

# McDowell Rackner & Gibson PC



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December 26, 2012

## VIA EMAIL AND U.S. MAIL

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

**Re: Docket UM 1464 (3)**

Attention Filing Center:

Attached for filing are the original and five copies of Idaho Power Company's Application for Deferred Accounting of Net Variable Power Cost Variances. Confidential Attachment B is being provided confidentially pursuant to OAR 860-001-0070. A Motion for Protective Order is being filed concurrently to this Application.

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.

Please contact me if you have any questions.

Very truly yours,

Wendy McIndoo  
Office Manager

Enclosures

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1464(3)

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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, 2013. 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 Rackner  
McDowell Rackner & Gibson PC  
419 SW 11<sup>th</sup> Avenue, Suite 400  
Portland, OR 97205-2605  
dockets@mcd-law.com

Lisa Nordstrom  
Idaho Power Company  
P.O. Box 70  
Boise, ID 83707  
lnordstrom@idahopower.com

1 Christa Bearry  
2 Idaho Power Company  
3 P.O. Box 70  
4 Boise, Idaho 83707  
5 dockets@idahopower.com

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

7 **A. Description**

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

14 **B. Reasons for Deferral**

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

23 This deferral is filed pursuant to Order No. 08-238 and ORS 757.259(2)(e). This  
24 deferral will minimize the frequency of rate changes or the fluctuation of rate levels or  
25 match appropriately the costs borne by and benefits received by customers.  
26

1 C. Proposed Accounting

2 Idaho Power records revenues and expenses that would be subject to the deferral  
3 order in accordance with the Code of Federal Regulations (CFR) to FERC Account 501  
4 (Fuel), FERC Account 547 (Fuel), FERC Account 447 (Sales for Resale), FERC 565  
5 (Transmission by Others) and FERC 555 (Purchased Power). Upon receiving approval of  
6 a deferral, Idaho Power proposes to record the Deferred Amount by debiting FERC  
7 Account 182.3 (Regulatory Assets); crediting FERC Account 557 (Other Expenses) if there  
8 is an amount to collect from customers. If there is a refund to customers, Idaho Power  
9 would record the Accrued Amount in FERC Account 254 (Regulatory Liabilities); debiting  
10 FERC Account 557 (Other Expenses).

11 D. Estimate of Amounts

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

19 E. Notice

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

22 A.

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

A. Entries in the Deferred Account to Date

Attached to the Application as Attachment B is a description and explanation of the entries in this deferred account as of the date of the Application. The attachment includes unreported financial information and is confidential pursuant to OAR 860-001-0070.

B. Reason for Continuation of Deferred Accounting

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

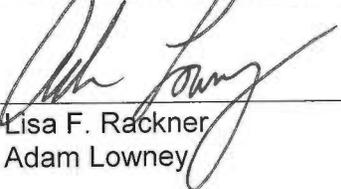
**IV. CONCLUSION**

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

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

DATED: December 26, 2012

McDOWELL & RACKNER PC

  
\_\_\_\_\_  
Lisa F. Rackner  
Adam Lowney

**IDAHO POWER COMPANY**

Lisa D. Nordstrom  
Lead Counsel  
PO Box 70  
Boise, ID 83707

Of Attorneys for Idaho Power Company

**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(3)**

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 26, 2012, 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 Rackner  
McDowell Rackner & Gibson PC  
419 SW 11<sup>th</sup> Avenue, Suite 400  
Portland, OR 97205-2605  
Phone: 503-595-3922  
Facsimile: 503-595-3928  
[dockets@mcd-law.com](mailto:dockets@mcd-law.com)

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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 by no later than January 25, 2013.

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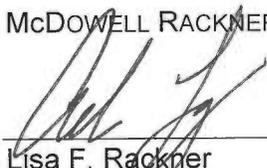
4 DATED: December 26, 2012.

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McDOWELL RACKNER & GIBSON PC

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\_\_\_\_\_  
Lisa F. Rackner  
Adam Lowney

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**IDAHO POWER COMPANY**

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Lisa D. Nordstrom  
Lead Counsel  
PO Box 70  
Boise, ID 83707

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Of Attorneys for Idaho Power Company

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**Attachment B  
to Idaho Power Company's  
Application for Deferred Accounting of Net Variable Power Cost Variances**

**NON-CONFIDENTIAL**

**ATTACHMENT B**  
**IS CONFIDENTIAL**  
**PURSUANT TO OAR 860-001-0070**

**CERTIFICATE OF SERVICE**

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

Citizens' Utility Board of Oregon OPUC Dockets <a href="mailto:dockets@oregoncub.org">dockets@oregoncub.org</a>	Robert Jenks Citizens' Utility Board of Oregon <a href="mailto:bob@oregoncub.org">bob@oregoncub.org</a>
Catriona McCracken Citizens' Utility Board of Oregon <a href="mailto:catriona@oregoncub.org">catriona@oregoncub.org</a>	Stephanie Andrus Assistant Attorney General <a href="mailto:stephanie.andrus@state.or.us">stephanie.andrus@state.or.us</a>
Don Reading <a href="mailto:dreading@mindspring.com">dreading@mindspring.com</a>	Judy Johnson Public Utility Commission of Oregon <a href="mailto:judy.johnson@state.or.us">judy.johnson@state.or.us</a>
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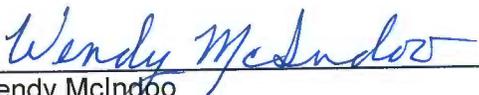
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DATED: December 26, 2012

  
\_\_\_\_\_  
Wendy McIndoo  
Office Manager