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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?**

26

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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UE 320

IDAHO POWER COMPANY

Exhibit Accompanying Supplemental Direct Testimony of Courtney Waites

March 24, 2017

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

	(A)	(B)
	Total System	Oregon
(1) Rate Base	\$3,163,968,898	\$137,638,623
(2) % Equity in cap structure	53.382%	53.382%
(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	1.64200	1.64200
(7) Revenue requirement	\$27,733,214	\$ 1,206,447
(8) Upper Band of Basis Poir	250	\$3,016,117.95
(9) Lower Band of Basis Poir	125	(\$1,508,058.98)

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