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April 13, 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-referenced docket is an electronic copy of Idaho Power Company's Supplemental Direct Testimony of Courtney Waites.

Please contact this office with any questions.

Sincerely,

Alisha Till
Legal Assistant

Attachment

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

DOCKET NO. UE 336

In the Matter of the Application of IDAHO
POWER COMPANY for Amortization in Rates of
the Power Cost Adjustment Mechanism and
Intervenor Funding Amounts.

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**2017 ANNUAL POWER SUPPLY
EXPENSE TRUE-UP**

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

April 13, 2018

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

2 A. My name is Courtney Waites. My business address is 1221 West Idaho Street, Boise,
3 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 2017 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 filing
15 revised Exhibit Nos. 201, 202, 203, and 204.

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 Adjustment
20 Mechanism ("PCAM"). As directed in Order No. 09-373, Idaho Power's initial February
21 filing included the quantification of the dollar balance proposed to be added to the
22 True-Up Balancing Account based on the 2016 ROO. The results represented a
23 preliminary estimate at the time, with this final determination being filed now that the
24 2017 ROO has been completed.

25 **Q. What are the power supply expense deadbands based on the 2017 ROO?**

26

1 A. Using the Company's authorized Return on Equity in effect in 2017 and the Company's
2 2017 Oregon rate base of \$142,328,822, the Upper Deadband of 250 basis points
3 equals \$3,118,896 and the Lower Band of 125 Basis Points equals a negative
4 \$1,559,448 (please see Exhibit No. 202).

5 **Q. Does the use of the 2017 ROO impact any other areas of the initial filing?**

6 A. Yes. In addition to changing the deadbands, the 2017 ROO computes the Oregon
7 allocation percentage used to calculate Oregon's share of the excess net power supply
8 expenses and customer benefits from the sale of Renewable Energy Credits ("REC").
9 Exhibit No. 201, the Oregon PCAM quantification for 2017, reflects the revised
10 deadbands and the revised Oregon allocation percentage. In addition, using the
11 Oregon allocation percentage of 4.64 percent from the 2017 ROO slightly decreases
12 the total customer benefit of REC sales to \$102,552 (please see Exhibit No. 203).

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

15 A. Applying the updated Oregon allocation percentage of 4.64 percent to the power cost
16 deviation creates an Oregon Allocated Power Cost Deviation of \$391,353.64 which is
17 less than the Upper Deadband of \$3,118,896. Therefore, the dollar amount associated
18 with the Annual Power Supply Expense True-Up to be considered to add to the True-
19 Up Balancing Account is zero; however, the total customer benefit of REC sales will
20 be added to the True-Up Balancing Account, slightly reducing the amount proposed to
21 \$102,552.

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 2017 ROO change the need for an Earnings Test?**

25
26

1 A. No. Using the 2017 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. Will the change in the amount proposed to be added to the True-up Balancing**
5 **Account affect the proposed Schedule 56 rate?**

6 A. No. The 2017 ROO does not impact the updated level of amortization collection
7 associated with intervenor funding amounts initially proposed by the Company and the
8 slight change in the total customer benefit of the REC sales was not enough to change
9 the proposed Schedule 56 rate. The updated detailed calculations of the rate impact
10 can be found in Exhibit 204. Table 1 summarizes the impact on the rates associated
11 with Idaho Power's proposal.

12 **Table 1**

Customer Class	Current (cents per kWh)	Proposed (cents per kWh)
Residential service	0.0567	0.0002
All other	(0.0017)	(0.0001)

13
14
15
16 **Q. Has Idaho Power updated Schedule 56 with the proposed rates?**

17 A. Yes. Idaho Power is filing a proposed Schedule 56 reflecting the rates above
18 concurrently as Advice No. 18-05.

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

20 A. Yes, it does.
21
22
23
24
25
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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 336

IDAHO POWER COMPANY

Exhibit Accompanying Supplemental Direct Testimony of Courtney Waites

April 13, 2018

2017 PCAM
Twelve Months Ended December 31, 2017

OREGON PCAM (Schedule 56)											Annual
ACTUAL POWER COSTS											
	August YTD	September	September YTD	October	October YTD	November	November YTD	December	December YTD		
ACTUAL NPSE COSTS											
Actual Sales - Includes Unbilled	MWh	10,149,098	1,160,202	11,309,300	1,008,878	12,318,178	1,020,634	13,338,812	1,232,141	14,570,953	14,570,953
Fuel	\$	96,692,738.26	14,504,699.16	111,197,437.42	9,725,779.35	120,923,216.77	12,339,504.43	133,262,721.20	12,566,106.98	145,828,828.18	145,828,828.18
Purchased Power	\$	44,043,982.28	3,562,090.51	47,606,072.79	7,719,104.48	55,325,177.27	6,667,681.78	61,992,859.05	5,811,097.68	67,803,956.73	67,803,956.73
Oregon Solar Pilot	\$	9,541.60	1,888.84	11,430.44	2,366.37	13,796.81	1,347.40	15,144.21	785.40	15,929.61	15,929.61
Surplus Sales	\$	(20,569,362.50)	(3,426,550.45)	(23,994,912.95)	(2,696,279.14)	(26,691,192.09)	(1,385,309.96)	(28,076,502.05)	(3,395,007.03)	(31,471,509.08)	(31,471,509.08)
Total Non-QF	\$	120,177,899.64	14,642,128.06	134,820,027.70	14,750,971.06	149,570,998.76	17,623,223.65	167,194,222.41	14,982,983.03	182,177,205.44	182,177,205.44
QF - Includes Net Metering and Liquidated Damages	\$	135,477,777.79	16,158,511.77	151,636,289.56	16,996,556.88	168,632,846.44	16,361,948.28	184,994,794.72	12,362,992.69	197,357,787.41	197,357,787.41
Total Actual Power Costs Incurred	\$	255,655,677.43	30,800,639.83	286,456,317.26	31,747,527.94	318,203,845.20	33,985,171.93	352,189,017.13	27,345,975.72	379,534,992.85	379,534,992.85
Actual Power Cost per Unit	\$/MWh	\$25.19	\$26.55	\$25.33	\$31.47	\$25.83	\$33.30	\$26.40	\$22.19	\$26.05	\$26.05
POWER COSTS COLLECTED IN RATES											
Actual Sales	MWh	10,149,098	1,160,202	11,309,300	1,008,878	12,318,178	1,020,634	13,338,812	1,232,141	14,570,953	14,570,953
Combined Rate (Recovered in Rates)	\$/MWh	\$25.25	\$25.68	\$25.29	\$25.58	\$25.32	\$25.99	\$25.37	\$26.57	\$25.47	\$25.47
Total Power Costs Collected in Rates	\$	256,235,296.58	29,793,987.36	286,029,283.94	25,807,099.24	311,836,383.18	26,526,277.66	338,362,660.84	32,737,986.37	371,100,647.21	371,100,647.21
CHANGE FROM FORECAST											
Actual Power Cost per Unit	\$/MWh	\$25.19	\$26.55	\$25.33	\$31.47	\$25.83	\$33.30	\$26.40	\$22.19	\$26.05	\$26.05
Combined Rate (Recovered in Rates)	\$/MWh	\$25.25	\$25.68	\$25.29	\$25.58	\$25.32	\$25.99	\$25.37	\$26.57	\$25.47	\$25.47
Actual Increase (Decrease) Over Forecast Rate	\$/MWh	(\$0.06)	\$0.87	\$0.04	\$5.89	\$0.52	\$7.31	\$1.04	(\$4.38)	\$0.58	\$0.58
Deviation from Forecast	\$	(579,619.15)	1,006,652.47	427,033.32	5,940,428.70	6,367,462.02	7,458,894.27	13,826,356.29	(5,392,010.65)	8,434,345.64	8,434,345.64
Oregon Allocation	%	4.64%		4.64%		4.64%		4.64%		4.64%	4.64%
Oregon Allocated Power Cost Deviation (before DB)	\$	(26,894.33)		19,814.35		295,450.24		641,542.93		391,353.64	391,353.64
Deadband - Over 250 Basis Points	\$	3,118,895.74		3,118,895.74		3,118,895.74		3,118,895.74		3,118,895.74	3,118,895.74
Deadband - Under 125 Basis Points	\$	(1,559,447.87)		(1,559,447.87)		(1,559,447.87)		(1,559,447.87)		(1,559,447.87)	(1,559,447.87)
True-Up (+)	\$	0.00		0.00		0.00		0.00		0.00	0.00
True-Up (-)	\$	0.00		0.00		0.00		0.00		0.00	0.00
OREGON DEFERRAL before sharing	\$	0.00		0.00		0.00		0.00		0.00	0.00
Portion of True-up Change Allowed	%	90%		90%		90%		90%		90%	90%
OREGON DEFERRAL w/ SHARING (90/10)											0.00
Interest Rate	%	7.757%		7.757%		7.757%		7.757%		7.757%	7.757%
Interest Accrued to date	\$	0.00		0.00		0.00		0.00		0.00	0.00
Total Deferred Balance	\$	0.00		0.00		0.00		0.00		0.00	0.00

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 336

IDAHO POWER COMPANY

Exhibit Accompanying Supplemental Direct Testimony of Courtney Waites

April 13, 2018

**Determination of Oregon PCAM Deadbands
 Based on Idaho Power 2017 Results of Operations**

	(A)	(B)
	Total System	Oregon
(1) Rate Base	\$3,284,204,938	\$142,328,822
(2) % Equity in cap structure	53.382%	53.382%
(3) Equity in rate base	\$1,753,174,280	\$75,977,972
(4) 100 basis points	1.000%	1.000%
(5) Resulting return (NOI Effect)	\$17,531,743	\$759,780
(6) Net-to Gross Factor	1.64200	1.64200
(7) Revenue requirement	\$28,787,122	\$ 1,247,558
(8) Upper Band of Basis Points	250	\$3,118,895.74
(9) Lower Band of Basis Points	125	(\$1,559,447.87)

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Oregon

12 MOS ENDED DEC 2017

Total Revenues	\$	53,986,138
		6%
Deferral Revenues Allowed	\$	3,239,168

True-Up Balancing Account

Oregon kWh Forecast ¹		701,192,978
Rate (cents per kWh)		(0.0001)
Estimated Collection (Refund)	\$	(102,552)

Intervenor Funding deferrals

Oregon Residential kWh Forecast ¹		192,406,240
Rate (cents per kWh)		0.0003
Estimated Collection (Refund)	\$	61,183

Total Rate - Residential Service (cents per kWh)		0.0002
Total Rate - All Other (cents per kWh)		(0.0001)

1. June 1, 2018 - May, 31, 2019 test year.

2017 PCAM
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**Determination of Oregon PCAM Deadbands
Based on Idaho Power 2017 Results of Operations**

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