

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 279

In the Matter of

IDAHO POWER COMPANY,

2014 Annual Power Cost Update.

ORDER

DISPOSITION: STIPULATIONS ADOPTED

I. INTRODUCTION

In Order No. 08-238 the Oregon Public Utility Commission approved an automatic adjustment clause for Idaho Power Company (Idaho Power or company) that allows the company to annually update its net power supply expense included in rates.¹ This Annual Power Cost Update (APCU) has two components – an “October Update” and a “March Forecast.” The October Update contains the company’s forecasted net power supply expense reflected on a normalized and unit basis for an April through March test period. The March Forecast contains the company’s net power supply expenses based on updated actual forecast conditions. The mechanism allows for the rates from the October Update and March Forecast to become effective on June 1 of each year.

On October 18, 2013, Idaho Power filed its testimony and exhibits for the 2014 APCU October Update. On December 3, 2013, a prehearing conference was held and a schedule adopted. Parties appearing at the prehearing conference were Idaho Power, the Commission Staff (Staff) and the Citizens’ Utility Board of Oregon (CUB).

The schedule adopted at the prehearing conference included a date for the filing of the March Forecast and set a target date for a Commission decision (May 29, 2014) that would allow the rate change to go into effect June 1, 2014.

On February 5, 2014, the parties filed a “Partial Stipulation” (October Update Stipulation) that resolves all issues related to the October Update. They did not file a supporting brief or testimony at that time.

On March 21, 2014, Idaho Power filed its March Forecast. On April 21, 2014, the parties filed a second “Partial Stipulation” (March Forecast Stipulation) that resolves all issues relating to the March Forecast. Together, the two partial stipulations resolve all issues in this docket. The stipulations are attached as appendices A & B to this order.

¹ Docket No. UE 195.

With their second stipulation the parties filed a joint explanatory brief in support of both stipulations. Concurrently, Idaho Power filed two motions – to admit the stipulations into evidence and to admit into evidence the company’s prefiled testimony and exhibits (with the affidavit of Scott Wright). The company’s motions are granted.

On May 1, 2014, the administrative law judge (ALJ) issued a ruling directing the parties to supplement their supporting brief to explain an apparent anomaly in the first partial stipulation. On May 6, 2014, the parties filed their response as an exhibit to their brief, as discussed below.

II. THE STIPULATIONS

A. The October Update Stipulation

In accord with Order No. 08-238, in its October Update filing Idaho Power updated the following variables: loads, fuel prices, transportation costs, maintenance rates, heat rates, and forced outage rates for thermal plants. It also included updated sales and load forecasts. The update accounted for forecasted changes in natural gas and coal prices, as well as expenses related to contracts entered into pursuant to the Public Utility Regulatory Policies Act of 1978 (PURPA). The test period for the October Update was April 2014 through March 2015.

In its October Update filing Idaho Power reported a cost per unit of \$21.80 per megawatt-hour (MWh), a decrease of \$1.33 per MWh from the previous year’s October Update. The company proposes to allocate the APCU revenue requirement to individual customer classes on the basis of the total generation-related revenue requirement approved in the company’s last general rate case in accord with Order No. 10-191. In Order No. 10-191 the Commission also directed Idaho Power to adjust its base rates to reflect changes in revenue requirement related to the October Update.

Staff and CUB served discovery requests on Idaho Power and conducted a thorough investigation of the October Update. In response, Idaho Power revised its Exhibits 101 and 105 from its original filing to correct a formula error in its natural gas price calculation. When the formula was corrected, the original gas price for Henry Hub of \$4.32 per MMBtu was reduced to \$4.08 per MMBtu. Correcting the natural gas price formula error resulted in an increase in per unit cost from \$21.80 per MWh to \$21.82 per MWh. This is the only change to Idaho Power’s original October Update filing reported by the parties in their October Update stipulation.

In this stipulation the parties do not explain why the reduction in forecasted gas costs resulted in an increase in the net power supply per unit cost. In his May 1, 2014, ruling, the ALJ directed the parties to explain this counter-intuitive result.

B. The March Forecast Stipulation

In accord with Order No. 08-238, in its March Forecast Filing Idaho Power updated the following variables: fuel prices, transportation costs, wheeling expenses, planned and forced outages, heat rates, forecast of normalized sales and loads (updated for significant

changes since the October Update), forecast hydro generation wholesale power purchase and sale contracts, forward price curve, PURPA expenses, and the Oregon state allocation factor. In this year's filing the variables that had changed since the October Update were (1) fuel prices; (2) heat rates; (3) forecast of normalized sales and loads; (4) the forecast of hydro conditions from the Northwest River Forecast Center; (5) known power purchases and surplus sales; (6) the forward price curve; and (7) PURPA contract expenses. The test period for the March Forecast filing was April 2014 through March 2015.

The fuel prices were updated to reflect changes in forecast natural gas and coal costs. The increased coal costs for the Jim Bridger Plant was the largest factor impacting the March Forecast's fuel costs.

Idaho Power's updated hydro forecast was another key driver in determining the March Forecast's overall price. Expected stream flows are significantly below average, resulting in a significant reduction in forecast hydro generation, compared to the October Update.

In its March Forecast Idaho Power reduced its forecast of PURPA expenses and updated the energy profiles for the company's wind and geothermal contracts to reflect hourly generation profiles.

Idaho Power calculated a cost per unit for the March Forecast of \$26.23 per MWh, which is \$0.74 per MWh more than last year's cost per unit of \$25.49 per MWh. Combining the prices per unit from the October Update stipulation and March Forecast resulted in a cost per unit of \$26.01 per MWh. The overall proposed revenue impact of the combined rate results in an increase of about 0.82 percent, or \$0.4 million.

In its March Forecast, Idaho Power proposed to spread the revenue requirement to the various customer classes, again conforming its proposed allocation to the methodology approved by the Commission in Order No. 10-191 – allocated to individual customer classes on the basis of the total generation-related revenue requirement approved in the company's last general rate case.

The parties agree that the calculation of the cost per unit rate in the March Forecast and the combined rate is correct and in conformance with the methodology adopted by the Commission in Order No. 08-238. Accordingly, the parties agree that the resulting rates are fair, just, and reasonable. They further agree that the resulting rates should be made effective on June 1, 2014, as intended by the APCU mechanism.

The parties agree that their stipulations in this case are not intended to limit or prohibit the parties' further discussion – outside of the UE 279 docket – of issues related to Idaho Power's Bridger coal plant resources, discussions that were not immediately needed for resolution of the issues in this docket.

C. Joint Explanatory Brief

In their joint explanatory brief, the parties describe each of their partial stipulations separately.

With respect to the October Update stipulation, the parties explain the formula error made by Idaho Power in calculating its natural gas price. The company calculates an average price based on five indices by first removing the highest and lowest index prices and then averaging the remaining three. In its initial filing, Idaho Power did not remove the highest gas price before calculating the average price. When the highest price was removed, the original gas price for Henry Hub of \$4.32 per MMBtu was reduced to \$4.08 per MMBtu. Correcting the natural gas price formula error increased the per unit cost of \$21.80 per MWh to \$21.82 per MWh.

With respect to the March Forecast stipulation, Idaho Power calculated the cost per unit at \$26.23 per MWh, which is \$0.74 per MWh more than last year's cost of \$25.49 per MWh. The parties note that the two key factors impacting the results were increased coal costs for the Jim Bridger plant and the poor hydro conditions that are expected to persist during the test period.

The increased mining cost at the Bridger Coal Company is the largest factor impacting the March Forecast fuel prices. Relative to the October forecast, the hydro generation included in the March forecast was reduced by 1.4 million MWh.

The parties also explain the basis for the decrease in PURPA expenses.

With respect to the Jim Bridger coal plant, the parties note that "CUB was, and remains, concerned about the price of the coal."² "Staff and CUB both recognize that these are the circumstances today, and thus are willing to settle this docket based on the known facts and numbers." However, both Staff and CUB believe that this issue merits additional scrutiny, and all parties agree that the settlement in this case does not in any way limit or prohibit the parties from discussing this issue further – outside of this docket. "Both Staff and CUB believe that the sourcing of coal for the Jim Bridger plant merits further discussion in future proceedings."³

The parties note that CUB also had questions relating to the reduced hydro forecast, particularly "considering the abundant precipitation since the October Update filing." Apparently CUB and Staff were satisfied by Idaho Power's explanation that, while additional water could be expected to arrive at upstream dams, it was likely that this water would be diverted for irrigation use before reaching the company's hydro generation facilities.

Based on their review and analysis, Staff and CUB agree with Idaho Power that the company's March forecast was calculated correctly, in accord with Order No. 08-238. All parties agree that the combined cost of \$26.01 per MWh was correctly calculated.

² Joint Explanatory Brief at 7.

³ *Id.* at 8.

All parties agree that Idaho Power has correctly allocated the revenue requirement, in accord with Order No. 10-191.

D. Supplemental Filing

The parties filed their response to the ALJ's ruling on May 6, 2014. As explained in their filing, for purposes of the AURORA model results, "the net impact of the lower natural gas price is a reduction in the company's surplus sales. Because surplus sales generate revenue that offsets the company's power supply expenses, the lower surplus sales results in an increased per unit NPSE (net power supply expense) of \$0.02 per MWh."⁴

E. Commission Resolution

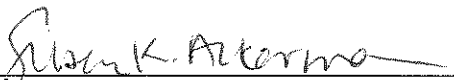
In their joint explanatory brief the parties describe the process underlying their stipulations, including discovery, analysis, and review of the filings and the discussions among the parties. In their supplemental filing the parties explained the basis for the increase in net power supply expense attributable to the reduction in the cost of gas. We find that both stipulations are the product of thorough investigation and analysis. Because we find the stipulation will result in rates that are just and reasonable, we conclude it should be adopted.


III. ORDER


IT IS ORDERED THAT:

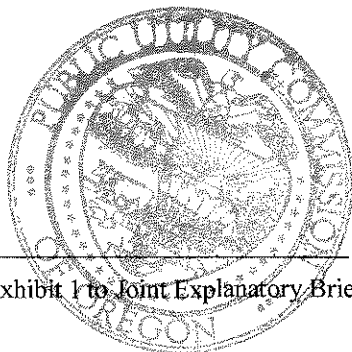
1. The stipulations by and between Idaho Power Company, the Citizens' Utility Board of Oregon, and Staff of the Public Utility Commission of Oregon, attached as Appendices A and B are adopted.
2. Idaho Power Company shall file tariffs in accord with this order to be effective June 1, 2014.

Made, entered, and effective MAY 20 2014


 Susan K. Ackerman
 Chair


 John Savage
 Commissioner


 Stephen M. Bloom
 Commissioner



⁴ Exhibit 1 to Joint Explanatory Brief at 3.

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 279

In the Matter of:

Idaho Power Company's 2014 Annual
Power Cost Update

PARTIAL STIPULATION

This Partial Stipulation resolves all issues among the parties to this Partial Stipulation related to Idaho Power Company's ("Idaho Power" or "Company") October Update component of the 2014 Annual Power Cost Update ("APCU") filed pursuant to Order No. 08-238.¹ The APCU updates the Company's normalized net power supply expense and results in new rates, to be effective June 1, 2014.

PARTIES

1. The parties to this Partial 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").

BACKGROUND

2. Pursuant to Order No. 08-238, Idaho Power annually updates its net power supply expense included in rates through an automatic adjustment clause, the APCU. The APCU is comprised of two components—an "October Update" and a "March Forecast." The October Update contains the Company's forecasted net power supply expense reflected on a normalized unit basis for an April through March test period. The March Forecast contains the Company's net power supply expense based upon updated actual forecasted conditions. Pursuant to Order No. 10-191² the Company allocates the APCU revenue requirement to

¹ *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).

² *Re Idaho Power Company's 2010 Annual Power Cost Update*, Docket UE 214, Order No. 10-191 (May 24, 2010).

1 individual customer classes on the basis of the total generation-related revenue requirement
2 approved in the Company's last general rate case, instead of the previous equal cents per
3 kWh approved in Order No. 08-238. Order No. 10-191 also directs the Company to adjust its
4 base rates to reflect changes in revenue requirement related to the October Update, while the
5 rates resulting from the March Forecast are listed on Schedule 55. The rates associated with
6 the October Update and the March Forecast become effective on June 1 of each year.

7 3. On October 18, 2013, Idaho Power filed testimony and exhibits for the 2014
8 APCU ("2014 October Update").³ Pursuant to Order No. 08-238 the 2014 October Update
9 updated the following variables: loads, fuel prices, transportation costs, maintenance rates,
10 heat rates, and forced outage rates for thermal plants.⁴ The test period for the 2014 October
11 Update was April 2014 through March 2015 and included updates of the above referenced
12 variables for all Company owned resources and updated sales and load forecast.⁵ The 2014
13 October Update specifically accounted for changes in natural gas and coal prices and
14 generation and expenses related to contracts entered into pursuant to the Public Utility
15 Regulatory Policies Act of 1978 ("PURPA").⁶

16 4. The 2014 October Update resulted in a cost per unit of \$21.80 per megawatt-
17 hour ("MWh").⁷ This represents a decrease of \$1.33 per MWh over last year's October
18 Update.⁸

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22 ³ See Idaho Power/100 – 108.

23 ⁴ Idaho Power/100, Wright/2.

24 ⁵ Idaho Power/100, Wright/2.

25 ⁶ Idaho Power/100, Wright/2-4.

26 ⁷ Idaho Power/100, Wright/8.

⁸ Idaho Power/100, Wright/8.

1 5. The 2014 October Update also included the Company's proposed method of
2 allocation, which was consistent with the revenue spread methodology approved by the
3 Commission in Order No. 10-191.⁹

4 6. On October 24, 2013, CUB filed its Notice of Intervention. On December 3,
5 2013, Administrative Law Judge ("ALJ") Patrick Power held a prehearing conference at which
6 the parties to docket UE 279 agreed upon a procedural schedule that would allow the Public
7 Utility Commission of Oregon ("Commission") to issue an order on Idaho Power's 2014 APCU
8 prior to June 1, 2014.¹⁰

9 7. Staff and CUB served discovery on Idaho Power and conducted a thorough
10 investigation of the 2014 October Update. When responding to discovery, the Company
11 revised Exhibits 101 and 105 from the original filing to incorporate a formula error in the
12 natural gas price calculation. The natural gas price included in the October Update is based
13 on five indices. The Company calculates an average price by first removing the highest and
14 lowest index and then averaging the remaining three. In the Company's original filing, the
15 formula for calculating the maximum natural gas price included only four of the five indices.
16 Therefore, the highest natural gas price was not removed prior to calculating the average
17 price. When the formula was corrected, the original gas price for Henry Hub of \$4.32 per
18 MMBtu was revised to \$4.08 per MMBtu. The Company ran the revised gas price in the
19 AURORA model to generate revised Exhibits 101 and 105. Correcting the natural gas price
20 formula error changes the original per unit cost of \$21.80 per MWh to \$21.82 per MWh.

21 8. On January 13, 2014, the Stipulating Parties conducted a settlement conference.
22 As a result of this discussion, the Stipulating Parties agreed to the settlement reflected below.

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25 ⁹ Idaho Power/100, Wright/10-11; Idaho Power/107.

26 ¹⁰ *Re Idaho Power Company's 2014 Annual Power Cost Update*, Docket UE 279, Prehearing
Conference Memorandum at 1 (Dec. 3, 2013).

1 9. This Partial Stipulation, presented on behalf of all parties to the docket, resolves
2 all issues in the docket related to the 2014 October Update filed on October 18, 2013.

3 **AGREEMENT**

4 10. Subject to the adjustment discussed below, the Stipulating Parties agree that the
5 Company's 2014 October Update was calculated in conformance with the methodology
6 adopted by the Commission in Order No. 08-238.

7 11. The Stipulating Parties agree to adjust the Company's filed 2014 October Update
8 to account for the natural gas price calculation error discussed in paragraph 7 above.
9 Attachments 1 and 2 to this Partial Stipulation reflect revised versions of Exhibits 101 and 105
10 to the Company's original filing. These revised exhibits were created using the corrected
11 natural gas price.

12 12. The Company will file its March Forecast consistent with the schedule adopted
13 by ALJ Power on December 3, 2013. Staff and CUB reserve the right to challenge all
14 elements of the March Forecast and will do so in accordance with the schedule adopted by
15 ALJ Power on December 3, 2013.

16 13. The Stipulating Parties agree that the Company's allocation methodology
17 conforms to that adopted by the Commission in Order No. 10-191.

18 14. The Stipulating Parties agree to submit this Partial Stipulation to the Commission
19 and request that the Commission approve the Partial Stipulation as presented. The
20 Stipulating Parties agree that the adjustment and the rates resulting from the Partial
21 Stipulation are fair, just, and reasonable.

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

1 16. If this Partial Stipulation is challenged, the Stipulating Parties agree that they will
2 continue to support the Commission's adoption of the terms of this Partial Stipulation. The
3 Stipulating Parties agree to cooperate in cross-examination and put on such a case as they
4 deem appropriate to respond fully to the issues presented, which may include raising issues
5 that are incorporated in the settlements embodied in this Partial Stipulation.

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

14 18. By entering into this Partial Stipulation, no Stipulating Party shall be deemed to
15 have approved, admitted, or consented to the facts, principles, methods, or theories employed
16 by any other Stipulating Party in arriving at the terms of this Partial Stipulation, other than
17 those specifically identified in the body of this Partial Stipulation. No Stipulating Party shall be
18 deemed to have agreed that any provision of this Partial Stipulation is appropriate for
19 resolving issues in any other proceeding, except as specifically identified in this Partial
20 Stipulation.

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

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1 This Partial Stipulation is entered into by each Stipulating Party on the date entered below
2 such Stipulating Party's signature.

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STAFF

By: *Stanley* (Stanley)

Date: 2/5/14

IDAHO POWER

CITIZENS' UTILITY BOARD OF OREGON

By: _____

By: _____

Date: _____

Date: _____

1 This Partial Stipulation is entered into by each Stipulating Party on the date entered below
2 such Stipulating Party's signature.

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STAFF

By: _____

Date: _____

IDAHO POWER

By: *[Signature]*
Date: 2/5/14

CITIZENS' UTILITY BOARD OF OREGON

By: _____

Date: _____

1 This Partial Stipulation is entered into by each Stipulating Party on the date entered below
2 such Stipulating Party's signature.

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STAFF


By: _____

Date: _____

IDAHO POWER

CITIZENS' UTILITY BOARD OF OREGON

By: _____

By:  _____

Date: _____

Date: 2-4-14 _____

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 279

In the Matter of:

Idaho Power Company's 2014 Annual
Power Cost Update

PARTIAL STIPULATION

This Partial Stipulation resolves all issues among the parties to this Partial Stipulation related to Idaho Power Company's ("Idaho Power" or "Company") March Forecast component of the 2014 Annual Power Cost Update ("APCU") filed pursuant to Order No. 08-238.¹ The APCU updates the Company's net power supply expense and results in new rates, which the mechanism permits to go into effect June 1, 2014.

PARTIES

1. The parties to this Partial 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").

BACKGROUND

2. Pursuant to Order No. 08-238, Idaho Power annually updates its net power supply expense included in rates through an automatic adjustment clause, the APCU. The APCU is comprised of two components—an "October Update" and a "March Forecast." The October Update contains the Company's forecasted net power supply expense reflected on a normalized unit basis for an April through March test period. The March Forecast contains the Company's net power supply expense based upon updated actual forecasted conditions. Pursuant to Order No. 10-191² the Company allocates the APCU revenue requirement to

¹ 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).

² Re Idaho Power Company's 2010 Annual Power Cost Update, Docket UE 214, Order No. 10-191 (May 24, 2010).

1 individual customer classes on the basis of the total generation-related revenue requirement
2 approved in the Company's last general rate case, instead of the previous equal cents per
3 kWh approved in Order No. 08-238. Order No. 10-191 also directs the Company to adjust its
4 base rates to reflect changes in revenue requirement related to the October Update, while the
5 rates resulting from the March Forecast are listed on Schedule 55. The rates associated with
6 the October Update and the March Forecast mechanisms are intended, under the
7 mechanisms, to become effective on June 1 of each year.

8 3. On October 18, 2013, Idaho Power filed testimony and exhibits for the 2014
9 APCU ("October Update").³

10 4. On October 24, 2013, CUB filed its Notice of Intervention. On December 3,
11 2013, Administrative Law Judge ("ALJ") Patrick Power held a prehearing conference at which
12 the parties to docket UE 279 agreed upon a procedural schedule that would allow the Public
13 Utility Commission of Oregon ("Commission") to issue an order on Idaho Power's 2014 APCU
14 prior to June 1, 2014.⁴

15 5. Staff and CUB served discovery on Idaho Power and conducted a thorough
16 investigation of the October Update. Thereafter, the Stipulating Parties participated in a
17 settlement conference and ultimately agreed to a settlement. On February 5, 2014, the
18 Stipulating Parties filed a Partial Stipulation that resolved all issues related to the October
19 Update (hereinafter, the "October Update Stipulation"). The October Update Stipulation
20 included a cost per unit of \$21.82 per MWh.

21 6. Pursuant to the procedural schedule and the terms of the October Update
22 Stipulation, on March 21, 2014, Idaho Power filed its March Forecast. The March Forecast
23 consisted of direct testimony describing the Company's estimate of the expected net power
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25 ³ See Idaho Power/100 – 108.

26 ⁴ *Re Idaho Power Company's 2014 Annual Power Cost Update*, Docket UE 279, Prehearing
Conference Memorandum at 1 (Dec. 3, 2013).

1 supply expense for the upcoming water year—April 2014 through March 2015.⁵ Order No. 08-
2 238 calls for the March Forecast to update the following variables: fuel prices, transportation
3 costs, wheeling expenses, planned and forced outages, heat rates, forecast of normalized
4 sales and loads updated for significant changes since the October Update, forecast hydro
5 generation, wholesale power purchase and sale contracts, forward price curve, Public Utility
6 Regulatory Policies Act of 1978 ("PURPA") expenses, and the Oregon state allocation factor.⁶
7 In this year's filing, however, the variables that had changed since the October Update were:
8 (1) fuel prices; (2) heat rates; (3) forecasts of normalized sales and loads; (4) the forecast of
9 hydro conditions from the Northwest River Forecast Center ("NRFC"); (5) known power
10 purchases and surplus sales resulting from the Company's Risk Management Policy; (6) the
11 forward price curve in accordance with Order No. 08-238; and (7) PURPA contract expenses.⁷
12 The two key factors impacting the March Forecast price are the increased coal costs for the
13 Jim Bridger plant and the poor hydro conditions that are expected to persist during the test
14 period.

15 7. The fuel prices were updated to reflect changes in forecast natural gas and coal
16 costs.⁸ The increased mining costs at the Bridger Coal Company were the largest factor
17 impacting the March Forecast's fuel prices.⁹

18 8. The Company's updated hydro forecast was another key driver in the March
19 Forecast's overall price.¹⁰ Expected streamflows are significantly below average levels
20 resulting in a significant reduction in forecast hydro generation. Indeed, the hydro generation
21 included in the March Forecast decreased by 1.4 million MWh or 160 aMW as compared to

22 ⁵ Idaho Power/200-205.

23 ⁶ Idaho Power/200, Wright/2.

24 ⁷ Idaho Power/200, Wright/3.

25 ⁸ Idaho Power/200, Wright/3-5.

25 ⁹ Idaho Power/200, Wright/3-4.

26 ¹⁰ Idaho Power/200, Wright/6-7.

1 the October Update.¹¹ This decrease is roughly equivalent to the combined expected output
2 of the Langley Gulch, Valmy, and Boardman plants included in the October Update.¹²

3 9. The March Forecast also included reduced PURPA expenses. Although the
4 March Forecast included an additional PURPA contract that was not included in the October
5 Update, another PURPA contract was removed for failure to meet its contractual obligations.
6 The net result is a slight reduction in PURPA expenses.¹³

7 10. The March Forecast also updated the energy profiles for the Company's wind
8 and geothermal contracts to reflect hourly generation profiles.¹⁴

9 11. The Company calculated a cost per unit for the March Forecast of \$26.23 per
10 MWh, which is \$0.74 per MWh more than last year's cost per unit of \$25.49 per MWh.¹⁵ This
11 equates to a system-wide net power supply expense of \$373,852,857.¹⁶

12 12. Combining the price per unit from the October Update Stipulation and March
13 Forecast resulted in a cost per unit of \$26.01 per MWh.¹⁷ The overall proposed revenue
14 impact of the combined rate is an increase of approximately 0.82 percent, or \$0.4 million.¹⁸

15 13. The March Forecast also included the Company's proposed rate spread used to
16 spread the revenue requirement to the various customer classes. The Company's proposed
17 allocation conformed to the methodology approved by the Commission in Order No. 10-191.¹⁹

18 14. A settlement conference was held on April 3, 2014. During that settlement
19 conference the Stipulating Parties agreed to resolve all the issues in this case, subject to

20 ¹¹ Idaho Power/200, Wright/6.

21 ¹² Idaho Power/200, Wright/6.

22 ¹³ Idaho Power/200, Wright/7-8.

23 ¹⁴ Idaho Power/200, Wright/8.

24 ¹⁵ Idaho Power/200, Wright/9.

25 ¹⁶ Idaho Power/203.

26 ¹⁷ Idaho Power/203.

¹⁸ Idaho Power/200, Wright/11.

¹⁹ Idaho Power/200, Wright/10-11.

1 Staff's and CUB's review of additional discovery responses from Idaho Power related to
2 Bridger coal production and hydro forecasts. These issues are addressed below and in the
3 brief supporting this Partial Stipulation and the October Update Stipulation. Thereafter the
4 Company moved to suspend the schedule and ALJ Patrick Power granted the motion.

5 15. This Partial Stipulation, presented on behalf of all parties to the docket, resolves
6 all issues in the docket related to the March Forecast. Together with the October Update
7 Stipulation this Partial Stipulation resolves all the issues in this docket.

8 **AGREEMENT**

9 16. The Stipulating Parties agree that the calculation of the agreed upon cost per unit
10 rate in the March Forecast and the combined rate is correct and in conformance with the
11 methodology adopted by the Commission in Order No. 08-238 and the Stipulating Parties
12 agree that the rates resulting from the agreed upon cost per unit are fair, just, and reasonable.

13 17. The Stipulating Parties agree that the Company's allocation methodology
14 conforms to that adopted by the Commission in Order No. 10-191.

15 18. The Stipulating Parties agree that rates agreed to by the terms of this Stipulation
16 should be made effective on June 1, 2014 as permitted by the APCU mechanism.

17 19. The Stipulating Parties further agree that this Partial Stipulation is not intended in
18 any way to limit or prohibit the parties further discussion – outside of the UE 279 docket – of
19 issues related to the Company's testimony regarding Bridger coal resources, and the alternate
20 sources of coal, for use at the Jim Bridger plant; discussions that were not immediately
21 needed for the resolution of this UE 279 docket but which should be completed.²⁰

22 20. The Stipulating Parties agree to submit this Partial Stipulation to the Commission
23 and request that the Commission approve the Partial Stipulation as presented. The
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26 ²⁰ UE 279 Motion to Suspend Procedural Schedule, April 9, 2014 at n.1; see also discussion at
Joint Explanatory Brief at 7.

1 Stipulating Parties agree that the adjustments and the rates resulting from the Partial
2 Stipulation are fair, just, and reasonable.

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

8 22. If this Partial Stipulation is challenged, the Stipulating Parties agree that they will
9 continue to support the Commission's adoption of the terms of this Partial Stipulation. The
10 Stipulating Parties agree to cooperate in cross-examination and put on such a case as they
11 deem appropriate to respond fully to the issues presented, which may include raising issues
12 that are incorporated in the settlements embodied in this Partial Stipulation.

13 23. The Stipulating Parties have negotiated this Partial Stipulation as an integrated
14 document. If the Commission rejects all or any material part of this Partial Stipulation, or adds
15 any material condition to any final order that is not consistent with this Partial Stipulation, each
16 Stipulating Party reserves its right, pursuant to OAR 860-001-0350(9), to present evidence
17 and argument on the record in support of the Partial Stipulation or to withdraw from the Partial
18 Stipulation. Stipulating Parties shall be entitled to seek rehearing or reconsideration pursuant
19 to OAR 860-001-0720 in any manner that is consistent with the agreement embodied in this
20 Partial Stipulation.

21 24. By entering into this Partial Stipulation, no Stipulating Party shall be deemed to
22 have approved, admitted, or consented to the facts, principles, methods, or theories employed
23 by any other Stipulating Party in arriving at the terms of this Partial Stipulation, other than
24 those specifically identified in the body of this Partial Stipulation. No Stipulating Party shall be
25 deemed to have agreed that any provision of this Partial Stipulation is appropriate for
26

1 resolving issues in any other proceeding, except as specifically identified in this Partial
2 Stipulation.

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

5 26. This Partial Stipulation is entered into by each Stipulating Party on the date
6 entered below such Stipulating Party's signature.

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STAFF

By: Mike [Signature], attorney for Staff

Date: 4/18/14

IDAHO POWER

CITIZENS' UTILITY BOARD OF OREGON

By: [Signature]

By: _____

Date: 4/21/14

Date: _____

1 resolving issues in any other proceeding, except as specifically identified in this Partial
2 Stipulation.

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

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STAFF

By: _____

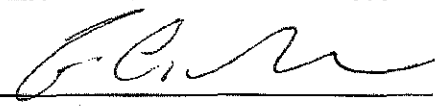
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IDAHO POWER

By: _____

Date: _____

CITIZENS' UTILITY BOARD OF OREGON

By:  _____

Date: 4-18-14 _____