

**LISA D. NORDSTROM**  
Lead Counsel  
[lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)

December 18, 2014

Public Utility Commission of Oregon  
550 Capitol Street NE, Suite 215  
P.O. Box 2148  
Salem, OR 97308-2148

Re: Docket UM 1464(5)  
In the Matter of Idaho Power Company's Deferred Accounting of Net Variable Power  
Cost Variances – Idaho Power Company's Application

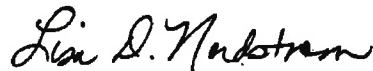
Attention Filing Center:

Enclosed for filing in Docket UM 1464(5) are an original and three (3) copies of Idaho Power Company's Application for Deferred Accounting of Net Variable Power Cost Variances. Portions of Attachment B are confidential and are being provided confidentially pursuant to OAR 860-001-0070 and Protective Order No. 12-499 previously issued in this docket.

The Application has been served on the parties to the UE 233 and UM 1464 service lists as indicated in the Certificate of Service.

If you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,



Lisa D. Nordstrom

LDN/kkt

Enclosures

cc: Adam Lowney  
RA Files  
Legal Files

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1464(5)

In the Matter of Idaho Power Company's  
Application for Deferred Accounting of Net  
Variable Power Cost Variances

APPLICATION

**I. INTRODUCTION**

Pursuant to ORS 757.210, ORS 757.259, and OAR 860-027-0300, Idaho Power Company ("Idaho Power") hereby requests an accounting order reauthorizing Idaho Power to defer for later ratemaking treatment annual net variable power cost variances pursuant to Order No. 08-238 and Idaho Power Tariff Schedule 56. Schedule 56 is an "automatic adjustment clause" as defined in ORS 757.210. Idaho Power seeks authorization for this deferral effective as of January 1, 2015. In support of this Application, Idaho Power states:

1. Idaho Power is a public utility in the state of Oregon and its rates, services and accounting practices are subject to the regulation of the Public Utility Commission of Oregon ("Commission").
2. This Application is filed pursuant to ORS 757.259, which allows the Commission, upon application, to authorize the deferral of certain items for later inclusion in rates.
3. Communications regarding this Application should be address to:

Lisa Nordstrom  
Idaho Power Company  
P.O. Box 70  
Boise, ID 83707  
[lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)  
[dockets@idahopower.com](mailto:dockets@idahopower.com)

Courtney Waites  
Idaho Power Company  
P.O. Box 70  
Boise, ID 83707  
[cwaites@idahopower.com](mailto:cwaites@idahopower.com)

1 **II. OAR 860-027-0300(3) REQUIREMENTS**

2 **A. Description**

3 With this deferral application, Idaho Power seeks authorization from the  
4 Commission to accrue, for future amortization, the difference between actual annual net  
5 variable power costs and the annual net variable power costs forecasted pursuant to Tariff  
6 Schedule 55, in accordance with Order No. 08-238. The annual variance will be  
7 determined pursuant to the terms of Schedule 56, which includes a Power Supply Expense  
8 Deadband and an Earnings Test.

9 **B. Reasons for Deferral**

10 In Order No. 08-238, the Commission ordered the adoption of a power cost  
11 adjustment mechanism for Idaho Power that contains both an Annual Power Cost Update  
12 ("APCU") and Power Cost Adjustment Mechanism ("PCAM"). Idaho Power Schedule 55  
13 contains the terms of the APCU while Schedule 56 contains the terms of the PCAM. The  
14 PCAM provides for recognition in rates of the difference, for a given year, between the  
15 *actual* annual net variable power costs incurred by Idaho Power and the net annual variable  
16 power costs recovered pursuant to Idaho Power Schedule 55. This deferral is intended to  
17 capture the net annual variable power cost difference that will be amortized in rates.

18 This deferral is filed pursuant to Order No. 08-238 and ORS 757.259(2)(e). This  
19 deferral will minimize the frequency of rate changes or the fluctuation of rate levels and  
20 match appropriately the costs borne by and benefits received by customers.

21 **C. Proposed Accounting**

22 Idaho Power records revenues and expenses that would be subject to the deferral  
23 order in accordance with the Code of Federal Regulations (CFR) to FERC Account 501  
24 (Fuel), FERC Account 547 (Fuel), FERC Account 447 (Sales for Resale), and FERC 555  
25 (Purchased Power). Upon receiving approval of a deferral, Idaho Power proposes to  
26 record the deferred amount by debiting FERC Account 182.3 (Regulatory Assets) and

1 crediting FERC Account 557 (Other Expenses) if there is an amount to collect from  
2 customers. If there is a refund to customers, Idaho Power would record the accrued  
3 amount in FERC Account 254 (Regulatory Liabilities) and debiting FERC Account 557  
4 (Other Expenses).

5 **D. Estimate of Amounts**

6 The deferred amount is a function of several unknown and unpredictable factors  
7 including customer usage, the wholesale market price for electricity, and the wholesale  
8 market price for natural gas. Because the deferred amount is dependent on factors that  
9 cannot be precisely forecast, Idaho Power cannot provide a precise estimate of the  
10 deferred amount. Idaho Power requests that, in accordance with Order No. 05-1070, it be  
11 allowed to accrue interest on the unamortized balance at a rate equal to its authorized  
12 weighted average cost of capital most recently approved by the Commission.

13 **E. Notice**

14 A copy of the Notice of Application for Deferred Accounting of Excess Power Costs  
15 and a list of persons served with the Notice are attached to the Application as Attachment  
16 A.

17 **III. OAR 860-027-0300(4) REQUIREMENTS**

18 **A. Entries in the Deferred Account to Date**

19 Attached to the Application as Attachment B is a description and explanation of the  
20 entries in this deferred account as of the date of the Application. The attachment includes  
21 unreported financial information and is confidential pursuant to OAR 860-001-0070 and  
22 Protective Order No. 12-499 previously issued in this docket.

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1           **B.    Reason for Continuation of Deferred Accounting**

2           As discussed in detail above, this deferral is intended to capture the net annual  
3 variable power cost difference that will be amortized in rates and is authorized pursuant to  
4 Order No. 08-238.

5   **V. CONCLUSION**

6           Deferred accounting treatment is an appropriate, just, and reasonable means of  
7 implementing Order No. 08-238 and Idaho Power Schedule 56.

8           For the reasons stated above, Idaho Power requests permission to defer annual net  
9 variable power cost variances pursuant to Order No. 08-238 and Idaho Power Schedule 56.

10          DATED: December 18, 2014

11   IDAHO POWER COMPANY

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13   LISA D. NORDSTROM  
14   Attorney for Idaho Power Company

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**Attachment A**

BEFORE THE PUBLIC UTILITY COMMISSION

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OF OREGON

UM 1464(5)

In the Matter of Idaho Power Company's  
Application for Deferred Accounting of Net  
Variable Power Cost Variances

**NOTICE OF APPLICATION FOR  
DEFERRED ACCOUNTING OF NET  
VARIABLE POWER COST VARIANCES**

On December 18, 2014, Idaho Power Company ("Idaho Power") filed an application with the Public Utility Commission of Oregon ("Commission") for an Order authorizing deferral of the annual net variable power cost variance pursuant to Order No. 08-238 and Idaho Power Tariff Schedule 56.

Approval of Idaho Power's Application will not authorize a change in Idaho Power's rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

Idaho Power's Application will be posted on the Commission website for persons who wish to obtain a copy or they may contact the following:

Lisa D. Nordstrom  
Idaho Power Company  
1221 West Idaho Street  
P.O. Box 70  
Boise, ID 83707  
[lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)

Any person who wishes to submit written comments to the Commission on Idaho Power's Application must do so by no later than January 16, 2015.

DATED: December 18, 2014.

IDAHO POWER COMPANY

  
LISA D. NORDSTROM  
Attorney for Idaho Power Company

**Attachment B**  
**CONFIDENTIAL**  
**PURSUANT TO OAR 860-001-0070**  
**AND PROTECTIVE ORDER NO. 12-499**



1 **CERTIFICATE OF SERVICE**

2 **UM 1464(5)**

3 I hereby certify that on December 18, 2014, I served a true and correct copy of  
4 Idaho Power Company's Application for Deferred Accounting of Net Variable Power Cost  
5 Variances on the parties in Dockets UM 1464 and UE 233 by e-mail to said person(s) as  
6 indicated below.

7 OPUC Dockets  
8 Citizens' Utility Board of Oregon  
[dockets@oregoncub.org](mailto:dockets@oregoncub.org)

Robert Jenks  
Citizens' Utility Board of Oregon  
[bob@oregoncub.org](mailto:bob@oregoncub.org)

9 G. Catriona McCracken  
10 Citizens' Utility Board of Oregon  
[catriona@oregoncub.org](mailto:catriona@oregoncub.org)

Stephanie S. Andrus  
Department of Justice  
Business Activities Section  
[stephanie.andrus@state.or.us](mailto:stephanie.andrus@state.or.us)

11 Dr. Don Reading  
12 [dreading@mindspring.com](mailto:dreading@mindspring.com)

Judy Johnson  
Public Utility Commission of Oregon  
[judy.johnson@state.or.us](mailto:judy.johnson@state.or.us)

13 Erik Colville  
14 Public Utility Commission of Oregon  
[erik.colville@state.or.us](mailto:erik.colville@state.or.us)

Gregory M. Adams  
Richardson Adams, PLLC  
[greg@richardsonadams.com](mailto:greg@richardsonadams.com)

15 Peter J. Richardson  
16 Richardson Adams, PLLC  
[peter@richardsonadams.com](mailto:peter@richardsonadams.com)

Joshua D. Johnson  
Attorney at Law  
[jdj@racinelaw.net](mailto:jdj@racinelaw.net)

17 Eric L. Olsen  
18 Attorney at Law  
[elo@racinelaw.com](mailto:elo@racinelaw.com)

Anthony J. Yankel  
Utility Net, Inc.  
[tony@yankel.net](mailto:tony@yankel.net)

19 Randy Dahlgren  
20 Portland General Electric Company  
[pge.opuc.filings@pgn.com](mailto:pge.opuc.filings@pgn.com)

Douglas C. Tingey  
Portland General Electric Company  
[doug.tingey@pgn.com](mailto:doug.tingey@pgn.com)

21 Irion A. Sanger  
22 Davison Van Cleve, PC  
[ias@dvclaw.com](mailto:ias@dvclaw.com)

Melinda J. Davison  
Davison Van Cleve, PC  
[mjd@dvclaw.com](mailto:mjd@dvclaw.com)

23 R. Bryce Dalley  
24 Pacific Power  
[bryce.dalley@pacificorp.com](mailto:bryce.dalley@pacificorp.com)

Sarah Wallace  
Pacific Power  
[sarah.wallace@pacificorp.com](mailto:sarah.wallace@pacificorp.com)

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Oregon Dockets  
PacifiCorp, d/b/a Pacific Power  
[oregondockets@pacificcorp.com](mailto:oregondockets@pacificcorp.com)

John W. Stephens  
Esler Stephens & Buckley  
[stephens@eslerstephens.com](mailto:stephens@eslerstephens.com)  
[mec@eslerstephens.com](mailto:mec@eslerstephens.com)

Wendy Gerlitz  
NW Energy Coalition  
[wendy@nwenergy.org](mailto:wendy@nwenergy.org)

Donald W. Schoenbeck  
Regulatory & Cogeneration Services, Inc.  
[dws@r-c-s-inc.com](mailto:dws@r-c-s-inc.com)

Megan Walseth Decker  
Renewable Northwest Project  
[megan@rnp.org](mailto:megan@rnp.org)

Lisa F. Rackner  
McDowell Rackner & Gibson PC  
[dockets@mcd-law.com](mailto:dockets@mcd-law.com)

DATED: December 18, 2014

  
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Kimberly Towell, Executive Assistant