

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 **UE _____**

4 In the Matter of
5 **IDAHO POWER COMPANY**
6 Application for Amortization in Rates of
7 Certain Deferred Excess Net Power
8 Supply Expenses.

**APPLICATION
FOR AMORTIZATION**

9 **I. INTRODUCTION**

10 Pursuant to ORS 757.259(5) and OAR 860-013-0010, Idaho Power Company
11 ("Idaho Power" or the "Company") requests that the Public Utility Commission of Oregon
12 ("Commission") issue an order approving amortization of net power supply expenses for
13 the period May 1, 2006 through April 30, 2007 approved by the Commission for deferral
14 on December 13, 2007. Idaho Power requests approval to amortize \$2.0 million of
15 deferred excess power supply along with \$399,483.94 of accrued interest, and to apply an
16 interest rate of 2.05 percent to the amortization beginning on September 1, 2009. Idaho
17 Power also requests approval of the tariff schedules that would begin rate recovery of this
18 amount filed concurrently with this application as Advice No. 09-08. If the Commission
19 suspends the tariff schedules pursuant to ORS 757.215, Idaho Power requests that the
20 Commission allow the rates to go into effect on the effective date subject to refund.

21 In support of this Application for Amortization ("Application"), the Company states
22 as follows:

23 **II. COMMUNICATIONS**

24 In accordance with OAR 860-013-0070, Idaho Power hereby waives service by
25 means other than service by electronic mail. Consistent with that waiver, communications
26 regarding this Petition should be addressed to all of the following:

1 Michael J. Youngblood
2 Manager, Rate Design
3 Pricing & Regulatory Services
4 Idaho Power Company
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6 Boise, ID 83707
7 Telephone: (208) 388-2882
8 Facsimile: (208) 388-6449
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7 Idaho Power Company
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12 III. BACKGROUND

13 A. The 2006 Deferral

14 On April 28, 2006, Idaho Power filed its Application for Authorization to Defer for
15 Future Rate Recovery Certain Excess Net Power Supply Expenses ("Deferral
16 Application") in Docket UM 1261. The Company requested authorization to defer net
17 power supply expenses incurred between May 1, 2006, and April 30, 2007 ("2006
18 Deferral"). Idaho Power proposed to accrue interest on the 2006 Deferral using the
19 Company's then-current authorized rate of return.¹

20 In the Deferral Application, the Company forecasted its net power supply expenses
21 for the deferral period to be \$64,094,000—an increase of \$65,886,200 from the negative
22

23
24 ¹ *Re. Idaho Power Co. Application for Authorization to Defer for Future Rate Recovery*
25 *Certain Excess Net Power Supply Expenses, Docket UM 1261, Deferral Application at 1 (Apr. 28,*
26 *2006).*

1 \$1,792,200 of net power supply expense that was then included in Oregon rates.² The
2 Oregon jurisdictional share of the \$65,886,200 was 4.94 percent, or \$3,254,778.³

3 Settlement conferences among the parties to Docket UM 1261—the Company,
4 Commission Staff, and the Citizens’ Utility Board—resulted in a Stipulation filed on
5 October 24, 2007. The parties to the Stipulation agreed that a deferral amount of
6 \$2.0 million was a fair compromise of the issues raised in the Deferral Application.⁴
7 Beginning from the end of the deferral period, interest would accrue monthly on the
8 unamortized portion of the deferred account at Idaho Power’s authorized rate of return.⁵
9 Once amortized, the deferred amount would accrue interest at the rate adopted by the
10 Commission in Docket UM 1147.⁶ The parties agreed that the amounts in the deferred
11 account would be subject to a prudence review and earnings test at the time of application
12 to amortize the deferred account.⁷ The Commission adopted the Stipulation in Order
13 No. 07-555 on December 13, 2007.⁸

14 **B. Interest Rate in Amortization**

15 In Docket UM 1147, the Commission adopted a new rate to be applied to deferred
16 accounts during amortization—a blended one-, three-, and five-year Treasury rate plus
17 100 basis points (“Modified Blended Treasury Rate”).⁹ The utility’s authorized rate of
18

19 ² *Id.* at 2.

20 ³ *Id.*

21 ⁴ *Re. Idaho Power Co. Application for Authorization to Defer for Future Rate Recovery*
22 *Certain Excess Net Power Supply Expenses*, Docket UM 1261, Stipulation at 3 (Apr. 24, 2007)
23 [hereinafter “Stipulation”].

22 ⁵ *Id.*

23 ⁶ *Id.*

24 ⁷ *Id.*

25 ⁸ *Re Idaho Power Co. Authorization to Defer for Future Rate Recovery Certain Excess Net*
26 *Power Supply Expenses*, Docket UM 1261, Order No. 07-555 (Dec. 13, 2007) [hereinafter “Order
No. 07-555”].

⁹ *Re. Public Utility Commission of Oregon Staff Request to Open an Investigation Related to*
Deferred Accounting, Docket UM 1147, Order No. 08-263 at 15 (May 22, 2008).

1 return remains the applicable interest rate for unamortized amounts in deferred
2 accounts.¹⁰ The 2009 Modified Blended Treasury Rate is 2.05 percent.

3 IV. DISCUSSION

4 Idaho Power requests authority for amortization in rates the \$2.0 million in deferred
5 expenses approved by the Commission in Order No. 07-555 and accrued interest of
6 \$399,483.94. Idaho Power is currently amortizing deferred net power supply expenses
7 from 2001, as authorized by the Commission in Order No. 01-307. This deferral is
8 expected to be fully amortized in September, 2009. Idaho Power requests that the
9 Commission allow the Company to begin amortizing the amounts that are the subject of
10 this Application on September 1, 2009.

11 Once in amortization, the interest rate that should apply to the \$2,399,483.94 is the
12 2009 Modified Blended Treasury Rate of 2.05 percent. Idaho Power's amortizations are
13 limited to six percent of its gross revenues for the preceding calendar year under
14 ORS 757.259(8). As shown in Exhibit 102, because of this cap, Idaho Power will amortize
15 \$1,934,430 per year over approximately 16 months. Idaho Power requests approval of
16 the tariff sheets reflecting this rate recovery filed concurrently with this Application as
17 Advice No. 09-08.

18 Approval of this amortization is appropriate because Idaho Power prudently
19 incurred the net power supply expenses. In addition, the Commission has already found
20 that Idaho Power's earnings during the deferral period did not exceed the level authorized
21 by the Commission. As a result, the Company could not have absorbed the deferred
22 expenses and maintained an adequate rate of return. Amortization of the deferred
23 expenses is therefore consistent with Oregon law and Commission policy on earnings
24 reviews.

25 ¹⁰ *Id.* at 14.

26

1 **A. The Net Power Supply Expenses Were Prudent.**

2 The Commission previously found that Idaho Power incurred the excess net power
3 supply expenses during the deferral period because of four factors:

- 4 • Idaho Power's substantial system load growth since the previous rate case;
- 5 • Early predictions of drought caused Idaho Power to reasonably enter into
6 power purchase agreements for spring and summer 2006. Spring water
7 levels were better than forecast, so Idaho Power sold excess electricity in the
8 spring for prices lower than those set forth in those agreements;
- 9 • Water levels later in 2006 and early 2007 were significantly lower than
10 expected. Due to a reduction in hydro capabilities, Idaho Power relied more
11 on higher cost thermal generation and wholesale market purchases; and
- 12 • Temperatures in July, 2006 were significantly higher than normal, causing an
13 increase in electric demand and a corresponding increase in electric market
14 prices that summer.¹¹

15 As the Commission's factual findings show, Idaho Power reasonably incurred the
16 deferred net power supply expenses that constitute the 2006 Deferral in response to
17 unexpected circumstances beyond Idaho Power's control. The testimony of Courtney
18 Waites describes the deferred net power supply expenses in additional detail.

19 **B. A Review of Idaho Power's Earnings Shows that Idaho Power Cannot Absorb
20 the Deferral and Maintain a Reasonable Rate of Return.**

21 When the Commission evaluated Idaho Power's application to defer the 2006
22 Deferral, the Commission made a factual finding that "Idaho Power's earnings during the
23 deferral period did not exceed levels authorized by the Commission."¹² Under
24 ORS 757.259(5),¹³ however, the Commission is required to review a utility's earnings
25 when the utility requests amortization of a deferral.¹⁴ The utility must provide the

26

¹¹ Order No. 07-555 at 2.

¹² *Id.*

¹³ The Stipulation approved by the Commission also required that the parties agreed that the
amounts in the deferred account would be subject to an earnings test at the time of application to
amortize. Stipulation at 3.

¹⁴ Deferrals authorized as AACs are not subject to an earnings review. ORS 757.259(5).

1 Commission with its financial results for a 12-month period or for multiple 12-month
2 periods.¹⁵ The period the Commission uses for the earnings review will include all or part
3 of the period during which the deferral occurred, or must be reasonably representative of
4 the deferral period.¹⁶

5 The earnings review is “designed to ensure that utilities do not receive the
6 extraordinary relief of retroactive rate making for added costs when earnings exceed a
7 reasonable rate of return.”¹⁷ The Commission will review the utility’s earnings and rate of
8 return to decide whether the utility could have absorbed some or all of the deferral.¹⁸ If the
9 utility cannot absorb the deferral and maintain a reasonable rate of return, the Commission
10 will allow amortization of the deferral.¹⁹

11 Idaho Power provides the Commission with its earnings reviews from the 2006
12 Results of Operations attached as Exhibit 103 and 2007 Results of Operations attached
13 as Exhibit 104. The deferral period at issue is May 1, 2006 through April 30, 2007. Using
14 the 2006 and 2007 Results of Operations to conduct the earnings review meets the
15 requirement of OAR 860-027-0300(9), because Idaho Power has provided the
16 Commission with the information to review earnings during all or part of the period in
17 which the deferral occurred.

18 The 2006 and the 2007 Results of Operations show that Idaho Power could not
19 have absorbed the deferral and maintained a reasonable rate of return. Idaho Power’s
20 rate of return was well under the Company’s authorized rate of return for both 2006 and
21 2007. In both years, the Company’s authorized rate of return was 7.83 percent. In 2006,

22 ¹⁵ OAR 860-027-0300(9).

23 ¹⁶ *Id.*

24 ¹⁷ *Re. Portland Gen. Elec. Co.*, Docket UE 82, Order No. 93-257, 1993 WL 221236 *6
(Feb. 22, 1993).

24 ¹⁸ *Id.*

25 ¹⁹ *Re Pac. Power & Light Co.*, Dockets UE 121 and UM 995, Order No. 02-410, 2002 WL
1773021 *6 (June 20, 2002).

26

1 the Company's actual rate of return in Oregon was 3.78 percent and in 2007 it was 3.13
2 percent. Idaho Power/103, Idaho Power/104. Clearly, Idaho Power cannot absorb this
3 deferral and maintain an adequate rate of return. Even if Idaho Power had recovered the
4 deferred amounts during the deferral period, it would not have come close to its authorized
5 rate of return.

6 **V. CONCLUSION**

7 For the foregoing reasons, Idaho Power respectfully requests that the Commission
8 approve amortization of \$2,399,483.94, apply the Modified Blended Treasury Rate of
9 2.05 percent to this amount in amortization, and approve the tariff sheets implementing
10 this amortization filed as Advice No. 09-08.

11 DATED: June 30, 2009.

MCDOWELL & RACKNER PC



12 Lisa F. Rackner

13 **IDAHO POWER COMPANY**

14 Barton L. Kline
15 Senior Attorney
16 P.O. Box 70
17 Boise, Idaho 83707

18 Attorneys for Idaho Power Company
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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE __

PETITION OF IDAHO POWER COMPANY)
FOR AMORTIZATION IN RATES OF)
CERTAIN DEFERRED EXCESS NET)
POWER SUPPLY EXPENSES)
_____)

IDAHO POWER COMPANY
DIRECT TESTIMONY
OF
COURTNEY WAITES

1 **Q. Please state your name, business address and present**
2 **position with Idaho Power Company (the Company).**

3 A. My name is Courtney Waites. I am employed by Idaho Power
4 Company as a Pricing Analyst in the Pricing and Regulatory Services
5 Department. My business address is 1221 West Idaho Street, Boise, Idaho
6 83702.

7 **Q. Please describe your education background.**

8 A. In December of 1998, I received a Bachelor of Arts degree in
9 Accounting from the University of Alaska in Anchorage, Alaska. In 2000, I
10 earned a Master of Business Administration degree from Alaska Pacific
11 University. I have attended New Mexico State University's Center for Public
12 Utilities and the National Association of Regulatory Utility Commissioners
13 Practical Skills for the Changing Electric Industry conference and the Electric
14 Utility Consultants, Inc., Introduction to Rate Design and Cost of Service
15 Concepts and Techniques for Electric Utilities conference.

16 **Q. Please describe your work experience?**

17 A. I became employed with Idaho Power Company in December 2004
18 in the Accounts Payable Department. In 2005, I accepted a Regulatory
19 Accountant position in the Finance Department where one of my tasks was to
20 assist in responding to regulatory data requests pertaining to the finance scope
21 of work. In 2006, I accepted my current position of Pricing Analyst in the Pricing
22 and Regulatory Services Department. My duties as a Pricing Analyst include
23 providing support for the Company's various regulatory activities including tariff

1 administration, regulatory ratemaking and compliance filings, and the
2 development of various pricing strategies and policies.

3 **Q. What is the purpose of your testimony?**

4 A. The purpose of my testimony is to describe the Company's
5 proposal for amortizing the deferral of excess net power supply expenses
6 incurred during May 1, 2006 through April 30, 2007, Docket No. UM-1261 ("2006
7 Deferral").

8 **Q. What is the amount of the 2006 Deferral?**

9 A. During the deferral period, Idaho Power's actual net power supply
10 expenses on a system-wide basis exceeded amounts reflected in Oregon base
11 rates by \$163.3 million—or approximately \$8.0 million on an Oregon-only basis.
12 In Order No. 07-555, the Commission adopted a Stipulation submitted by Idaho
13 Power, the Citizens' Utility Board of Oregon and the Commission Staff approving
14 the deferral for later recovery of \$2.0 million of excess net power supply
15 expenses incurred during May 1, 2006 through April 30, 2007. The parties also
16 agreed that during the deferral period prior to amortization, interest would accrue
17 on the deferred amount at Idaho Power's authorized rate of return, which is
18 7.83%. As of May 31, 2009, the 2006 Deferral including interest is
19 \$2,353,120.39.

20 **Q. Is this the amount the Company is now proposing to amortize?**

21 A. No. Idaho Power is currently amortizing the deferral of costs
22 related to excess net power supply expenses incurred during 2001 (Docket No.
23 UM-1007) ("2001 Deferral"). The Company expects this deferral to be fully

1 amortized in September, 2009 and is requesting to begin amortization of the
2 2006 Deferral on September 1, 2009. As a result, the \$2,353,120.39 May 31,
3 2009 deferral balance will continue to grow prior to commencement of
4 amortization.

5 **Q. What is the amount of the 2006 Deferral that the Company**
6 **proposes be amortized beginning in September 2009 when amortization of**
7 **the 2001 Deferral is complete?**

8 A. The Company proposes amortization of the 2006 Deferral as of
9 August 31, 2009 which will be \$2,399,483.94, as shown on Exhibit 101.

10 **Q. What is the impact on rates if the Company's request to start**
11 **the amortization beginning in September is granted?**

12 A. The deferred accounting statute (ORS 757.259) allows the
13 Company to recover 6% of Idaho Power's gross revenues in Oregon for the
14 preceding calendar year. In 2008, the Company received \$34.2 million in gross
15 revenues from its Oregon customers and is therefore eligible to recover
16 \$1,934,430 per year, or 0.2848 cents per kilowatt-hour (kWh). Currently, the
17 Company is recovering approximately \$2.2 million annually, or 0.4116 cents per
18 kWh, through the Power Supply Adjustment (PSA). The current PSA recovers
19 the amortization of the 2001 Deferral which by statute allows for recovery of 10%
20 of the previous year's gross revenues. The 10% recovery applies only to
21 recovery of excess net power supply expenses incurred in 2001. When
22 amortization of the 2001 Deferral is complete and amortization of the 2006
23 Deferral begins, customers will actually see a rate decrease in the PSA charge,

1 from 0.4116 cents per kWh to 0.2848 cents per kWh.

2 **Q. How was the new PSA rate calculated?**

3 A. To determine the new PSA rate, the Company divided the
4 allowable recoverable revenues of \$1,934,430 by the forecasted 2009
5 normalized Oregon jurisdictional sales of 679,301,864 kWh. Exhibit 102 shows
6 the computation of the \$1,934,430 and the new PSA rate.

7 **Q. How does the Company propose to satisfy ORS 757.259(4) and**
8 **OAR 860-027-0300(9), which make an earnings review a prerequisite to**
9 **amortization ?**

10 A. Oregon Administrative Rules require the Company provide the
11 Commission an earnings review for the 12-month period or for multiple 12-month
12 periods that encompass all or part of the period during which the deferral took
13 place. The Company previously performed an earnings test based on the 2006
14 Oregon Results of Operations (see Exhibit 103) as well as an earnings test
15 based on the 2007 Oregon Results of Operations (see Exhibit 104) since the
16 deferral period overlaps two calendar years. Both earnings tests demonstrated
17 that Idaho Power's earnings during the deferral period did not exceed levels
18 authorized by the Commission. In the time since the earnings tests were
19 provided, no additional information regarding 2006 power supply expenses has
20 come to light to suggest that the prior earnings tests are no longer valid. The
21 Commission should now determine that \$2,399,483.94 is eligible for amortization
22 beginning approximately in September 2009.

1 **Q. If amortization of the 2006 Deferral is approved, how long does**
2 **the Company anticipate complete amortization will take?**

3 A. The Company anticipates the amortization of the 2006 Deferral will
4 take approximately sixteen month from September 1, 2009.

5 **Q. What interest rate was assumed in this estimation of the**
6 **amortization period?**

7 A. The Company used the 2009 Modified Blended Treasury Rate of
8 2.05% in its estimation of the length of the amortization.

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

10 A. Yes, it does.

2006 - 2007 Oregon Excess Power Cost Summary Deferral
Interest Calculation for the Year May 1, 2007 - August 31, 2009

2007												
	January	February	March	April	May	June	July	August	September	October	November	December
Excess Power Cost Deferral Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000.00	\$ 2,013,050.00	\$ 2,026,185.15	\$ 2,039,406.01	\$ 2,052,713.13	\$ 2,066,107.08	\$ 2,079,588.43	\$ 2,093,157.74
Monthly Amortization	-	-	-	-	-	-	-	-	-	-	-	-
Monthly Interest Rate	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%
Monthly Interest	\$ -	\$ -	\$ -	\$ -	\$ 13,050.00	\$ 13,135.15	\$ 13,220.86	\$ 13,307.12	\$ 13,393.95	\$ 13,481.35	\$ 13,569.31	\$ 13,657.85
Total Unamortized Excess Power Cost	\$ -	\$ -	\$ -	\$ -	\$ 2,013,050.00	\$ 2,026,185.15	\$ 2,039,406.01	\$ 2,052,713.13	\$ 2,066,107.08	\$ 2,079,588.43	\$ 2,093,157.74	\$ 2,106,815.59

2008												
	January	February	March	April	May	June	July	August	September	October	November	December
Excess Power Cost Deferral Beginning Balance	\$ 2,106,815.59	\$ 2,120,562.56	\$ 2,134,399.23	\$ 2,148,326.18	\$ 2,162,344.01	\$ 2,176,453.30	\$ 2,190,654.66	\$ 2,204,948.68	\$ 2,219,335.97	\$ 2,233,817.14	\$ 2,248,392.80	\$ 2,263,063.56
Monthly Amortization	-	-	-	-	-	-	-	-	-	-	-	-
Monthly Interest Rate	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%
Monthly Interest	\$ 13,746.97	\$ 13,836.67	\$ 13,926.95	\$ 14,017.83	\$ 14,109.29	\$ 14,201.36	\$ 14,294.02	\$ 14,387.29	\$ 14,481.17	\$ 14,575.66	\$ 14,670.76	\$ 14,766.49
Total Unamortized Excess Power Cost	\$ 2,120,562.56	\$ 2,134,399.23	\$ 2,148,326.18	\$ 2,162,344.01	\$ 2,176,453.30	\$ 2,190,654.66	\$ 2,204,948.68	\$ 2,219,335.97	\$ 2,233,817.14	\$ 2,248,392.80	\$ 2,263,063.56	\$ 2,277,830.05

2009												
	January-09	February-09	March-09	April-09	May-09	June-09	July-09	August-09	September	October	November	December
Excess Power Cost Deferral Beginning Balance	\$ 2,277,830.05	\$ 2,292,692.89	\$ 2,307,652.71	\$ 2,322,710.14	\$ 2,337,865.82	\$ 2,353,120.39	\$ 2,368,474.50	\$ 2,383,928.80	\$ -	\$ -	\$ -	\$ -
Monthly Amortization	-	-	-	-	-	-	-	-	-	-	-	-
Monthly Interest Rate	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%	7.830%
Monthly Interest	\$ 14,862.84	\$ 14,959.82	\$ 15,057.43	\$ 15,155.68	\$ 15,254.57	\$ 15,354.11	\$ 15,454.30	\$ 15,555.14	\$ -	\$ -	\$ -	\$ -
Total Unamortized Excess Power Cost	\$ 2,292,692.89	\$ 2,307,652.71	\$ 2,322,710.14	\$ 2,337,865.82	\$ 2,353,120.39	\$ 2,368,474.50	\$ 2,383,928.80	\$ 2,399,483.94	\$ -	\$ -	\$ -	\$ -

Oregon

YTD 2008

Total Revenues	\$	32,240,499
		6%
PSA Revenues Allowed	\$	1,934,430
2009 Oregon kWh Forecast		679,301,864
New PSA Rate (cents per kWh)		0.2848

1 IDAHO POWER COMPANY
 2 BEFORE THE OREGON PUBLIC UTILITY COMMISSION
 3 JURISDICTIONAL SEPARATION STUDY
 4 FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2006
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7		TOTAL	OREGON
8	<u>DESCRIPTION</u>	<u>SYSTEM</u>	<u>OPUC</u>
9	*** SUMMARY OF RESULTS ***		
10			
11	DEVELOPMENT OF RATE BASE COMPONENTS		
12			
13	ELECTRIC PLANT IN SERVICE	3,530,189,588	176,186,432
14	LESS: ACCUM PROVISION FOR DEPRECIATION	1,513,774,900	77,102,516
15	AMORT OF OTHER UTILITY PLANT	36,244,685	1,687,393
16	NET ELECTRIC PLANT IN SERVICE	1,980,170,003	97,396,523
17	LESS: CUSTOMER ADV FOR CONSTRUCTION	22,604,898	33,051
18	LESS: ACCUM DEFERRED INCOME TAXES	192,070,886	9,589,708
19	ADD : PLT HLD FOR FUTURE+ACQUIS ADJ	0	0
20	ADD : WORKING CAPITAL	69,806,826	3,497,634
21	ADD : CONSERVATION+OTHER DFRD PROG.	13,233,245	124,911
22	ADD : SUBSIDIARY RATE BASE	46,260,452	2,292,899
23			
24	TOTAL COMBINED RATE BASE	1,894,794,742	93,689,208
25			
26	RATE OF RETURN UNDER PRESENT RATES		
27	OPERATING REVENUES		
28	SALES REVENUES	728,416,564	32,247,260
29	OTHER OPERATING REVENUES	37,949,240	1,506,006
30	TOTAL OPERATING REVENUES	766,365,804	33,753,266
31	OPERATING EXPENSES		
32	OPERATION & MAINTENANCE EXPENSES	495,788,493	24,182,590
33	DEPRECIATION EXPENSE	92,617,007	4,622,763
34	AMORTIZATION OF LIMITED TERM PLANT	9,101,150	445,771
35	TAXES OTHER THAN INCOME	18,616,548	1,379,491
36	REGULATORY DEBITS/CREDITS	4,765,739	0
37	PROVISION FOR DEFERRED INCOME TAXES	(15,057,012)	(24,938)
38	INVESTMENT TAX CREDIT ADJUSTMENT	326,869	541
39	FEDERAL INCOME TAXES	47,633,787	78,892
40	STATE INCOME TAXES	4,245,542	7,032
41	TOTAL OPERATING EXPENSES	658,038,123	30,692,142
42	OPERATING INCOME	108,327,682	3,061,124
43	ADD: IERCO OPERATING INC E10	9,764,177	483,961
44	CONSOLIDATED OPERATING INCOME	118,091,859	3,545,086
45			
46	RATE OF RETURN UNDER PRESENT RATES	6.232%	3.784%

1 **IDAHO POWER COMPANY**
 2 **BEFORE THE OREGON PUBLIC UTILITY COMMISSION**
 3 **JURISDICTIONAL SEPARATION STUDY**
 4 **FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2006**
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7		TOTAL	OREGON
8	<u>DESCRIPTION</u>	<u>SYSTEM</u>	<u>OPUC</u>
47	*** SUMMARY OF RESULTS ***		
48			
49	RATE OF RETURN UNDER PRESENT RATES		
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68	CONSOLIDATED OPERATING INCOME	118,091,859	3,545,086
69	RATE OF RETURN UNDER PRESENT RATES	6.232%	3.784%
70			
71	DEVELOPMENT OF REVENUE REQUIREMENTS		
72	RATE OF RETURN REQUIRED @ 10.25% ROE		7.883%
73			
74	RETURN AT CLAIMED RATE OF RETURN		7,385,520
75	EARNINGS DEFICIENCY		3,840,434
76	NET-TO-GROSS TAX MULTIPLIER		1.642
77			
78	REVENUE DEFICIENCY		6,305,993
79			
80	FIRM JURISDICTIONAL REVENUES		27,214,366
81			
82	PERCENT INCREASE REQUIRED		23.17%
83			
84	SALES AND WHEELING REVENUES REQUIRED		33,520,359

IDAHO POWER COMPANY
 BEFORE THE OREGON PUBLIC UTILITY COMMISSION
 JURISDICTIONAL SEPARATION STUDY
 FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2007

DESCRIPTION	TOTAL SYSTEM	OREGON OPUC
*** SUMMARY OF RESULTS ***		
DEVELOPMENT OF RATE BASE COMPONENTS		
1 ELECTRIC PLANT IN SERVICE	3,670,835,198	180,048,815
2 LESS: ACCUM PROVISION FOR DEPRECIATION	1,562,230,647	77,781,251
3 AMORT OF OTHER UTILITY PLANT	41,365,733	1,891,257
4 NET ELECTRIC PLANT IN SERVICE	2,067,238,818	100,376,307
5 LESS: CUSTOMER ADV FOR CONSTRUCTION	28,893,973	43,071
6 LESS: ACCUM DEFERRED INCOME TAXES	203,416,395	9,981,490
7 ADD : PLT HLD FOR FUTURE+ACQUIS ADJ	0	0
8 ADD : WORKING CAPITAL	80,358,755	3,945,874
9 ADD : CONSERVATION+OTHER DFRD PROG.	9,664,260	123,555
10 ADD : SUBSIDIARY RATE BASE	70,093,970	3,370,579
11		
12 TOTAL COMBINED RATE BASE	1,995,045,434	97,791,754
13		
14 RATE OF RETURN UNDER PRESENT RATES		
15 OPERATING REVENUES		
16 SALES REVENUES	794,341,213	34,320,315
17 OTHER OPERATING REVENUES	42,426,194	1,591,844
18 TOTAL OPERATING REVENUES	836,767,407	35,912,159
19 OPERATING EXPENSES		
20 OPERATION & MAINTENANCE EXPENSES	557,486,291	26,593,578
21 DEPRECIATION EXPENSE	98,483,944	4,822,074
22 AMORTIZATION OF LIMITED TERM PLANT	6,697,372	321,809
23 TAXES OTHER THAN INCOME	18,169,063	1,348,308
24 REGULATORY DEBITS/CREDITS	21,246	0
25 PROVISION FOR DEFERRED INCOME TAXES	-6,344,826	0
26 INVESTMENT TAX CREDIT ADJUSTMENT	1,978,842	0
27 FEDERAL INCOME TAXES	38,112,027	0
28 STATE INCOME TAXES	232,866	0
29 TOTAL OPERATING EXPENSES	714,836,825	33,085,770
30 OPERATING INCOME	121,930,582	2,826,389
31 ADD: IERCO OPERATING INCOME	4,862,780	233,834
32 CONSOLIDATED OPERATING INCOME	126,793,362	3,060,223
33		
34 RATE OF RETURN UNDER PRESENT RATES		3.129%

IDAHO POWER COMPANY
BEFORE THE OREGON PUBLIC UTILITY COMMISSION
JURISDICTIONAL SEPARATION STUDY
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2007

DESCRIPTION	TOTAL SYSTEM	OREGON OPUC
*** SUMMARY OF RESULTS ***		
RATE OF RETURN UNDER PRESENT RATES		
35 TOTAL COMBINED RATE BASE	1,995,045,434	97,791,754
36		
37 SALES REVENUES	794,341,213	34,320,315
38 OTHER OPERATING REVENUES	42,426,194	1,591,844
39 TOTAL OPERATING REVENUES	836,767,407	35,912,159
40 OPERATING EXPENSES		
41 OPERATION & MAINTENANCE EXPENSES	557,486,291	26,593,578
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47 INVESTMENT TAX CREDIT ADJUSTMENT	1,978,842	0
48 FEDERAL INCOME TAXES	38,112,027	0
49 STATE INCOME TAXES	232,866	0
50 TOTAL OPERATING EXPENSES	714,836,825	33,085,770
51 OPERATING INCOME	121,930,582	2,826,389
52 ADD: IERCO OPERATING INCOME	4,862,780	233,834
53 CONSOLIDATED OPERATING INCOME	126,793,362	3,060,223
54 RATE OF RETURN UNDER PRESENT RATES		3.129%
55		
56 DEVELOPMENT OF REVENUE REQUIREMENTS		
57 RATE OF RETURN REQUIRED		7.830%
58		
59 RETURN AT CLAIMED RATE OF RETURN		7,657,094
60 EARNINGS DEFICIENCY		4,596,871
61 NET-TO-GROSS TAX MULTIPLIER		1.642
62		
63 REVENUE DEFICIENCY		7,548,062
64		
65 FIRM JURISDICTIONAL REVENUES		27,369,858
66		
67 PERCENT INCREASE REQUIRED		27.58%
68		
69 SALES AND WHEELING REVENUES REQUIRED		34,917,920

McDowell & Rackner PC



WENDY L. MCINDOO
Direct (503) 595-3922
wendy@mcd-law.com

June 30, 2009

VIA ELECTRONIC FILING


PUC Filing Center
Public Utility Commission of Oregon
PO Box 2148
Salem, OR 97308-2148

Re: Docket No. UE _____

Enclosed for filing in the above-referenced docket are an original and five copies of Idaho Power Company's Application for Amortization in Rates of Certain Deferred Excess Net Power Supply Expenses and Direct Testimony and Exhibits of Courtney Waites.

A copy of this filing has been served on all parties to Idaho Power's Deferral Application Um 1261 as indicated on the attached certificate of service.

Very truly yours,


Wendy L. McIndoo

cc: Service List


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CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document on the following named person(s) on the date indicated below by email and first-class mail addressed to said person(s) at his or her last-known address(es) indicated below.

Stephanie S. Andrus	OPUC Dockets
Department of Justice	Citizens' Utility Board of Oregon
Regulated Utility & Business Section	610 SW Broadway Ste 308
1162 Court St NE	Portland, OR 97205
Salem, OR 97301-4096	<u>dockets@oregoncub.org</u>
<u>stephanie.andrus@state.or.us</u>	

DATED: June 30, 2009.



Wendy L. McIndoo
Legal Assistant