

McDowell Rackner & Gibson PC



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December 15, 2011

VIA ELECTRONIC AND U.S. MAIL

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

Re: Docket UM 1464 (2)

Attention Filing Center:

Attached for filing are the original and one copy of Idaho Power Company's Application for Deferred Accounting of Net Variable Power Cost Variances. A copy of this filing has been served on the parties to the UE 233 service list as indicated on the attached certificate of service

Very truly yours,

Handwritten signature of Wendy McIndoo in cursive script.

Wendy McIndoo
Office Manager

cc: Service List

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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1464(2)**

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 authorizing 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, 2012. 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 deferral of certain items for later inclusion in rates.
3. Communications regarding this Application should be addressed to

Lisa Rackner
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Wendy McIndoo
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Christa Beary
Idaho Power Company
P.O. Box 70
Boise, Idaho 83707
cbeary@idahopower.com

II. OAR 860-027-0300 Requirements

The following is provided pursuant to OAR 860-027-0300(3):

A. Description

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

B. Reasons for Deferral

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

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

4 C. Proposed Accounting

5 Idaho Power proposes to record the Deferred Amount in FERC Account 182.3
6 (Regulatory Assets); crediting FERC Account 557(Other Expenses) if there is an amount to
7 collect from customers. Idaho Power would record the Accrued Amount in FERC 254
8 (Regulatory Liabilities); debiting FERC Account 557(Other Expenses) if there is a refund to
9 customers. In the absence of a deferred accounting order from the Commission, Idaho
10 Power would record costs associated with the Deferred Amount to FERC 501 (Fuel), FERC
11 547 (Fuel), FERC 447 (Sales for Resale), FERC 565 (Transmission by Others) and FERC
12 555 (Purchased Power).

13 D. Estimate of Amounts

14 The Deferred Amount is a function of several unknown and unpredictable factors
15 including customer usage, the wholesale market price for electricity, and the wholesale
16 market price for natural gas. Because the Deferred Amount is dependent on factors that
17 cannot be precisely forecast, Idaho Power cannot provide a precise estimate of the Deferred
18 Amount. Idaho Power requests that, in accordance with Order No. 05-1070, it be allowed to
19 accrue interest on the unamortized balance at a rate equal to its authorized weighted
20 average cost of capital most recently approved by the Commission.

21 E. Notice

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

24 **II. Conclusion**

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

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

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4 DATED: December 15, 2011.

MCDOWELL RACKNER & GIBSON PC

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Lisa F. Rackner
Adam Lowrey

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IDAHO POWER COMPANY

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Lisa Nordstrom
Lead Counsel
PO Box 70
Boise, ID 83707

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Of Attorneys for Idaho Power Company

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Attachment A

**Notice of Application for
Deferred Accounting of Net Variable Power Cost Variances**

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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1464(2)

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 15, 2011, Idaho Power Company ("Idaho Power" or "Company"), 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 Rackner
McDowell Rackner & Gibson PC
419 SW 11th Avenue, Suite 400
Portland, OR 97205-2605
Phone: 503-595-3922
Facsimile: 503-595-3928
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1 Any person who wishes to submit written comments to the Commission on Idaho
2 Power's application must do so no later than January 12, 2012.

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4 DATED: December 15, 2011.

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IDAHO POWER COMPANY

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Boise, ID 83707

Of Attorneys for Idaho Power Company

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CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of Idaho Power's Application for Deferred Accounting of Net Variable Power Cost Variances and the Notice of Application, Attachment A, to the Parties of record in Docket UE 233 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.

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DATED: December 15, 2011


Wendy McIndoo, Office Manager