ORDER NO. 12 055

ENTERED FEB 23 2012

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 233

In the Matter of IDAHO POWER COMPANY Request for a General Rate Revision.	ORDER

DISPOSITION: PARTIAL STIPULATION ADOPTED; APPLICATION FOR GENERAL RATE REVISION APPROVED AS REVISED; TARIFFS TO GO INTO EFFECT MARCH 1, 2012; FURTHER PROCEEDINGS ORDERED

I. SUMMARY

In this order we adopt a partial stipulation of the parties and reduce the $5.8 million (14.7 percent) rate increase requested by Idaho Power Company by $3.989 million to $1.811 million (4.54 percent). We authorize the tariffs reflecting these changes to go into effect March 1, 2012, and order further evidentiary proceedings with respect to the prudence of certain investments.

II. PROCEDURAL HISTORY

On July 29, 2011, Idaho Power filed an application for a general rate revision and supporting testimony requesting an annual revenue increase of $5.8 million, equating to a 14.7 percent rate increase. Idaho Power also proposed changes in rate spread and rate design. In Order No. 11-308, entered August 15, 2011, we suspended the tariffs for nine months and ordered an investigation.

The Citizens' Utility Board of Oregon (CUB), the Industrial Customers of Idaho Power (OICIP), and the Oregon Irrigation Pumpers Association (OIPA) intervened in the proceedings and, along with the Commission Staff, filed opening testimony on December 7, 2011. Staff proposed fourteen separate adjustments that resulted in a $5.31 million reduction, or an equivalent rate increase of $538 thousand, or 1.35 percent, but generally supported implementing the changes to rate spread and design. CUB proposed a lesser reduction to the company's rate increase request, but voiced concerns about treatment of capital investments in clean air compliance at the company's coal plants. CUB also objected to the proposed implementation of seasonal rates and tiered rate structure changes affecting residential customers. OIPA noted the difference between Oregon and Idaho rates and found deficiencies in the jurisdictional assignment of costs between the states and classes of customers. OICIP's testimony primarily addressed rate spread and design and what constituted a just and reasonable rate of return.

The parties held a number of settlement conferences and resolved all but two issues in the Idaho Power application: the treatment of a one-time tax benefit and the prudence of the Jim Bridger Pollution Control investments.[1] On February 1, 2012, the parties filed a partial stipulation with the Commission, supported by joint testimony. The stipulation is attached as Appendix A. On that same date, the company filed separate testimony on the Jim Bridger Pollution Control investments.

III. THE PARTIAL STIPULATION

All parties agree to a number of specific downward adjustments to Idaho Power's request, resulting in a $2.151 million reduction in rate base investments and $1.06 million in annual expenses.[2] These downward adjustments result in a revenue requirement increase of $1.811 million (4.54 percent) over the current level. The stipulation proposes that the new rates go into effect March 1, 2012.

Without agreeing on methodology, the parties propose that the company's return on equity (ROE) be set at 9.9 percent, with an overall rate of return (ROR) of 7.757 percent. The ROR is based on a stipulated cost of capital consisting of 50.1 percent long-term debt with an average cost of 5.623 percent, giving a weighted average of 2.817 percent, and 49.9 percent common equity.

With respect to rate spread and rate design, the parties agree to numerous allocation changes.[3] The parties stipulated that the residential customer charge would remain at $8 per month and that seasonal rates would not be implemented. The residential two-tier block division point was changed from 300 to 1000 kilowatt-hours per month for residential customers. Under the rate spread in the proposed settlement, the stipulation results in recommended rate increases of 5.62 percent for residential customers, 2.83 percent for general service and large power customers, and 6.81 percent for irrigation and large power transmission customers.

IV. FINDINGS OF FACT AND CONCLUSIONS OF LAW

In support of the stipulation, the parties explain that CUB, OICIP, OIPA, and Staff obtained company responses to more than four hundred data requests.[4] We find that the parties had available to them sufficient information to ably participate and reflect the public interest in the stipulation negotiations.

[1] These unresolved issues are addressed below in the section captioned "Further Proceedings."
[2] *See* Partial Stipulation at Exhibit A. Although the parties did not agree on the prudence of the Jim Bridger Pollution Control investments, those investments were included in the rate base in the partial stipulation, subject to refunds that might arise out of the further proceedings.
[3] *See* Partial Stipulation at Exhibit B.
[4] Joint Testimony/100 at 2-3.

We summarize the terms of the stipulation and provide our resolution of each as follows:

A. Stipulated Issues

1. Rate of Return

Only two parties, Idaho Power and Staff, filed testimony on cost of capital. Each utilized different methodologies in setting ROE and ROR values. Idaho Power originally proposed that its ROE be set at 10.5 percent and that the Commission approve a capital structure consisting of 48.824 percent long-term debt and 51.176 percent equity, resulting in an overall ROR of 8.17 percent. Staff proposed an ROE of 9.5 percent, a cost of long-term debt of 5.632 percent and a capital structure consisting of 50.1 percent long-term debt and 49.9 percent equity. Although advocating for an ROE of less than ten percent, neither CUB nor OICIP proposed a specific ROE, and all of the intervening parties supported Staff's proposal during settlement negotiations.

While the parties did not ultimately agree on a particular methodology, the stipulation represents, in their common view, a reasonable compromise.[5] The resulting adjustment to the revenue requirement reduces Idaho Power's requested Oregon jurisdictional revenue requirement by approximately $826,000.[6]

In light of the scope of the documentation available to the parties and their active participation in the proceeding, we find that the parties' settlement of this issue is reasonable and conclude that it is in the public interest.

2. Rate Base

The parties agreed to adjustments reducing Idaho Power's requested Oregon jurisdictional rate base by $2.151 million. Staff's initial adjustments included changes to the forecast methodology used for additions to the rate base and the calculation of depreciation and amortization expenses, as well as adjustments related to the jurisdictional allocation of distribution transformers and an adjustment related to new transmission projects. CUB and OIPA also proposed adjustments based on an allocation methodology that differed from the Company's proposal.

In the stipulation, the parties agreed to the following adjustments ($000):

Distribution Transformer Allocation:	($1990)
Transmission Adjustment:	($ 10)
Rate Base Annualizing Adjustment:	($ 151)
Total:	($2151)

[5] *Id.* at 3-5.
[6] *Id.* at 6.

Although Idaho Power did not agree with the methodologies underlying the proposed adjustments, it joined the other parties in agreeing that the overall reduction of $2.151 million is a reasonable compromise and results in just and reasonable rates.[7]

We find that the parties' resolution of the rate base issues was reasonable and conclude that it contributes to the setting of just and reasonable rates.

3. *Expense Adjustments*

The parties generally agreed to adjustments of $1.06 million in the Oregon jurisdictional revenue requirement related to expenses (although not agreeing to each particular adjustment) in the following categories: director and officer insurance, wage and salary adjustments, various administrative and general and operation and maintenance adjustments, and an adjustment related to the Company's implementation of advanced metering infrastructure. The parties also agreed to an adjustment related to the Company's use of the UNICAP tax methodology related solely to the *on-going* benefits of the tax methodology.[8] The parties summarize the expense adjustments as follows ($000):

Wage & Salary Adjustment	($ 410)
UNICAP Update	($ 194)
AMI System Operational Benefits	($ 218)
A&G and O&M Adjustments	($ 238)
Total	($1,060)

We find that the agreed-upon adjustments to expenses represent a reasonable compromise by the parties and conclude that they will contribute to the setting of just and reasonable rates.

4. *Rate Spread and Rate Design*

The parties agreed to several revisions to Idaho Power's initial application. Exhibit B to the stipulation provides the rate spread among twelve different categories of customers with designated rate increases for each.[9]

The parties also agreed that the residential customer base charge would remain at $8 per month and that residential rates will continue to not be seasonally differentiated. The first block of a two-tier residential block will be 0-1,000 kilowatt-hours per month and

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[7] *Id.* at 6-7. The reduction included the removal of the costs associated with the "Increase T-342 to 700 MVA" project because the project's in-service date was delayed beyond the effective rate period and would not have complied with ORS 757.355's "used and useful" requirement.

[8] *Id.* at 7. As noted above, the stipulation settlement does not reflect the UNICAP and Repairs one-time tax benefit received by the company.

[9] These categories are identified by the parties as follows: Residential, 5.62%; General Service, General Service Secondary and General Service Primary, each 2.83%; General Service Transmission, 0.00%; Area Lighting, 0.00%; Large Power Primary, 2.83%; Large Power Transmission, 6.81%; Irrigation Secondary, 6.81%; Unmetered General Service, 4.56%; Municipal Street Lighting, 2.83%; and Traffic Control, 6.81%.

the year-round differential between the two tier's rates will equal the average of the summer price differential and the non-summer price differential in the Sixth Revised Sheet No. 1-2 of the company's July 29, 2011 initial application.[10] Other than those changes, the parties agreed to the company's rate design as filed with uniform percentage adjustment to each schedule's rate elements consistent with the stipulated revenue requirement.[11]

We have examined the proposed rate spread and rate design and conclude that implementation of the schedules agreed upon by the parties will result in just and reasonable rates.

B. Unresolved Issues

The parties left two issues unresolved, but generally agreed as to how the Commission would address them.

1. UNICAP and Repairs One-Time Tax Benefits

The parties agreed to remove and separately litigate the issue of the treatment of two one-time tax benefits Idaho Power received from changes in tax methodologies (called the "UNICAP" and "Repairs" methodologies).

No party is conceding any position on the benefit and it was agreed that any party may challenge the benefits in any current or future proceeding.[12] Because we are currently examining this issue in docket UM 1562, *Deferral of Idaho Power Tax Benefits*, we adopt the parties' recommendation not to address the issue in this proceeding.

2. Disallowance of Jim Bridger Unit 3 Pollution Control Equipment Investment

CUB objects to Idaho Power's proposal to recover its investment in Jim Bridger Pollution Control Equipment. The two parties could not agree on whether to allow, on prudence grounds, the approximately $8 million coal plant investment. The Oregon portion of the investment is approximately $400,000, which would result in a $27,500 annual revenue requirement addition. On February 1, 2012, Idaho Power filed the supplemental testimony of John Carstensen on this issue. CUB has indicated its intention to file reply testimony if it continues to dispute the investment.

Despite this unresolved dispute, the parties agree that the stipulated rates will include the Jim Bridger investments as filed, and that Idaho Power will request to defer the variance of this amount. It was further agreed that, if the Commission concludes that all or any portion of the Jim Bridger investments are not prudent, Idaho Power will refund to

[10] Joint Testimony/100 at 9. That average figure is 1.3566 cents per kWh.
[11] *Id.* at 10.
[12] The issue is currently before the Commission in Docket UM 1562, but motions are currently pending which may influence the continuation of the proceeding.

customers—through its PCA True-Up balancing account—any money collected from ratepayers for the imprudent investment.

We adopt the parties' proposal of how to address this issue, and order that a procedural conference be scheduled to address the means to resolve the evidentiary questions posed by the parties and promptly provide the Commission with the factual bases for resolving the issue.

V. ORDER

IT IS ORDERED that:

1. The partial stipulation between Idaho Power Company, the Public Utility Commission of Oregon Staff, the Citizens' Utility Board of Oregon, the Industrial Customers of Idaho Power, and the Oregon Irrigation Pumpers Association as described hereinabove and attached as Appendix A is adopted.

2. Advice No. 11-10 is permanently suspended.

3. Idaho Power Company shall file tariffs consistent with this order no later than February 27, 2012, to be effective March 1, 2012.

4. A second phase in this proceeding will be conducted to address the issue of prudence in the investment by Idaho Power Company in pollution control equipment investment at the Jim Bridger 3 Coal Unit.

Made, entered, and effective FEB 23 2012.

John Savage
Commissioner

Susan K. Ackerman
Commissioner

Stephen M. Bloom
Commissioner

PUBLIC UTILITY COMMISSION OF OREGON

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 233

In the Matter of IDAHO POWER COMPANY Request for General Rate Revision.	**PARTIAL STIPULATION**

This Partial Stipulation is entered into for the purposes of resolving all but one of the issues in this docket. The unresolved issue relates to the prudence of the costs associated with pollution control investments at the Jim Bridger Coal Plant ("Bridger Pollution Control Investments"). The details of that issue, and the process by which the Parties propose to resolve that issue, within this docket, is discussed below. A second issue that relates to the one-time tax benefits received by Idaho Power, pursuant to the UNICAP and Repairs tax methodology change, has by agreement of all of the parties been removed from this docket and will be litigated in a separate proceeding(s).

PARTIES

1. The parties to this Partial Stipulation are Idaho Power Company ("Idaho Power" or "Company"), Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board of Oregon ("CUB"), Oregon Industrial Customers of Idaho Power ("OICIP"), and Oregon Irrigation Pumpers Association, Inc. ("OIPA")

(collectively, "the Parties"). The Parties constitute all parties to the docket, with the exception of Portland General Electric Company, who did not actively participate in the docket.

BACKGROUND

2. On July 29, 2011, Idaho Power filed a general rate case with the Public Utility Commission of Oregon ("Commission") to revise its schedules of rates and charges for electric service in Oregon. The Company requested a revision to customer rates that would increase the Company's annual Oregon jurisdictional revenues by $5.8 million, which represents a 14.7 percent increase in rates. The Company submitted its proposed tariffs with a rate effective date of September 1, 2011, which, with the addition of the full nine-month statutory suspension period, would result in the new rates becoming effective June 1, 2012. Idaho Power's filing was based on a 2011 calendar year test period.

3. In Order No. 11-308, issued August 15, 2011, the Commission suspended the Company's filing for a period of nine months.

4. On August 23, 2011, Administrative Law Judge ("ALJ") Allan J. Arlow convened a Prehearing Conference and on that same day ALJ Arlow issued a Prehearing Conference Memorandum establishing the procedural schedule for this docket.

5. The Parties conducted extensive discovery on Idaho Power's filing. Over the course of the proceeding, the Company provided responses to more than 400 data requests. The only issue remaining in this docket relates to the prudence of the investment for the Bridger Pollution Control Investments.

6. On November 21 and 22, 2011, the Parties convened a settlement conference. The settlement conference was noticed and all Parties participated. The Parties were unable to reach a settlement following two days of negotiations.

7. On December 7, 2011, Staff, CUB, OIPA, and OICIP filed opening testimony. Staff's testimony proposed 14 separate adjustments that resulted in a $5.31 million reduction to the Company's requested revenue requirement.[1] In other words, Staff proposed a rate increase equal to $0.538 million, or 1.35 percent. Staff's testimony also addressed rate spread and rate design and was generally supportive of the Company's proposal to implement seasonal rates.[2]

8. CUB's opening testimony proposed a $776,000 reduction to Idaho Power's requested revenue requirement.[3] CUB's testimony focused on the upward trend of Idaho Power's rates and the Company's treatment of capital investments in clean air compliance at its coal plants. Its testimony addressed, among other things, issues related to the Company's proposed rate spread, its opposition to the Company's proposals to implement seasonal rates and increase its customer charge and the Company's proposed changes to its tiered rate structure.[4] It also discussed CUB's proposed adjustments. OIPA filed testimony addressing the difference between Idaho Power's rates in Oregon and Idaho; the jurisdictional assignment of distribution, generation, and transmission costs; and calculation of individual class cost of service.[5] OIPA proposed no rate increase.[6] OICIP's testimony focused primarily on rate spread and design and addressed Idaho Power's coincident peaks adjustment, transmission cost allocation, and the appropriate Return on Equity ("ROE").[7]

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[1] Staff/100, Bird/16.
[2] Staff/900, Compton/2-7.
[3] CUB/100, Feighner-Jenks/19.
[4] CUB/100, Feighner-Jenks/1-20.
[5] OIPA/100, Yankel/2.
[6] OIPA/100, Yankel/28-29.
[7] OICIP/100, Reading/1.

9. Following publication of Staff's and Intervenors' opening testimony, the Parties convened a second settlement conference on December 14 and 15, 2011. Again, this settlement conference was noticed and all Parties participated. As a result of the settlement conference, the Parties have reached a partial settlement in this case – a settlement of all issues except the prudence of the Bridger Pollution Control Investments. In addition, the treatment of Idaho Power's one-time tax benefit pursuant to UNICAP and Repairs tax methodology changes, by agreement of all of the parties, has been removed from this docket and will be litigated in a separate proceeding(s). This matter is discussed in greater detail below.

10. The net effect of this Partial Stipulation reduces Idaho Power's proposed increase in the test period revenue requirement to approximately $1.811 million, which will result in an overall rate increase of approximately 4.54 percent. The Parties have agreed to request a schedule for the docket which will permit the filing of a deferral to address the outstanding Bridger Pollution Control Investments prudence issue, until that issue is settled or the Commission rules thereon, and which allows for the application of the above adjustments and the implementation of the agreed upon rates effective date of March 1, 2012.

AGREEMENT

11. Revenue Requirement: The Oregon jurisdictional revenue requirement proposed by the Company in its direct case will be reduced by the adjustments shown on the attached Exhibit A, which results in a total Oregon jurisdictional revenue requirement increase of $1.811 million, representing an increase of 4.54 percent over current rates. The new rates produced by this agreement will become effective on March 1, 2012.

12. Rate of Return: The Parties agree that the Company's ROE should be set at 9.9 percent and the Company's overall rate of return should be set at

7.757 percent. The individual components in the assumed capital structure should be set as shown in the table below:

STIPULATED COST OF CAPITAL

Financial Component	Weight	Cost	Weighted Avg.
Cost of Long-term Debt	50.100%	5.623%	2.817%
Common Equity	49.900%	9.900%	4.940%
Total	100.000%		7.757%

This adjustment reduces the Company's requested revenue requirement by approximately $826,000.

13. Rate Base Adjustments: The Parties agree to a total reduction in requested revenue requirement equal to $2.151 million related to Oregon jurisdictional rate base adjustments.

14. Expense Adjustments: The Parties agree to Oregon jurisdictional expense adjustments totaling $1.060 million.

15. Rate Spread and Rate Design: The Parties agree that the rate spread and design proposed by Idaho Power will be revised as follows:

a. The rate spread set forth on Exhibit B to this Partial Stipulation should be adopted.

b. The customer charge will remain $8.00 per month.

c. Residential seasonal rates will not be implemented.

d. The upper limit of the first block of the two-tier residential monthly energy rate will be changed from 300 to 1000 kilowatt-hours. The year-round differential between the two tiers' rates shall equal the average of the summer price differential and the non-summer price differential as contained in "Sixth Revised

[Tariff] Sheet No. 1-2" of the Company's July 29, 2011 general rate case filing. That average figure is 1.3566 cents per kWh.[8]

Other than the revisions described above, the rate design for all customer classes will be implemented in accordance with Idaho Power's proposal in this docket, with uniform percentage adjustments to each schedule's rate elements consistent with the schedule's stipulated revenue requirement.

16. Bridger Pollution Control Investments: The Company's filed case includes $8.2 million of gross plant-in-service, on a total-system basis, associated with investments in pollution control equipment at the Jim Bridger Plant ("Bridger Plant"). The Company estimates that these investments result in $27,500 of Oregon jurisdictional revenue requirement.

17. As of the date of filing of this Partial Stipulation, CUB believes that the Company has not yet demonstrated the prudence of incremental Bridger Plant pollution control equipment installed during the 2011 test year, and for that reason Idaho Power has agreed to respond to additional data requests on this issue and will provide testimony on the prudence of its investments on or before February 1, 2012. If CUB continues to dispute the prudence of the Company's Bridger Pollution Control Investments, CUB and Intervenors may file Reply testimony and the Parties will request a Commission ruling on this issue. The Parties agree that even if the issue of the prudence of the Bridger Pollution Control Investments is not resolved by March 1, 2012, the rates implemented on March 1, 2012, will include the Company's Bridger Pollution Control Investments as filed; however, the Company will request to defer

[8] The referenced Schedule 1 proposed residential service tariff showed a year-round energy charge of 8.2222 cents per kWh for the first 1000 kWh and respective summer and non-summer post-1000 kWh energy charges of 10.0310 cents per kWh and 9.1266 cents per kWh, yielding respective rate differentials of 1.8088 cents per kWh and 0.9044 cents per kWh, which produce an average rate differential of 1.3566 cents per kWh.

the variance between revenues resulting from rates that include the Bridger Pollution Control Investments and revenues resulting from rates without the Bridger Pollution Control Investments. The Parties agree to support Idaho Power's request for deferral of this variance. If the Commission concludes that all or any portion of the incremental Bridger Pollution Control Investments are imprudent, Idaho Power will refund to customers any money collected from ratepayers for the imprudent investment. Any such refund will be credited to customers' benefit against the outstanding Power Cost Adjustment True Up Balancing Account deferral balance as reflected on Idaho Power's books. In this way, if CUB's issue regarding the Bridger Plant portion of the Revenue Request is not resolved by March 1, 2012, any money that the Company collects for the disputed Bridger Pollution Control Investments will be eligible for return to ratepayers, depending on the Commission's ruling regarding the prudence of the investment.

18. UNICAP and Repairs Tax Methodology Changes and Benefits: This issue relates to the one-time tax benefits received by Idaho Power, pursuant to the UNICAP and Repairs tax methodology change, and has by agreement of all of the parties been removed from this docket and will be litigated in a separate proceeding(s). Accordingly, this Partial Stipulation does not address the one-time benefit issue raised in Staff/100, Bird/34-37. This Partial Stipulation does include the on-going annual benefit the amount of which is shown on the line labeled "UNICAP Update" on Exhibit A to this Partial Stipulation. Nothing in this Partial Stipulation precludes any Party from challenging Idaho Power Company's proposed treatment of the one-time UNICAP and Repairs tax benefits in any current or future proceeding(s).

19. By entering into this Partial Stipulation, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories

employed by any other Party in arriving at the terms of the Partial Stipulation, other than those specifically identified in the body of this Partial Stipulation.

20. The Parties agree to submit this Partial Stipulation to the Commission and request that the Commission approve the Partial Stipulation as presented and reserve judgment on the deferral issue at this time until the Parties determine whether the issue can be settled. The Parties agree that the rates resulting from this stipulated agreement are fair, just, and reasonable[9] and constitute an appropriate resolution of all but one of the issues in this case—the Bridger Pollution Control Investments issue.[10] While the Parties are not in agreement with respect to the specific methodologies used to reach the agreed upon revenue requirement, all agree that the overall rates resulting from this agreement are just and reasonable.[11]

21. This Partial Stipulation will be offered into the record as evidence pursuant to OAR 860-001-0350(7). The Parties agree to support this Stipulation throughout this proceeding and any appeal, provide witnesses to sponsor this Partial Stipulation at hearing, if needed, and recommend that the Commission issue an order adopting the Partial Stipulation.

22. If any other party to this proceeding challenges this Partial Stipulation, the Parties agree that they will continue to support the Commission's adoption of the

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[9] *See Re. PacifiCorp Request for a General Rate*, Docket UE 217, Order No. 10-473 at 7 (Dec. 14, 2010) ("We have reviewed the Stipulation, and find that it will result in rates that are fair, just, and reasonable.").

[10] *See Re PacifiCorp's 2010 Transition Adjustment Mechanism*, Docket UE 207, Order No. 09-432 at 6 (Oct. 30, 2009) ("The Commission concludes that the Stipulation is an appropriate resolution of all primary issues in this docket."); *see also Re PacifiCorp Request for a General Rate Revision*, Docket UE 210, Order No. 10-022 at 6 (Jan. 26, 2010) ("When considering a stipulation, we have the statutory duty to make an independent judgment as to whether any given settlement constitutes a reasonable resolution of the issues.").

[11] *See Re. Application of Portland General Electric Co. for an Investigation into Least Cost Plant Retirement*, Docket DR 10 *et al.*, Order No. 08-487 at 7-8 (Sept. 30, 2008) (the Commission evaluates the validity of the rates based on "the reasonableness of the overall rates, not the theories or methodologies used or individual decisions made.").

terms of this Partial Stipulation. The Parties reserve the right to cross-examine witnesses and put in such evidence as they deem appropriate to respond fully to the issues presented including the right to raise issues that are incorporated in the settlements embodied in this Partial Stipulation.

23. The Parties have negotiated this Partial Stipulation as an integrated document. If the Commission rejects all or any material portion of this Partial Stipulation or imposes additional material conditions in approving this Partial Stipulation, any Party disadvantaged by such action shall have the right to withdraw from this Partial Stipulation and request a hearing and opportunity to submit additional testimony in accordance with OAR 860-001-0350(9), and/or in accordance with OAR 860-001-0720, seek reconsideration or appeal of the Commission's order. However, prior to taking any such actions, the Party must engage in good faith negotiation with the other Parties to this Partial Stipulation.

24. By entering into this Partial Stipulation, no party shall be deemed to have agreed that any provision of this Partial Stipulation is appropriate for resolving issues in any other proceeding, except as specifically identified in this Partial Stipulation.

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

SIGNATURE PAGE FOLLOWS

STAFF

By: [signature]

Date: 2/1/2012

IDAHO POWER

By: ____________________

Date: ____________________

CITIZENS' UTILITY BOARD OF OREGON

By: ____________________

Date: ____________________

OREGON INDUSTRIAL CUSTOMERS OF IDAHO POWER

By: ____________________

Date: ____________________

OREGON IRRIGATION PUMPERS ASSOCIATION

By: ____________________

Date: ____________________

STAFF

By: ______________________

Date: ______________________

IDAHO POWER

By: [signature]

Date: 2-1-12

CITIZENS' UTILITY BOARD OF OREGON

By: ______________________

Date: ______________________

OREGON INDUSTRIAL CUSTOMERS OF IDAHO POWER

By: ______________________

Date: ______________________

OREGON IRRIGATION PUMPERS ASSOCIATION

By: ______________________

Date: ______________________

STAFF

By: ______________________

Date: ______________________

IDAHO POWER

By: ______________________

Date: ______________________

CITIZENS' UTILITY BOARD OF OREGON

By: ______________________

Date: 2-1-12

OREGON INDUSTRIAL CUSTOMERS OF IDAHO POWER

By: ______________________

Date: ______________________

OREGON IRRIGATION PUMPERS ASSOCIATION

By: ______________________

Date: ______________________

STAFF

By: ______________________

Date: ______________________

IDAHO POWER

By: ______________________

Date: ______________________

CITIZENS' UTILITY BOARD OF OREGON

By: ______________________

Date: ______________________

OREGON INDUSTRIAL CUSTOMERS OF IDAHO POWER

By: Peter J. Richardson

Date: 2/1/12

OREGON IRRIGATION PUMPERS ASSOCIATION

By: ______________________

Date: ______________________

STAFF

By: ______________________________

Date: ______________________________

IDAHO POWER

By: ______________________________

Date: ______________________________

CITIZENS' UTILITY BOARD OF OREGON

By: ______________________________

Date: ______________________________

OREGON INDUSTRIAL CUSTOMERS OF IDAHO POWER

By: ______________________________

Date: ______________________________

OREGON IRRIGATION PUMPERS ASSOCIATION

By: [signature]

Date: 2-1-12

Exhibit A
Partial Stipulation

IDAHO POWER COMPANY
Revenue Requirement Adjustments - Settlement
Twelve Months Ended December 31, 2011
($000)

Revenue Deficiency on the Company's Filed Results	$5,848
Rate of Return Adjustment	(826)
Rate Base Adjustments	
Distribution Transformer Allocation	(1,990)
Transmission Adjustment	(10)
Ratebase Annualizing Adjustment	(151)
Total Rate Base Adjustment	(2,151)
Expense Adjustments	
Wage & Salary Adjustment	(410)
UNICAP Update	(194)
AMI System Operational Benefits	(218)
A&G and O&M Adjustments	(238)
Total Expense Adjustment	(1,060)
Total Revenue Requirement Adjustment	(4,037)
Adjusted Change in Revenue Requirement	$1,811
Current Revenue	$39,874
Percent Increase	4.54%

Idaho Power Company
Before the Oregon Public Utility Commission
12 Months Ending December 31, 2011
Final Revenue Requirement Allocation
Proposed Settlement Stipulation

Line	Description	(A) TOTAL SYSTEM	(B) RESIDENTIAL (1)	(C) GENSRV (7)	(D) GEN SRV SECONDARY (9-S)	(E) GEN SRV PRIMARY (9-P)	(F) GEN $RV TRANS (9-T)	(G) AREA LIGHTING (15)	(H) LG POWER PRIMARY (19-P)	(I) LG POWER TRANS (19-T)	(J) IRRIGATION SECONDARY (24-S)	(K) UNMETERED GEN SERVICE (40)	(L) MUNICIPAL ST LIGHT (41)	(M) TRAFFIC CONTROL (42)
1	Normalized Sales (kWh)	650,158,581	198,842,419	17,842,896	114,256,218	15,099,088	2,832,509	483,936	179,189,047	74,155,867	46,649,265	12,900	778,108	16,328
2	Current Revenue	$39,873,591	$15,355,932	$1,559,400	$6,975,915	$798,102	$154,997	$112,462	$8,213,065	$3,123,393	$3,454,271	$972	$123,851	$1,231
3														
4	Demand Related Marginal Cost													
5	Generation - Staff Adj.	$11,049,450	$4,082,443	$268,043	$1,671,178	$207,813	$35,425	$625	$1,790,415	$1,483,718	$1,508,400	$158	$1,035	$200
6	Transmission - Staff Adj.	$12,432,118	$4,593,297	$301,584	$1,880,300	$233,817	$39,858	$703	$2,014,458	$1,669,382	$1,697,153	$177	$1,165	$225
7	Distribution	$6,945,625	$3,215,110	$181,233	$1,319,947	$100,783	$0	$5,738	$798,946	$0	$1,314,267	$161	$9,350	$89
8														
9	Energy Related Marginal Cost													
10	Generation	$28,547,004	$8,940,577	$802,452	$5,140,232	$649,911	$117,743	$21,383	$7,662,010	$3,097,424	$2,079,568	$570	$34,414	$722
11	Transmission - Staff Adj.	$4,144,040	$1,297,863	$116,488	$746,184	$94,345	$17,092	$3,104	$1,112,259	$449,639	$301,881	$83	$4,996	$105
12														
13	Simple-Summed Energy-Related and Demand-Related Marginal Costs													
14	Generation Marginal Costs - Staff Adj.	$39,596,454	$13,023,020	$1,070,493	$6,811,410	$857,724	$153,168	$22,008	$9,452,425	$4,581,142	$3,587,968	$728	$35,449	$922
15	Transmission Marginal Costs - Staff Adj.	$16,576,157	$5,891,160	$418,072	$2,626,484	$328,162	$56,950	$3,807	$3,126,717	$2,119,021	$1,999,034	$260	$6,160	$330
16														
17	Customer Related Marginal Cost	$2,805,903	$1,967,110	$385,570	$177,410	$6,719	$1,390	$0	$15,208	$2,535	$246,967	$228	$1,892	$873
18														
19	Total Functionalized Revenue Requirement													
20	Generation - Staff Adj.	$25,202,690	$8,289,003	$681,357	$4,335,384	$545,931	$97,490	$14,008	$6,016,360	$2,915,844	$2,283,701	$463	$22,563	$587
21														
22	Transmission	$4,272,366	$1,518,397	$107,755	$676,954	$84,581	$14,678	$981	$805,885	$546,160	$515,234	$67	$1,588	$85
23														
24	Distribution													
25	Demand-Related	$8,930,530	$4,133,917	$233,025	$1,697,158	$129,585	$0	$7,378	$1,027,267	$0	$1,689,855	$207	$12,022	$114
26	Customer-Related													
27	Allocated	$2,859,472	$2,004,665	$392,931	$180,797	$6,847	$1,417	$0	$15,498	$2,583	$251,682	$232	$1,928	$890
28	Direct Assignment	$419,424	$188,447	$34,356	$12,375	$69	$14	$78,778	$83	$14	$21,953	$42	$83,209	$83
29														
30	Total: Staff-Adjusted Allocation	$41,634,482	$16,134,429	$1,449,425	$6,902,669	$767,013	$113,599	$101,145	$7,865,094	$3,464,601	$4,762,425	$1,011	$121,310	$1,759
31	Revenue Deficiency - Staff Adj. Allocation	$1,810,890	$778,497	($109,975)	($73,246)	($31,089)	($41,398)	($11,317)	($347,971)	$341,208	$1,308,154	$39	($2,541)	$528
32	% Increase Required by Staff Adj. Alloc. Approach	4.54%	5.07%	-7.05%	-1.05%	-3.90%	-26.71%	-10.06%	-4.24%	10.92%	37.87%	4.02%	-2.05%	42.91%
33	$ Increase Recommended per Stipulation	$1,810,890	$862,348	$44,153	$197,517	$22,598	$0	$0	$232,545	$212,777	$235,318	$44	$3,507	$84
34	% Increase Recommended per Stipulation	4.54%	5.62%	2.83%	2.83%	2.83%	0.00%	0.00%	2.83%	6.81%	6.81%	4.56%	2.83%	6.81%
35	Average Rate Given Stipulation ($/kWh)	0.0641	0.0816	0.0899	0.0628	0.0544	0.0547	0.2324	0.0471	0.0450	0.0791	0.0788	0.1637	0.0805
36	Final Revenue Allocation	$41,684,481	$16,218,280	$1,603,553	$7,173,432	$820,700	$154,997	$112,462	$8,445,610	$3,336,170	$3,689,589	$1,016	$127,358	$1,315
37														

38 **Spread Floors and Ceilings:**

39 No increase for those warranting a decraase greater than 8%

40 2.83% increase for those warranting a decrease less than 8%

41 No increase greater than one-and-one-half times the average increase

ORDER NO. 12 055

Exhibit B
Partial Stipulation