

ORDER NO. 15 399

ENTERED DEC 15 2015

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 303

In the Matter of

IDAHO POWER COMPANY,

Request for Amortization of Deferred Costs
Associated with Intervenor Funding Grants
(Schedule 56).

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on December 15, 2015, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



Becky L. Beier

Becky L. Beier
Commission Secretary

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 Circuit Court for Marion County in compliance with ORS 183.484.

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 15, 2015

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2016

DATE: December 7, 2015

TO: Public Utility Commission

FROM: Mitchell Moore *MM*

THROUGH: *E* Jason Eisdorfer and *A* Marc Hellman

SUBJECT: IDAHO POWER COMPANY: (Docket No. UE 303/Advice No. 15-12)
Revises Schedule 56 to amortize Intervenor Funding account balance into customer rates.

STAFF RECOMMENDATION:

I recommend that Idaho Power Company's filing (Idaho Power or Company) be approved, and the associated tariff be allowed to go into effect on January 1, 2016.

ISSUE:

In this filing, Idaho Power updates the rate increments in its Schedule No. 56, Power Cost Adjustment Mechanism, to reflect currently deferred account balances in accordance with Order No. 10-396, which requires the costs associated with intervenor funding be allocated to the customer class on whose behalf the intervenor is acting.

APPLICABLE LAW:

The Commission has authorized Idaho Power to enter into intervenor funding grant agreements.¹ Under ORS 757.072(4) and ORS 757.259(3), the Commission shall allow utilities that enter into such agreements to defer costs of the grants for later inclusion in rates. Utilities may amortize these deferred costs into rates under ORS 757.259(5). In accordance with ORS 757.259(3) and ORS 757.072, the amortization of amounts deferred under ORS 757.259(3) is not subject to an earnings review, but is subject to a

¹ See Order No. 10-396 authorizing Idaho Power to enter into an Intervenor Funding Agreement with Citizens' Utility Board of Oregon, effective from October 15, 2010, until December 31, 2015.

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prudence review. Amortization of amounts deferred under ORS 757.072 are not subject to the cap on amortizations of deferrals under ORS 757.259(8) and (10).² Because the deferral and recovery of these amounts are authorized by statute, Staff's prudence review is focused on verification of the accounting methodology used to determine the final amortization balance

ANALYSIS:

In its recent filing requesting deferral of Intervenor Funding expenses for the period August 2015 through July 2016, Staff noticed that Idaho Power had a balance of \$272,716, of intervenor funding amounts deferred since November 2011. In discussions with Staff, the Company agreed to support a proposal to start amortizing the deferred balance beginning January 1, 2016, for a 17-month period through May 31, 2017. This amortization period will allow for future rate changes associated with the collection of intervenor funding amounts to align with the Company's power cost adjustment rate changes, which occurs June 1 of each year.

This conceptual agreement to begin amortizing the balance was briefly discussed in Staff's recent public meeting memo recommending that the Company be reauthorized to defer intervenor funding amounts.³

Because future collection of intervenor funding amounts will align with the Company's power cost adjustment rate filings, Idaho Power proposes to collect these costs through Schedule 56.

Idaho Power's proposed changes to Schedule 56 will increase the residential power cost rate from \$0.3507 to \$0.4519 cents per kWh, resulting in a revenue increase of approximately 1.01 percent. The monthly bill impact for a typical residential customer that uses 1,225 kilowatt-hours per month will be a bill increase of \$1.24 per month.

Idaho Power proposes in a different filing (*See Consent Agenda item Ca-5*) an adjustment to the Residential Exchange Program credits in its Schedule 98. If approved, this adjustment would result in a 1.39 percent *decrease* in residential rates, offsetting the impact of this filing.

Staff reviewed Idaho Power's application and supporting workpapers to see if the amortized amounts are consistent with Intervenor Funding grants that were paid by the

² ORS 757.259(10).

³ See Order No. 15-371 approving Idaho Power's request to defer intervenor funding grants.

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Company, that interest was applied correctly, and that the proposed rate increments are applied correctly.

CONCLUSION:

After a review of Idaho Power's proposal and associated workpapers, Staff finds that the Company's accounting, including the application of interest, is accurate. Staff also finds that the proposed rate increments are calculated correctly. Finally, amortization of intervenor funding amounts is not subject to the cap applicable to amortization of other deferrals under ORS 757.259(8) and (10). For these reasons, Staff recommends the Commission approve this filing.

PROPOSED COMMISSION MOTION:

Approve Idaho Power's filing and the associated tariffs to take effect on January 1, 2016.

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