoothing revenue requirement impacts of the early Boardman retirement over the remaining years of the plant’s life and allowing for full recovery of Boardman-related costs by Boardman life end. With the Order, the Company’s Oregon jurisdictional revenue requirement increased by \$107,223 effective July 1, 2012.

On November 4, 2014, the Commission approved an application by Portland General Electric (“PGE”) and Idaho Power for the sale of the ownership interest in a portion of certain facilities at Boardman pursuant to an Asset Purchase Agreement (“APA”) between the parties. The APA provided for the conveyance and sale from Idaho Power to PGE of a partial interest in certain Boardman components and common facilities necessary or convenient to the operation of PGE’s Carty Generation Station, collectively referred to as “Shared Facilities”. The net book value associated with the APA for the purchase of Shared Facilities at Boardman was \$356,145 while the purchase price was \$620,205, resulting in a gain of \$264,060 on a total system basis of which \$11,500 is allocable to Oregon. Staff agreed with the Company that the Boardman Balancing Account is the appropriate mechanism for recording the gain. Therefore, the Company has computed the annual credit to customers by converting the gain into an annuity or level payment stream over the remaining life of the plant, or six years. The Oregon jurisdictional portion of this levelized payment is \$2,290 and will be an offset to the annual revenue requirement impact to customers. Attachment No. 1 is a copy of the final accounting entries associated with the conveyance of the property interests at Boardman.

The Incremental Revenue Requirement Calculation

The revenue requirement calculation approved by Order No. 12-235 includes the costs of accelerating the depreciation of the Boardman plant items and the decommissioning costs associated with the shutdown of Boardman. The calculation includes the incremental change in depreciation expense and associated reserve resulting from the acceleration of depreciation of the Boardman plant accounts. It also includes decommissioning and salvage costs that are “levelized” by calculating the present value of each of the individual items and converting the values into an annuity or level payment stream from customers over the remaining life of Boardman. The annuity recognizes the time value of dollars collected from customers for future costs.

Revenue Requirement on Boardman Investments. As part of the Settlement Agreement approved in Docket No. UE 239, Idaho Power agreed that costs associated with investments made at Boardman after December 31, 2011, or after the Company’s last general rate case approving Boardman-related plant in service, will not be added to the balancing account until approval has been received in future ratemaking proceedings. Idaho Power has not received approval of investments made at Boardman after December 31, 2011, in a separate ratemaking proceeding, and therefore, no updates to the accelerated depreciation of the Boardman plant investments have been made.

Revenue Requirement on Decommissioning and Salvage Costs. Idaho Power estimated its share of the decommissioning costs by applying the Company’s 10 percent ownership percentage to the decommissioning study performed by Black & Veatch for PGE. Because a new study has not been performed since approval of the Company’s incremental revenue requirement in Docket No. UE 239, no updates have been made to the decommissioning costs and expected salvage.

The Tracking of Revenue Collections

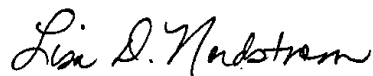
In Docket No. UE 239, the Company committed to tracking the monthly deviations between forecast revenue collection and actual revenue collection and incorporating any overage or shortfall into the new incremental revenue requirement. From January 1, 2014, through December 31, 2014, actual revenue collections were lower than forecasted revenue collections resulting in a shortfall of \$3,161. A copy of the tracking of the monthly deviations between the forecasted revenue collections and actual revenue collections is provided as Attachment No. 2.

Request

The Company is not proposing changes to the Oregon jurisdictional incremental revenue requirement of \$107,223 approved in Docket No. UE 239 except to reflect the net of the gain associated with the sale of the Shared Facilities and the shortfall in revenue collections associated with the calendar year 2014 ($($2,290) + \$3,161 = \$871$). This would bring the total Oregon jurisdictional incremental revenue requirement collected through the Boardman Operating Life Adjustment to \$108,094. Using an updated sales forecast for the June 1, 2015, to May 31, 2016, time period, this equates to an overall increase of \$871, or 0.01 percent. The Company respectfully requests that the attached revised Schedule 92, Boardman Operating Life Adjustment, become effective June 1, 2015.

If you have any questions regarding this filing, please call Courtney Waites, Senior Regulatory Analyst at (208) 388-5612.

Sincerely,



Lisa D. Nordstrom
Lead Counsel
OSB# 973528

LDN:kkt

Enclosures

SCHEDULE 92
BOARDMAN OPERATING LIFE ADJUSTMENT

PURPOSE

To recover from Customers the revenue requirement impact of the incremental costs and benefits associated with the shutdown of the Boardman power plant.

APPLICABILITY

This Schedule is applicable to all retail Customers served under the Company's schedules and special contracts.

ADJUSTMENT RATE

The Adjustment Rate is:

<u>Schedule</u>	<u>Description</u>	<u>Adjustment Rate</u>
1	Residential Service	0.0168¢ per kWh
7	Small General Service	0.0168¢ per kWh
9-S	Large General Service (Secondary)	0.0168¢ per kWh
9-P	Large General Service (Primary)	0.0168¢ per kWh
9-T	Large General Service (Transmission)	0.0168¢ per kWh
15	Dusk to Dawn Lighting	0.0168¢ per kWh
19-S	Large Power Service (Secondary)	0.0168¢ per kWh
19-P	Large Power Service (Primary)	0.0168¢ per kWh
19-T	Large Power Service (Transmission)	0.0168¢ per kWh
24-S	Irrigation Service (Secondary)	0.0168¢ per kWh
24-T	Irrigation Service (Transmission)	0.0168¢ per kWh
40	Unmetered General Service	0.0168¢ per kWh
41	Municipal Street Lighting	0.0168¢ per kWh
42	Traffic Control Lighting	0.0168¢ per kWh

(l)
|
(l)

ATTACHMENT NO. 1

**IDAHO POWER COMPANY
FINAL JOURNAL ENTRIES
*Boardman Asset Purchase Agreement***

Account	Debit	Credit
108000 – Accum Prov F/Depr-EPIS	2,281,702	
101000 – Electric Plant in Service		2,281,702
Record retirement of electric plant sold.		
102000 – Electric Plant Purchsd or Sold	2,281,702	
108000 – Accum Prov F/Depr-EPIS		2,281,702
Transfer cost of assets sold.		
108000 – Accum Prov F/Depr-EPIS	1,925,557	
102000 - Plant Purchsd or Sold		1,925,557
Transfer accumulated depreciation on assets sold.		
131201 – Cash	620,205	
102000 – Electric Plant Purchased or Sold		620,205
Record cash received for electric plant sold.		
102000 – Electric Plant Purchased or Sold	264,060	
182493 – Boardman balancing account (ID)		252,560
182494 – Boardman balancing account (OR)		11,500
Record cash received for electric plant sold.		

ATTACHMENT NO. 2

Boardman Balancing Account Revenue Tracking
 Twelve Months Ended December 31, 2014

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Total
Boardman Forecasted Revenues													
Normalized OR Jurisdictional Sales (MWh)	54,811	53,147	48,702	53,614	49,957	45,236	58,247	60,156	58,779	49,502	53,173	56,683	642,006
Boardman Rate (\$)	0.172000	0.172000	0.172000	0.172000	0.172000	0.162000	0.162000	0.162000	0.162000	0.162000	0.162000	0.162000	
Boardman Forecasted Revenues	9,427	9,141	8,377	9,222	8,593	7,328	9,436	9,745	9,522	8,019	8,614	9,183	\$ 106,607
Boardman Actual Revenues													
Oregon Jurisdictional Sales (MWh)	54,395	52,288	48,282	42,823	38,722	55,310	59,856	57,386	56,246	49,486	50,192	58,972	623,959
Boardman Rate (\$)	0.172000	0.172000	0.172000	0.172000	0.172000	0.162000	0.162000	0.162000	0.162000	0.162000	0.162000	0.162000	
Boardman Actual Revenues	9,356	8,994	8,304	7,366	6,660	8,960	9,697	9,297	9,112	8,017	8,131	9,554	\$ 103,447
Difference	(71)	(148)	(72)	(1,856)	(1,933)	1,632	261	(449)	(410)	(3)	(483)	371	\$ (3,161)
Total Over (Under) Collection	(71)	(219)	(291)	(2,147)	(4,080)	(2,448)	(2,187)	(2,636)	(3,046)	(3,049)	(3,532)	(3,161)	\$ (3,161)