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March 24, 2017

**VIA ELECTRONIC**

PUC Filing Center  
Public Utility Commission of Oregon  
PO Box 1088  
Salem, OR 97308-1088

**Re: Docket UE 320 – Idaho Power Company’s 2016 Annual Power Supply Expense  
True-Up**

Attention Filing Center:

Attached for filing in the above-referenced docket is an electronic copy of Idaho Power Company’s Supplemental Direct Testimony of Courtney Waites. Please contact this office with any questions.

Very truly yours,

Wendy McIndoo  
Office Manager

Attachment

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**DOCKET NO. UE 320**

In the Matter of the Application of IDAHO )  
POWER COMPANY for Authority to Implement )  
a Power Cost Adjustment Tariff Schedule for )  
Electric Service to Customers in the State of )  
Oregon. )  
2016 ANNUAL POWER SUPPLY EXPENSE )  
TRUE-UP )  
\_\_\_\_\_ )

**IDAHO POWER COMPANY  
SUPPLEMENTAL DIRECT TESTIMONY  
OF  
COURTNEY WAITES**

**March 24, 2017**

1 **Q. Please state your name and business address.**

2 A. My name is Courtney Waites. My business address is 1221 West Idaho Street,  
3 Boise, Idaho 83702.

4 **Q. Are you the same Courtney Waites that previously filed direct testimony in this**  
5 **matter?**

6 A. Yes.

7 **Q. What is the scope and purpose of your supplemental direct testimony?**

8 A. My supplemental direct testimony will revise the calculation of the Annual Power  
9 Supply Expense True-up with use of the 2016 Oregon Results of Operations ("ROO")  
10 report to determine the deferral deadbands and the Oregon allocation percentage.  
11 However, as I will show later in my testimony, neither of these revisions will change  
12 the zero deferral amount Idaho Power Company ("Idaho Power" or "Company")  
13 previously proposed be added to the Annual Power Supply Expense True-Up  
14 Balancing Account ("True-Up Balancing Account"). With this testimony I am also  
15 filing revised Exhibit Nos. 201, 202, and 203.

16 **Q. Please explain the revision to the calculation of the Annual Power Supply**  
17 **Expense True-Up you are making.**

18 A. Order No. 09-373 clarifies which year's ROO should be relied upon in calculating the  
19 deferral deadbands and the Earnings Test components of the Power Cost  
20 Adjustment Mechanism ("PCAM"). As directed in Order No. 09-373, Idaho Power's  
21 initial February filing included the quantification of the dollar balance proposed to be  
22 added to the True-Up Balancing Account based on the 2015 ROO. The results  
23 represented a preliminary estimate at the time, with this final determination being  
24 filed now that the 2016 ROO has been completed.

25 **Q. What are the power supply expense deadbands based on the 2016 ROO?**

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1 A. Using the Company's authorized Return on Equity ("ROE") in effect in 2016 and the  
2 Company's 2016 Oregon rate base of \$137,638,623, the Upper Deadband of 250  
3 basis points equals \$3,016,118 and the Lower Band of 125 Basis Points equals a  
4 negative \$1,508,059 (please see Exhibit No. 202).

5 **Q. Does the use of the 2016 ROO impact any other areas of the initial filing?**

6 A. Yes. In addition to changing the deadbands, the 2016 ROO computes the Oregon  
7 allocation percentage used to calculate Oregon's share of the excess net power  
8 supply expenses and customer benefits from the sale of Renewable Energy Credits  
9 ("REC"). Exhibit No. 201, the Oregon PCAM quantification for 2016, reflects the  
10 revised deadbands and the revised Oregon allocation percentage. Using the Oregon  
11 allocation percentage of 4.67 percent from the 2016 ROO slightly increases the total  
12 customer benefit of REC sales to \$42,697.56 (please see Exhibit No. 203).

13 **Q. How do the supplemental computations you describe above impact the**  
14 **amount you proposed be added to the True-up Balancing Account?**

15 A. The total customer benefit of REC sales of \$42,697.56 does not impact the proposed  
16 amount to be added to the True-Up Balancing Account because the benefit will be  
17 applied as a credit to deferrals currently in amortization. Applying the updated  
18 Oregon allocation percentage of 4.67 percent to the power cost deviation creates an  
19 Oregon Allocated Power Cost Deviation of \$2,444,294.08 which is less than the  
20 Upper Deadband of \$3,016,118. Therefore, the dollar amount to be considered to  
21 add to the True-Up Balancing Account is zero.

22 **Q. In your initial filing, an Earnings Test was not performed because the Company**  
23 **was not proposing any deferral amounts be added to the True-Up Balancing**  
24 **Account. Does the use of the 2016 ROO change the need for an Earnings**  
25 **Test?**

26

1 A. No. Using the 2016 ROO still results in a zero deferral amount to be added to the  
2 True-Up Balancing Account and therefore does not require an Earnings Test to be  
3 performed.

4 **Q. Does this conclude your testimony?**

5 A. Yes, it does.  
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BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UE 320

IDAHO POWER COMPANY

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Exhibit Accompanying Supplemental Direct Testimony of Courtney Waites

March 24, 2017







BEFORE THE PUBLIC UTILITY COMMISSION  
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Exhibit Accompanying Supplemental Direct Testimony of Courtney Waites

March 24, 2017

**Determination of Oregon PCAM Deadbands  
 Based on Idaho Power 2016 Results of Operations**

	(A)	(B)
	<b>Total System</b>	<b>Oregon</b>
(1) Rate Base	<b>\$3,163,968,898</b>	<b>\$137,638,623</b>
(2) % Equity in cap structure	<b>53.382%</b>	<b>53.382%</b>
(3) Equity in rate base	\$1,688,989,877	\$73,474,250
(4) 100 basis points	1.000%	1.000%
(5) Resulting return (NOI Effect)	\$16,889,899	\$734,742
(6) Net-to Gross Factor	<b>1.64200</b>	<b>1.64200</b>
(7) Revenue requirement	\$27,733,214	<b>\$ 1,206,447</b>
(8) <b>Upper Band of Basis Poir</b>	<b>250</b>	\$3,016,117.95
(9) <b>Lower Band of Basis Poir</b>	<b>125</b>	(\$1,508,058.98)

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