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March 11, 2016

Public Utility Commission of Oregon
Filing Center
201 High Street SE, Suite 100
P.O. Box 1088
Salem, Oregon 97301

RE: Tariff Advice No. 16-04
Modifications to Schedule 92, Boardman Operating Life Adjustment

Attention Filing Center:

Idaho Power Company (“Idaho Power” or “Company”) herewith transmits for filing revisions to Schedule 92, Boardman Operating Life Adjustment, (“Schedule 92”) with a requested effective date of June 1, 2016. Pursuant to Commission Order No. 12-235, Idaho Power has completed its annual update to the Boardman Power Plant (“Boardman”) incremental revenue requirement and review of the Boardman balancing account for 2015. The purpose of this filing is to provide the Public Utility Commission of Oregon (“Commission”) with (1) a description of adjustments made to the incremental recovery amount and (2) a revenue collection worksheet that tracks the over or under collection of the previous year’s allowed revenue.

Background

On September 26, 2011, Idaho Power filed an application with the Commission requesting approval of the establishment of Schedule 92, the balancing account whereby incremental costs and benefits associated with the shutdown of Boardman will be tracked and recovered from Oregon customers (Docket No. UE 239). In June 2012, the Commission issued Order No. 12-235 approving the Company’s proposed balancing account and method for recovering costs associated with the early shutdown of Boardman. The approved balancing account will track costs associated with (1) the accelerated depreciation of existing Boardman investments and (2) decommissioning costs related to the Boardman shutdown. The Commission approved the recovery of these incremental costs through Schedule 92, smoothing revenue requirement impacts of the early Boardman retirement over the remaining years of the plant’s life and allowing for full recovery of Boardman-related costs by Boardman life end. With the order, the Company’s Oregon jurisdictional revenue requirement increased by \$107,223 effective July 1, 2012.

On November 4, 2014, the Commission approved an application by Portland General Electric (“PGE”) and Idaho Power for the sale of the ownership interest in a portion of certain facilities at Boardman pursuant to an Asset Purchase Agreement (“APA”) between the parties. The APA provided for the conveyance and sale from Idaho Power to PGE of a partial interest in certain Boardman components and common facilities necessary

or convenient to the operation of PGE's Carty Generation Station, collectively referred to as "Shared Facilities". The net book value associated with the APA for the purchase of Shared Facilities at Boardman was \$356,145 while the purchase price was \$620,205, resulting in a gain of \$264,060 on a total system basis of which \$11,500 is allocable to Oregon. Staff agreed with the Company that the Boardman balancing account is the appropriate mechanism for recording the gain. Therefore, the Company has computed the annual credit to customers by converting the gain into an annuity or level payment stream over the remaining life of the plant, or six years. The Oregon jurisdictional portion of this levelized payment is \$2,290 and will be an offset to the annual revenue requirement impact to customers.

The Incremental Revenue Requirement Calculation

The revenue requirement calculation approved by Order No. 12-235 includes the costs of accelerating the depreciation of the Boardman plant items and the decommissioning costs associated with the shutdown of Boardman. The calculation includes the incremental change in depreciation expense and associated reserve resulting from the acceleration of depreciation of the Boardman plant accounts. It also includes decommissioning and salvage costs that are "levelized" by calculating the present value of each of the individual items and converting the values into an annuity or level payment stream from customers over the remaining life of Boardman. The annuity recognizes the time value of dollars collected from customers for future costs.

Revenue Requirement on Boardman Investments. As part of the Settlement Agreement approved in Docket No. UE 239, Idaho Power agreed that costs associated with investments made at Boardman after December 31, 2011, or after the Company's last general rate case approving Boardman-related plant in service, will not be added to the balancing account until approval has been received in future ratemaking proceedings. Idaho Power has not received approval of investments made at Boardman after December 31, 2011, in a separate ratemaking proceeding, and therefore, no updates to the accelerated depreciation of the Boardman plant investments have been made.

Revenue Requirement on Decommissioning and Salvage Costs. Idaho Power estimated its share of the decommissioning costs by applying the Company's 10 percent ownership percentage to the decommissioning study performed by Black & Veatch for PGE. Because a new study has not been completed since approval of the Company's incremental revenue requirement in Docket No. UE 239, no updates have been made to the decommissioning costs and expected salvage. PGE has contracted with a vendor to prepare a new decommissioning study which is expected to be finalized mid-2016. The updated study will provide Idaho Power a more accurate forecast of decommissioning and salvage costs as the plant's closure nears. Idaho Power anticipates these updated costs will be included next year when the Company completes its review of the Boardman balancing account for 2016.

The Tracking of Revenue Collections

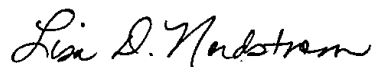
In Docket No. UE 239, the Company committed to tracking the monthly deviations between forecast revenue collection and actual revenue collection and incorporating any overage or shortfall into the new incremental revenue requirement. From January 1, 2015, through December 31, 2015, actual revenue collections were slightly higher than forecasted revenue collections by \$1,365. A copy of the tracking of the monthly deviations between the forecasted revenue collections and actual revenue collections is provided in the attached spreadsheet.

Request

The Company is not proposing changes to the Oregon jurisdictional incremental revenue requirement of \$107,223 approved in Docket No. UE 239 except to reflect the net of the gain associated with the sale of the Shared Facilities and the reduction due to the collection of additional revenue from the previous year's incremental revenue requirement, resulting in a total reduction in revenue collections associated with the calendar year 2015 of \$3,655 ($(\$2,290) + (\$1,365) = (\$3,655)$). This would bring the total Oregon jurisdictional incremental revenue requirement collected through Schedule 92 to \$103,568. Using an updated sales forecast for the June 1, 2016, to May 31, 2017, time period, this equates to an overall decrease of \$12,448, or 0.02 percent. The Company respectfully requests that the attached revised Schedule 92 become effective June 1, 2016.

If you have any questions regarding this filing, please call Courtney Waites, Senior Regulatory Analyst at (208) 388-5612.

Sincerely,



Lisa D. Nordstrom
Lead Counsel
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LDN:kkt

Enclosures

SCHEDULE 92
BOARDMAN OPERATING LIFE ADJUSTMENT

PURPOSE

To recover from Customers the revenue requirement impact of the incremental costs and benefits associated with the shutdown of the Boardman power plant.

APPLICABILITY

This Schedule is applicable to all retail Customers served under the Company's schedules and special contracts.

ADJUSTMENT RATE

The Adjustment Rate is:

<u>Schedule</u>	<u>Description</u>	<u>Adjustment Rate</u>	
1	Residential Service	0.0150¢ per kWh	(R) (R)
7	Small General Service	0.0150¢ per kWh	
9-S	Large General Service (Secondary)	0.0150¢ per kWh	
9-P	Large General Service (Primary)	0.0150¢ per kWh	
9-T	Large General Service (Transmission)	0.0150¢ per kWh	
15	Dusk to Dawn Lighting	0.0150¢ per kWh	
19-S	Large Power Service (Secondary)	0.0150¢ per kWh	
19-P	Large Power Service (Primary)	0.0150¢ per kWh	
19-T	Large Power Service (Transmission)	0.0150¢ per kWh	
24-S	Irrigation Service (Secondary)	0.0150¢ per kWh	
24-T	Irrigation Service (Transmission)	0.0150¢ per kWh	
40	Unmetered General Service	0.0150¢ per kWh	
41	Municipal Street Lighting	0.0150¢ per kWh	
42	Traffic Control Lighting	0.0150¢ per kWh	

Boardman Balancing Account Revenue Tracking
 Twelve Months Ended December 31, 2015

	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Total
Boardman Forecasted Revenues													
Normalized OR Jurisdictional Sales (MWh)	56,401	54,677	52,848	48,212	40,364	51,722	57,351	57,459	60,777	50,629	52,040	61,392	643,871
Boardman Rate (\$)	0.162000	0.162000	0.162000	0.162000	0.162000	0.168000	0.168000	0.168000	0.168000	0.168000	0.168000	0.168000	
Boardman Forecasted Revenues	9,137	8,858	8,561	7,810	6,539	8,689	9,635	9,653	10,211	8,506	8,743	10,314	\$ 106,655
Boardman Actual Revenues													
Oregon Jurisdictional Sales (MWh)	59,134	51,614	42,045	48,660	50,697	53,323	70,672	62,751	60,364	47,405	50,902	54,418	
Boardman Rate (\$)	0.162000	0.162000	0.162000	0.162000	0.162000	0.168000	0.168000	0.168000	0.168000	0.168000	0.168000	0.168000	
Boardman Actual Revenues	9,580	8,362	6,811	7,883	8,213	8,958	11,873	10,542	10,141	7,964	8,551	9,142	\$ 108,021
Difference	443	(496)	(1,750)	73	1,674	269	2,238	889	(69)	(542)	(191)	(1,172)	\$ 1,365
Total Over (Under) Collection	443	(53)	(1,803)	(1,731)	(57)	212	2,450	3,339	3,270	2,728	2,537	1,365	\$ 1,365