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May 12, 2017

VIA ELECTRONIC FILING

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

Re: UE 320 – In the Matter of IDAHO POWER COMPANY’s 2016 Annual Power Supply Expense True-Up

Attention Filing Center:

Attached for filing in the above-captioned docket is the Stipulation. The Joint Explanatory Brief is being filed concurrently in this docket.

Please contact this office with any questions.

Very truly yours,

A handwritten signature in blue ink that reads "Wendy McIndoo".

Wendy McIndoo
Office Manager

Attachment

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

3 **UE 320**

4 In The Matter of

STIPULATION

5 IDAHO POWER COMPANY

6 2016 Annual Power Supply Expense True-Up.
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9 This Stipulation resolves all issues between the parties related to Idaho Power
10 Company's ("Idaho Power" or "Company") 2016 Annual Power Supply Expense True-Up ("True-
11 Up") filed pursuant to Order No. 08-238,¹ as amended by Order No. 09-373.² This True-Up
12 implements the Company's Power Cost Adjustment Mechanism ("PCAM") by calculating the
13 deviation between actual net power supply expenses ("NPSE") and those expenses recovered
14 through the Combined Rate.

15 **PARTIES**

16 1. The parties to this Stipulation are Staff of the Public Utility Commission of Oregon
17 ("Staff"), the Oregon Citizens' Utility Board ("CUB"), and Idaho Power (together, the "Stipulating
18 Parties"). No other party intervened in this docket.

19 **BACKGROUND**

20 2. As part of the PCAM approved by the Public Utility Commission of Oregon
21 ("Commission"), each February, Idaho Power must file a True-Up that calculates the difference
22 between the actual NPSE incurred by the Company in the relevant PCAM year (January through
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25 ¹ *Re Idaho Power Company's Application for Authority to Implement a Power Cost Adjustment*
Mechanism, Docket No. UE 195, Order No. 08-238 (Apr. 28, 2008).

26 ² *Re Idaho Power Company's Application for Authority to Implement a Power Cost Adjustment*
Mechanism, Docket No. UE 195, Order No. 09-373 (Sept. 18, 2009).

1 December) and the expenses recovered for that period through the Combined Rate.³ NPSE
2 deviations that are eligible, as determined by the terms of Order No. 08-238, are added to the
3 Annual Power Supply Expense True-Up Balancing Account (“True-Up Balancing Account”) at
4 the end of each 12 month period ending in December, along with 50 percent of the annual
5 interest calculated at the Company’s authorized cost of capital.⁴ To be eligible for inclusion in
6 the True-Up Balancing Account, the NPSE deviation must fall outside the NPSE deadband⁵ and
7 pass the earnings test described in Order No. 08-238.⁶

8 3. On February 24, 2017, Idaho Power filed its True-Up reflecting the NPSE deviation
9 for calendar year 2016. The Company’s initial filing used the most recent Oregon Results of
10 Operations (“ROO”) report available at the time of the filing—the ROO for 2015. The NPSE
11 deviation was \$52.34 million on a system-wide basis, or \$2.39 million (there were no SO₂
12 Allowance sales in calendar year 2016) on an Oregon allocated basis—meaning that the
13 Company under-recovered its actual NPSE.⁷ The NPSE deadbands, calculated using the 2015
14 ROO, were \$2.79 million (upper) and negative \$1.39 million (lower).⁸ The Oregon-allocated
15 NPSE deviation was within the NPSE deadbands calculated using the 2015 ROO, *i.e.*, the
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18 ³ Order No. 08-238 at 2-3.

19 ⁴ *Id.*

20 ⁵ *Id.* The NPSE deadband is based upon the Company’s capital structure and the rate base, measured
21 on an Oregon basis, from the most recent Oregon ROO report. The Oregon Allocated Power Cost
22 Deviation is compared to the positive and/or negative deadbands. A positive deviation (actual NPSE
23 greater than those recovered through the Combined Rate) constitutes an excess power supply expense.
This expense is first reduced by a deadband that is the dollar equivalent of 250 basis points of ROE
(Oregon basis). A negative deviation (actual NPSE less than those recovered through the Combined
Rate) is a power supply expense savings. This savings is reduced by a deadband that is the dollar
equivalent of 125 basis points of ROE (Oregon basis).

24 ⁶ *Id.* If the Company’s earnings are within 100 basis points of its authorized ROE for the previous year
ending December 31, then no amounts will be added to the True-Up Balancing Account even if the NPSE
deviation falls outside the NPSE deadbands.

25 ⁷ Idaho Power/100, Waites/4-5, 7.

26 ⁸ Idaho Power/100, Waites/6.

1 actual NPSE deviation of \$2.39 million was less than the upper deadband of \$2.79 million.⁹
2 Therefore, the Company's initial filing determined that \$0.00 should be added to the True-Up
3 Balancing Account.¹⁰

4 4. This initial filing also discussed the impact of Order No. 11-086, which addressed
5 the appropriate treatment of proceeds from the sale of Renewable Energy Credits ("REC").¹¹
6 Consistent with the Company's approach in each True-Up since Order No. 11-086, Idaho Power
7 proposed that these proceeds are applied to the deferral currently in amortization.

8 5. On March 3, 2017, CUB filed its Notice of Intervention. On April 11, 2017,
9 Administrative Law Judge Patrick Power held a prehearing conference at which the parties to
10 this docket agreed upon a limited procedural schedule, based on the likelihood that the parties
11 would settle this matter.¹²

12 6. As required by Order No. 09-373, on March 24, 2017, the Company filed
13 supplemental testimony that calculated the NPSE deadband using the Company's 2016 ROO
14 report, which was finalized after the initial February filing. The use of the 2016 ROO resulted in
15 changes to the upper and lower power supply expense deadband values. The upper deadband
16 changed to \$3.02 million and the lower deadband changed to negative \$1.51 million.¹³ The use
17 of the 2016 ROO also changed the Oregon allocation percentage used to calculate Oregon's
18 share of the NPSE deviation, which resulted in an NPSE deviation of \$2.44 million (there were
19 no SO₂ Allowance sales in calendar year 2016).¹⁴ However, these changes did not affect the
20 amount proposed to be included in the True-Up Balancing Account because the Oregon-

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22 ⁹ *Id.*

23 ¹⁰ Idaho Power/100, Waites/6-7.

24 ¹¹ Idaho Power/100, Waites/7; *Re Application of Idaho Power Company to Sell RECs*, Docket UP 269,
Order No. 11-086 (Mar. 15, 2011).

25 ¹² See Prehearing Conference Memorandum (Apr. 11, 2017).

26 ¹³ Idaho Power/200, Waites/2.

¹⁴ Idaho Power/200, Waites/2.

1 allocated NPSE deviation was still within the NPSE deadbands calculated using the 2016
2 ROO.¹⁵ Thus, after updating the analysis using the 2016 ROO the Company determined that
3 \$0.00 should be added to the True-Up Balancing Account.

4 7. Pursuant to the agreed upon schedule Staff, CUB, and the Company participated
5 in a settlement conference on May 1, 2017. As a result of the settlement discussions, the
6 Stipulating Parties have agreed as follows:

7 **AGREEMENT**

8 8. The Stipulating Parties agree that the Company has correctly calculated the
9 amount of the True-Up for later inclusion in rates as \$0.00 and that this calculation complies
10 with the terms of Order Nos. 08-238 and 09-373. Thus, the Stipulating Parties agree that the
11 Company will not add any NPSE deviation amounts to the True-Up Balancing Account for 2016.

12 9. The Stipulating Parties agree that the 2016 net proceeds from the sale of RECs
13 should be applied as a credit to the True-Up Balancing Account,¹⁶ consistent with Order No. 11-
14 086.¹⁷

15 10. Idaho Power agrees to provide workpapers to Staff at the time of its initial Annual
16 Power Supply Expense True-Up filing and its supplemental filing relying on the most recent
17 ROO report.

18 11. The Stipulating Parties agree to submit this Stipulation to the Commission and
19 request that the Commission approve the Stipulation as presented. The Stipulating Parties
20 agree that the rates resulting from the Stipulation are fair, just, and reasonable.

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22 _____
23 ¹⁵ Idaho Power/200, Waites/2.

24 ¹⁶ The balance in the account resulted from the 2008 PCAM.

25 ¹⁷ Order No. 11-086 at 2 (“Idaho Power will record all net proceeds from the sale of RECs in a
26 regulatory liability account to accrue interest at the Company’s authorized cost of capital. Net REC
proceeds shall be applied as a credit to the Annual Power Supply Expense True-up Balancing Account
as part of the Power Cost Adjustment Mechanism (PCAM) after all variances (including deadbands and
earnings review), less 10 percent of proceeds which may be retained by the Company.”).

1 12. This Stipulation will be offered into the record of this proceeding as evidence
2 pursuant to OAR 860-001-0350(7). The Stipulating Parties agree to support this Stipulation
3 throughout this proceeding and any appeal, (if necessary) provide witnesses to sponsor this
4 Stipulation at the hearing, and recommend that the Commission issue an order adopting the
5 settlements contained herein.

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

11 14. The Stipulating Parties have negotiated this Stipulation as an integrated document.
12 If the Commission rejects all or any material part of this Stipulation, or adds any material
13 condition to any final order that is not consistent with this Stipulation, each Stipulating Party
14 reserves its right, pursuant to OAR 860-001-0350(9), to present evidence and argument on the
15 record in support of the Stipulation or to withdraw from the Stipulation. Stipulating Parties shall
16 be entitled to seek rehearing or reconsideration pursuant to OAR 860-001-0720 in any manner
17 that is consistent with the agreement embodied in this Stipulation.

18 15. By entering into this Stipulation, no Stipulating Party shall be deemed to have
19 approved, admitted, or consented to the facts, principles, methods, or theories employed by any
20 other Stipulating Party in arriving at the terms of this Stipulation, other than those specifically
21 identified in the body of this Stipulation. No Stipulating Party shall be deemed to have agreed
22 that any provision of this Stipulation is appropriate for resolving issues in any other proceeding,
23 except as specifically identified in this Stipulation.

24 16. This Stipulation may be executed in counterparts and each signed counterpart
25 shall constitute an original document.

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1 This Stipulation is entered into by each Stipulating Party on the date entered below such
2 Stipulating Party's signature.

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STAFF

OREGON CITIZENS' UTILITY BOARD

By: Mike [Signature]
Date: 5/12/17

By: _____
Date: _____

IDAHO POWER

By: _____
Date: _____


1 This Stipulation is entered into by each Stipulating Party on the date entered below such
2 Stipulating Party's signature.

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STAFF

OREGON CITIZENS' UTILITY BOARD

By: _____

By: 

Date: _____

Date: 5-11-2017

IDAHO POWER

By: _____

Date: _____

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STAFF

OREGON CITIZENS' UTILITY BOARD

By: _____

By: _____

Date: _____

Date: _____

IDAHO POWER

By:  _____

Date: 5/12/17 _____