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May 16, 2018

**VIA ELECTRONIC FILING**

Public Utility Commission of Oregon  
Filing Center  
P.O. Box 1088  
201 High Street SE, Suite 100  
Salem, Oregon 97301

**Re: Docket No. UE 336 – Idaho Power Company's 2017 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.

Sincerely,

Alisha Till  
Legal Assistant

Attachment

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE 336**

In The Matter of  
IDAHO POWER COMPANY  
2017 Annual Power Supply Expense True-Up.

**STIPULATION**

1           This Stipulation resolves all issues between the parties related to Idaho Power  
2 Company’s (“Idaho Power” or “Company”) 2017 Annual Power Supply Expense True-Up  
3 (“True-Up”) filed pursuant to Order No. 08-238,<sup>1</sup> as amended by Order No. 09-373.<sup>2</sup> This  
4 True-Up implements the Company’s Power Cost Adjustment Mechanism (“PCAM”) by  
5 calculating the deviation between actual net power supply expenses (“NPSE”) and those  
6 expenses recovered through the Combined Rate.

**PARTIES**

7           1. The parties to this Stipulation are Staff of the Public Utility Commission of Oregon  
8 (“Staff”), the Oregon Citizens’ Utility Board (“CUB”), and Idaho Power (together, the  
9 “Stipulating Parties”). No other party intervened in this docket.

**BACKGROUND**

10           2. As part of the PCAM approved by the Public Utility Commission of Oregon  
11 (“Commission”), each February, Idaho Power must file a True-Up that calculates the  
12 difference between the actual NPSE incurred by the Company in the relevant PCAM year  
13 (January through December) and the expenses recovered for that period through the

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<sup>1</sup> *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).

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

7 3. On February 23, 2018, Idaho Power filed its True-Up reflecting the NPSE  
8 deviation for calendar year 2017. The Company’s initial filing used the most recent Oregon  
9 Results of Operations (“ROO”) report available at the time of the filing—the ROO for 2016.<sup>7</sup>  
10 The NPSE deviation was \$8.43 million on a system-wide basis, or \$393,883.94 (there were no  
11 SO<sub>2</sub> Allowance sales in calendar year 2017) on an Oregon-allocated basis—meaning that the  
12 Company under-recovered its actual NPSE.<sup>8</sup> The NPSE deadbands, calculated using the  
13 2016 ROO, were \$3.02 million (upper) and negative \$1.51 million (lower).<sup>9</sup> The Oregon-  
14 allocated NPSE deviation was within the NPSE deadbands calculated using the 2016 ROO,  
15 *i.e.*, the actual NPSE deviation of \$393,883.94 was less than the upper deadband of \$3.02

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<sup>3</sup> Order No. 08-238 at 2-3.

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

<sup>5</sup> *Id.* The NPSE deadband is based upon the Company’s capital structure and the rate base, measured on an Oregon basis, from the most recent Oregon ROO report. The Oregon Allocated Power Cost Deviation is compared to the positive and/or negative deadbands. A positive deviation (actual NPSE 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).

<sup>6</sup> *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.

<sup>7</sup> Idaho Power/100, Waites/2.

<sup>8</sup> Idaho Power/100, Waites/4-5, 7.

<sup>9</sup> Idaho Power/100, Waites/6.

1 million.<sup>10</sup> Therefore, the Company's initial filing determined that \$0.00 should be added to the  
2 True-Up Balancing Account.<sup>11</sup>

3 4. This initial filing also discussed the impact of Order No. 11-086, which addressed  
4 the appropriate treatment of proceeds from the sale of Renewable Energy Credits ("REC").<sup>12</sup>  
5 Consistent with Order No. 11-086 and 17-185, Idaho Power proposed that these proceeds are  
6 applied as a credit to the True-Up Balancing Account<sup>13</sup>.

7 5. On March 7, 2018, CUB filed its Notice of Intervention. On March 22, 2018,  
8 Administrative Law Judge Patrick Power held a prehearing conference at which the parties to  
9 this docket agreed upon a limited procedural schedule, based on the likelihood that the parties  
10 would settle this matter.<sup>14</sup>

11 6. As required by Order No. 09-373, on April 13, 2018, the Company filed  
12 supplemental testimony that calculated the NPSE deadband using the Company's 2017 ROO  
13 report, which was finalized after the initial February filing. The use of the 2017 ROO resulted  
14 in changes to the upper and lower power supply expense deadband values. The upper  
15 deadband changed to \$3.12 million and the lower deadband changed to negative \$1.56  
16 million.<sup>15</sup> The use of the 2017 ROO also changed the Oregon allocation percentage used to  
17 calculate Oregon's share of the NPSE deviation, which resulted in an NPSE deviation of  
18 \$391,353.64 (there were no SO<sub>2</sub> Allowance sales in calendar year 2017).<sup>16</sup> However, these  
19 changes did not affect the amount of proposed NPSE to be included in the True-Up Balancing  
20 Account because the Oregon-allocated NPSE deviation was still within the NPSE deadbands  
21 calculated using the 2017 ROO.<sup>17</sup> The updated Oregon allocation percentage from the 2017

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<sup>10</sup> *Id.*

<sup>11</sup> Idaho Power/100, Waites/6.

<sup>12</sup> Idaho Power/100, Waites/7; *Re Application of Idaho Power Company to Sell RECs*, Docket UP 269, Order No. 11-086 (Mar. 15, 2011).

<sup>13</sup> Idaho Power/100, Waites/8.

<sup>14</sup> See Prehearing Conference Memorandum (Mar. 22, 2018).

<sup>15</sup> Idaho Power/200, Waites/2.

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

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

1 ROO also changed the Oregon allocated REC proceeds. Thus, after updating the analysis  
2 using the 2017 ROO the Company determined that a credit of \$102,552 should be added to  
3 the True-Up Balancing Account.<sup>18</sup>

4 7. Pursuant to the agreed upon schedule, Staff, CUB, and the Company  
5 participated in a settlement conference on May 7, 2018. As a result of the settlement  
6 discussions, the Stipulating Parties have agreed as follows:

#### **AGREEMENT**

7 8. The Stipulating Parties agree that the Company has correctly calculated the  
8 NPSE amount of the True-Up for later inclusion in rates as \$0.00 and that this calculation  
9 complies with the terms of Order Nos. 08-238 and 09-373. Thus, the Stipulating Parties agree  
10 that the Company will not add any NPSE deviation amounts to the True-Up Balancing  
11 Account for 2017.

12 9. The Stipulating Parties agree that the 2017 net proceeds from the sale of RECs  
13 should be applied as a credit to the True-Up Balancing Account, consistent with Order No. 11-  
14 086.<sup>19</sup>

15 10. The Stipulating Parties agree that Idaho Power will update the level of  
16 amortization collection associated with intervenor funding amounts. The Company will begin  
17 amortization and collection in rates of \$61,183 in intervenor funding amounts accrued since  
18 Idaho Power's last request and recovered through Schedule 56. All intervenor funding  
19 amounts are associated with intervenors acting on behalf of the residential customer class  
20 and will therefore be collected only from residential customers for the June 1, 2018 through  
21 May 31, 2019 time period.

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<sup>18</sup> Idaho Power/200, Waites/2.

<sup>19</sup> Order No. 11-086 at 2 ("Idaho Power will record all net proceeds from the sale of RECs in a 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           11. Idaho Power agrees to provide workpapers which show the calculation of all  
2 figures in the filing at the time of its initial Annual Power Supply Expense True-Up filing and its  
3 supplemental filing relying on the most recent ROO report.

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

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

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

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

25           16. By entering into this Stipulation, no Stipulating Party shall be deemed to have  
26 approved, admitted, or consented to the facts, principles, methods, or theories employed by

1 any other Stipulating Party in arriving at the terms of this Stipulation, other than those  
2 specifically identified in the body of this Stipulation. No Stipulating Party shall be deemed to  
3 have agreed that any provision of this Stipulation is appropriate for resolving issues in any  
4 other proceeding, except as specifically identified in this Stipulation.

5 17. This Stipulation may be executed in counterparts and each signed counterpart  
6 shall constitute an original document.

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

STAFF

By: Kaylee Klein  
Date: 5/16/18

OREGON CITIZENS' UTILITY BOARD

By: Bob Oates  
Date: 5/16/18

IDAHO POWER

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

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2 specifically identified in the body of this Stipulation. No Stipulating Party shall be deemed to  
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STAFF

OREGON CITIZENS' UTILITY BOARD


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

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

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

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

IDAHO POWER

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

Date: 5-16-18