

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UE 285

In the Matter of

IDAHO POWER COMPANY's

2013 Annual Power Supply Expense  
True-Up.

ORDER

DISPOSITION: STIPULATION ADOPTED

**I. INTRODUCTION**

On February 21, 2014, Idaho Power Company (Idaho Power) filed its 2013 annual power supply expense true-up application. In its filing, the company requested no change to its True-Up Balancing Account.

A prehearing conference was held in April 10, 2014. Parties appearing at the prehearing conference were Idaho Power, the Public Utility Commission of Oregon Staff (Staff) and the Citizens' Utility Board of Oregon (CUB).

At the prehearing conference a limited schedule was adopted, on account of scheduling concerns and because the parties agreed that this matter was likely to be settled. On April 30, 2014, the parties advised the Commission that this matter had settled, so that no further proceedings were necessary.

On May 9, 2014, the parties filed their stipulation resolving all issues in this case. The stipulation is attached to this order as Appendix A. Also on May 9, 2014, the parties filed a joint explanatory brief in support of the stipulation.

**II. BACKGROUND**

In Order No. 08-238 we approved Idaho Power's Power Cost Adjustment Mechanism (PCAM). As part of its PCAM, each February Idaho Power files a True-Up in which the company calculates the difference between its actual net power supply expenses (NPSE) for the relevant PCAM year (January through December) and the expenses recovered by

the company for that period through its Combined Rate.<sup>1</sup> Eligible NPSE deviations<sup>2</sup> are added to the Annual Power Supply Expense True-Up Balancing Account at the end of each 12 month period ending in December along with 50 percent of the annual interest calculated at the company's authorized cost of capital. To be eligible for inclusion in the True-Up Balancing Account the NPSE deviation must fall outside the NPSE deadband and pass the earnings test described in Order No. 08-238.

### III. DISCUSSION

#### A. The Stipulation

As described in the stipulation, in its 2013 True-Up filing Idaho Power used its Oregon Results of Operations (ROO) report for 2012. The NPSE deviation was \$40.8 million on a company-wide basis, or \$1.8 million on an Oregon allocated basis – meaning the company under-recovered its actual NPSE. The Oregon-allocated NPSE deviation was within the NPSE deadband calculated using the 2012 ROO – the actual deviation of \$1.8 million was less than the upper deadband of \$2.4 million. Therefore, Idaho Power determined that \$0.00 should be added to the True-Up Balancing Account.

On April 15, 2014, Idaho Power filed supplemental testimony in which it displayed the calculation of the NPSE using the company's 2013 ROO report. The use of the 2013 ROO changed the Oregon allocation percentage used to calculate Oregon's share of the NPSE deviation, resulting in an NPSE deviation of \$1.8 million. However, the change did not affect the amount proposed to be included in the True-Up Balancing Account because the Oregon-allocated NPS deviation was still within the NPSE deadbands calculated using the 2013 ROO. Thus, after updating the analysis using the 2013 ROO the company determined that \$0.00 should be added to the True-Up Balancing Account.

In their stipulation the parties agree that Idaho Power correctly calculated the amount of the True-Up for later inclusion in rates as \$0.00 and that this calculation complies with the terms of Orders Nos, 08-238 and 09-373. Thus, the parties agree that Idaho Power will not add any amount to the True-up Balancing Account for 2013.

In their brief, the parties describe the background to the application and summarize Idaho Power's filings. They explain that they participated in a settlement conference where they agreed that the company has correctly calculated the amount of the True-Up as \$0.00. Thus, the parties agree that Idaho Power will not add any amounts to the True-Up Balancing Account.<sup>3</sup>

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<sup>1</sup> The "Combined Rate" is determined annually in Idaho Power's Annual Power Cost Update (APCU) proceeding. The Combined Rate has two components – an "October Update" and a "March Forecast."

<sup>2</sup> As determined by the terms of Order No. 08-238.

<sup>3</sup> We note an apparent typographical error on page 4 of the Joint Explanatory Brief. There the parties cite paragraph 8 of their stipulation and indicate that Idaho Power will not add any amounts to the balancing account for 2012. The correct reference in paragraph 8 is to the year 2013, not 2012.

**B. Resolution**

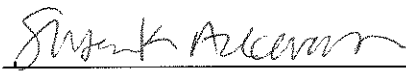
As noted by the parties, Idaho Power calculated its true-up in accord with the applicable Commission decisions. The result therefore is reasonable and the stipulation should be adopted.

**IV. ORDER**

IT IS ORDERED that:

1. The stipulation between, the Staff of the Public Utility Commission of Oregon, Idaho Power Company, and the Citizens' Utility Board of Oregon, attached as Appendix A, is adopted.
2. Idaho Power Company shall not add any amount to its True-Up Balancing Account for its 2013 Power Cost Adjustment Mechanism.

Made, entered, and effective MAY 22 2014.

  
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**Susan K. Ackerman**  
Chair

  
\_\_\_\_\_  
**John Savage**  
Commissioner

  
\_\_\_\_\_  
**Stephen M. Bloom**  
Commissioner



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UE 285

In The Matter of

STIPULATION

IDAHO POWER COMPANY

2013 Annual Power Supply Expense True-Up.

This Stipulation resolves all issues between the parties related to Idaho Power Company's ("Idaho Power" or "Company") 2013 Annual Power Supply Expense True-Up ("True-Up") filed pursuant to Order No. 08-238,<sup>1</sup> as amended by Order No. 09-373.<sup>2</sup> This True-Up implements the Company's Power Cost Adjustment Mechanism ("PCAM") by calculating the deviation between actual net power supply expenses ("NPSE") and those expenses recovered through the Combined Rate.

## PARTIES

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

## BACKGROUND

2. As part of the Public Utility Commission of Oregon ("Commission") approved PCAM, each February Idaho Power must file a True-Up that calculates the difference between the actual NPSE incurred by the Company in the relevant PCAM year (January through

<sup>1</sup> Re Idaho Power Company's Application for Authority to Implement a Power Cost Adjustment Mechanism, Docket 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 UE 195, Order No. 09-373 (Sept. 18, 2009).

1 December) and the expenses recovered for that period through the Combined Rate.<sup>3</sup> 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.<sup>4</sup> To be eligible for inclusion in  
 6 the True-Up Balancing Account, the NPSE deviation must fall outside the NPSE deadband<sup>5</sup>  
 7 and pass the earnings test described in Order No. 08-238.<sup>6</sup>

8 3. On February 21, 2014, Idaho Power filed its True-Up reflecting the NPSE  
 9 deviation for calendar year 2013. The Company's initial filing used the most recent Oregon  
 10 Results of Operations ("ROO") report available at the time of the filing—the ROO for 2012.  
 11 The NPSE deviation was \$40.8 million on a system-wide basis, or \$1.8 million on an Oregon  
 12 allocated basis—meaning that the Company under-recovered its actual NPSE.<sup>7</sup> The NPSE  
 13 deadbands, calculated using the 2012 ROO, were \$2.4 million (upper) and negative \$1.2  
 14 million (lower).<sup>8</sup> The Oregon-allocated NPSE deviation was within the NPSE deadbands  
 15 calculated using the 2012 ROO, i.e., the actual NPSE deviation of \$1.8 million was less than

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

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

20 <sup>5</sup> The NPSE deadband is based upon the Company's capital structure and the rate base, measured on  
 21 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 <sup>6</sup> *Id.* at 3. 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 <sup>7</sup> Idaho Power/100, Waites/4.

26 <sup>8</sup> Idaho Power/100, Waites/5.

1 the upper deadband of \$2.4 million. Therefore, the Company's initial filing determined that  
2 \$0.00 should be added to the True-Up Balancing Account.<sup>9</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>10</sup>  
5 Pursuant to that order these proceeds are applied to the power cost deferral currently in  
6 amortization.

7 5. On March 6, 2014, CUB filed its Notice of Intervention. On April 10, 2014,  
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>11</sup>

11 6. As required by Order No. 09-373, on April 15, 2014, the Company filed  
12 supplemental testimony that calculated the NPSE deadband using the Company's 2013 ROO  
13 report, which was finalized subsequent to the initial February filing. The use of the 2013 ROO  
14 resulted in changes to the upper and lower power supply expense deadband values. The  
15 upper deadband changed to \$2.7 million and the lower deadband changed to negative \$1.3  
16 million.<sup>12</sup> The use of the 2013 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 \$1.8  
18 million.<sup>13</sup> However, these changes did not affect the amount proposed to be included in the  
19 True-Up Balancing Account because the Oregon-allocated NPSE deviation was still within the  
20 NPSE deadbands calculated using the 2013 ROO.<sup>14</sup> Thus, after updating the analysis using  
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22 <sup>9</sup> Idaho Power/100, Waites/5.

23 <sup>10</sup> *Re Application of Idaho Power Company to Sell RECs*, Docket UP 269, Order No. 11-086 (Mar. 17, 2011).

24 <sup>11</sup> See Prehearing Conference Memorandum (Apr. 10, 2014).

25 <sup>12</sup> Idaho Power/200, Waites/2.

26 <sup>13</sup> Idaho Power/200, Waites/2.

<sup>14</sup> Idaho Power/200, Waites/2.

1 the 2013 ROO the Company determined that \$0.00 should be added to the True-Up  
2 Balancing Account.

3 7. Pursuant to the agreed upon schedule Staff, CUB, and the Company participated  
4 in a settlement conference on April 30, 2014. As a result of the settlement discussions, the  
5 Stipulating Parties have agreed as follows:

6 **AGREEMENT**

7 8. The Stipulating Parties agree that the Company has correctly calculated the  
8 amount of the True-Up for later inclusion in rates as \$0.00 and that this calculation complies  
9 with the terms of Orders Nos. 08-238 and 09-373. Thus, the Stipulating Parties agree that the  
10 Company will not add any amounts to the True-Up Balancing Account for 2013.

11 9. The Stipulating Parties agree to submit this Stipulation to the Commission and  
12 request that the Commission approve the Stipulation as presented. The Stipulating Parties  
13 agree that the adjustments and the rates resulting from the Stipulation are fair, just, and  
14 reasonable.

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

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

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

8           13. By entering into this Stipulation, no Stipulating Party shall be deemed to have  
9 approved, admitted, or consented to the facts, principles, methods, or theories employed by  
10 any other Stipulating Party in arriving at the terms of this Stipulation, other than those  
11 specifically identified in the body of this Stipulation. No Stipulating Party shall be deemed to  
12 have agreed that any provision of this Stipulation is appropriate for resolving issues in any  
13 other proceeding, except as specifically identified in this Stipulation.

14           14. This Stipulation may be executed in counterparts and each signed counterpart  
15 shall constitute an original document.

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

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STAFF

CITIZENS' UTILITY BOARD

By: Mike [Signature]

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

Date: 5/9/14

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

IDAHO POWER

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

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

ORDER NO. 14 173

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STAFF

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CITIZENS' UTILITY BOARD

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

By: 

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

Date: 5-9-2014

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IDAHO POWER

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

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

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STAFF

CITIZENS UTILITY BOARD

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

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

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

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

IDAHO POWER

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

Date: 5/9/14 \_\_\_\_\_