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May 13, 2020

VIA ELECTRONIC FILING

Attention: Filing Center
Public Utility Commission of Oregon
201 High Street SE, Suite 100
P.O. Box 1088
Salem, Oregon 97308-1088

Re: Docket UE 376 – In the Matter of Idaho Power Company’s 2019 Annual Power Supply Expense True-Up

Attention Filing Center:

Attached for filing in the above-captioned docket is an electronic copy of the Stipulation, which is being filed concurrently with the Joint Explanatory Brief in support of the Stipulation.

Please contact this office with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Cheyenne Aguilera", with a large, sweeping flourish extending to the right.

Cheyenne Aguilera
Office Manager

Attachment

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 376

In the Matter of
IDAHO POWER COMPANY
2019 Annual Power Supply Expense True-Up.

STIPULATION

1 This Stipulation resolves all issues between the parties related to Idaho Power
2 Company’s (“Idaho Power” or “Company”) 2019 Annual Power Supply Expense True-Up (“True-
3 Up”) filed pursuant to Order No. 08-238,¹ as amended by Order No. 09-373.² This True-Up
4 implements the Company’s Power Cost Adjustment Mechanism (“PCAM”) by calculating the
5 deviation between actual net power supply expenses (“NPSE”) and those expenses recovered
6 through the Combined Rate.

PARTIES

7 1. The parties to this Stipulation are Staff of the Public Utility Commission of Oregon
8 (“Staff”), the Oregon Citizens’ Utility Board (“CUB”), and Idaho Power (together, the “Stipulating
9 Parties”). No other party intervened in this docket.

BACKGROUND

10 2. As part of the PCAM approved by the Public Utility Commission of Oregon
11 (“Commission”), each February, Idaho Power must file a True-Up that calculates the difference
12 between the actual NPSE incurred by the Company in the relevant PCAM year (January through

¹ *Re Idaho Power Company’s Application for Authority to Implement a Power Cost Adjustment Mechanism*, Docket No. UE 195, Order No. 08-238 (Apr. 28, 2008).

² *Re Idaho Power Company’s Application for Authority to Implement a Power Cost Adjustment Mechanism*, Docket No. UE 195, Order No. 09-373 (Sept. 18, 2009).

1 December) and the expenses recovered for that period through the Combined Rate.³ NPSE
2 deviations that are eligible, as determined by the terms of Order No. 08-238, are added to the
3 Annual Power Supply Expense True-Up Balancing Account (“True-Up Balancing Account”) at
4 the end of each 12-month period ending in December, along with 50 percent of the annual
5 interest calculated at the Company’s authorized cost of capital.⁴ To be eligible for inclusion in
6 the True-Up Balancing Account, the NPSE deviation must fall outside the NPSE deadband⁵ and
7 pass the earnings test described in Order No. 08-238.⁶

8 3. On February 25, 2020, Idaho Power filed its True-Up reflecting the NPSE deviation
9 for calendar year 2019. The Company’s initial filing used the 2018 Oregon Results of
10 Operations (“ROO”) report, which was the most recent ROO available at the time of the filing.⁷
11 The NPSE deviation was negative \$15,225,136.12 on a system-wide basis, or negative
12 \$704,923.80 on an Oregon-allocated basis.⁸ The NPSE deadbands, calculated using the 2018
13 ROO, were \$2,584,287 (upper) and negative \$1,292,143 (lower).⁹ The Oregon-allocated NPSE
14 deviation was within the NPSE deadbands calculated using the 2018 ROO, *i.e.*, the amount of
15 the NPSE deviation, negative \$704,923.80, was greater than the lower deadband of negative

³ Order No. 08-238 at 2-3.

⁴ *Id.*

⁵ *Id.* The NPSE deadband is based upon the Company’s capital structure and the rate base, measured on an Oregon basis, from the most recent Oregon ROO report. The Oregon Allocated Power Cost Deviation is compared to the positive and/or negative deadbands. A positive deviation (actual NPSE greater than those recovered through the Combined Rate) constitutes an excess power supply expense. This expense is first reduced by a deadband that is the dollar equivalent of 250 basis points of ROE (Oregon basis). A negative deviation (actual NPSE less than those recovered through the Combined Rate) is a power supply expense savings. This savings is reduced by a deadband that is the dollar equivalent of 125 basis points of ROE (Oregon basis).

⁶ *Id.* If the Company’s earnings are within 100 basis points of its authorized ROE for the previous year ending December 31, then no amounts will be added to the True-Up Balancing Account even if the NPSE deviation falls outside the NPSE deadbands.

⁷ Idaho Power/100, Waites/3.

⁸ Idaho Power/100, Waites/4–5.

⁹ Idaho Power/100, Waites/7.

1 \$1,292,143.¹⁰ Therefore, the Company's initial filing determined that \$0.00 should be added to
2 the True-Up Balancing Account and no earnings test was needed.¹¹

3 4. The Company's initial filing also addressed the difference between the actual
4 operations and maintenance ("O&M") expense incurred because of the Company's participation
5 in the Western Energy Imbalance Market ("EIM") and the EIM expenses included in rates¹² and
6 the appropriate treatment of proceeds from the sale of Renewable Energy Credits ("REC").¹³
7 Consistent with Order Nos. 11-086 and 17-185, the REC proceeds are applied as a credit to
8 the True-Up Balancing Account.¹⁴

9 5. On March 24, 2020, CUB filed its Notice of Intervention. On April 1, 2020,
10 Administrative Law Judge Christopher J. Allwein held a prehearing conference at which the
11 parties to this docket agreed upon a limited procedural schedule, based on the likelihood that
12 the parties would settle this matter.¹⁵

13 6. As required by Order No. 09-373, on April 15, 2020, the Company filed
14 supplemental testimony that calculated the NPSE deadband using the Company's 2019 ROO
15 report, which was finalized after the initial February filing. The use of the 2019 ROO resulted in
16 changes to the upper and lower power supply expense deadband values. The upper deadband
17 changed to \$2,672,533 and the lower deadband changed to negative \$1,336,267.¹⁶ The
18 Company also used the 2019 ROO to update the Oregon allocation percentage used to
19 calculate Oregon's share of the NPSE deviation. The Oregon-allocated NPSE deviation based
20 on 2019 ROO was negative \$689,698.67, which is greater than the lower deadband of negative

¹⁰ Idaho Power/100, Waites/7.

¹¹ Idaho Power/100, Waites/7.

¹² Idaho Power/100, Waites/8.

¹³ Idaho Power/100, Waites/7; *Re Application of Idaho Power Company to Sell RECs*, Docket No. UP 269, Order No. 11-086 (Mar. 15, 2011).

¹⁴ Idaho Power/100, Waites/7.

¹⁵ See Prehearing Conference Memorandum (Apr. 1, 2020).

¹⁶ Idaho Power/200, Waites/2.

1 \$1,336,267.¹⁷ Therefore, the Company's filing based on the 2019 ROO also determined that
2 \$0.00 should be added to the True-Up Balancing Account.

3 7. Pursuant to the agreed upon schedule, Staff, CUB, and the Company participated
4 in a settlement conference on April 28, 2020. As a result of the settlement discussions, the
5 Stipulating Parties have agreed as follows:

AGREEMENT

6 8. The Stipulating Parties agree that the Company has correctly calculated the NPSE
7 amount of the True-Up for later inclusion in rates as \$0.00 and that this calculation complies
8 with the terms of Order Nos. 08-238 and 09-373. Thus, the Stipulating Parties agree that the
9 Company will not add any NPSE deviation amounts to the True-Up Balancing Account for 2019.

10 9. The Stipulating Parties agree that the 2019 net proceeds from the sale of RECs
11 should be applied as a credit to the True-Up Balancing Account, consistent with Order No. 11-
12 086.¹⁸

13 10. The Stipulating Parties agree that Idaho Power will update the level of amortization
14 collection associated with intervenor funding amounts as well as include amortization of
15 deferred O&M start-up expenses associated with the Company's participation in the EIM. Idaho
16 Power will begin amortization and collection in rates through Schedule 56 of \$37,383 in
17 intervenor funding amounts and \$23,842 in deferred EIM O&M start-up expenses. All intervenor
18 funding amounts are associated with intervenors acting on behalf of the residential customer
19 class and will therefore be collected only from residential customers while the deferred EIM
20 O&M start-up expenses will be collected from all customers classes for the June 1, 2020,
21 through May 31, 2021, time period.

¹⁷ *Id.*

¹⁸ Order No. 11-086 at 2 ("Idaho Power will record all net proceeds from the sale of RECs in a regulatory liability account to accrue interest at the Company's authorized cost of capital. Net REC proceeds shall be applied as a credit to the Annual Power Supply Expense True-up Balancing Account as part of the Power Cost Adjustment Mechanism (PCAM) after all variances (including deadbands and earnings review), less 10 percent of proceeds which may be retained by the Company.").

1 11. The Stipulating Parties agree to submit this Stipulation to the Commission and
2 request that the Commission approve the Stipulation as presented. The Stipulating Parties
3 agree that the rates resulting from the Stipulation are fair, just, and reasonable.

4 12. This Stipulation will be offered into the record of this proceeding as evidence
5 pursuant to OAR 860-001-0350(7). The Stipulating Parties agree to support this Stipulation
6 throughout this proceeding and any appeal, (if necessary) provide witnesses to sponsor this
7 Stipulation at the hearing and recommend that the Commission issue an order adopting the
8 settlements contained herein.

9 13. If this Stipulation is challenged by any other party to this proceeding, the Stipulating
10 Parties agree that they will continue to support the Commission's adoption of the terms of this
11 Stipulation. The Stipulating Parties agree to cooperate in cross-examination and put on such a
12 case as they deem appropriate to respond fully to the issues presented, which may include
13 raising issues that are incorporated in the settlements embodied in this Stipulation.

14 14. The Stipulating Parties have negotiated this Stipulation as an integrated document.
15 If the Commission rejects all or any material part of this Stipulation, or adds any material
16 condition to any final order that is not consistent with this Stipulation, each Stipulating Party
17 reserves its right, pursuant to OAR 860-001-0350(9), to present evidence and argument on the
18 record in support of the Stipulation or to withdraw from the Stipulation. Stipulating Parties shall
19 be entitled to seek rehearing or reconsideration pursuant to OAR 860-001-0720 in any manner
20 that is consistent with the agreement embodied in this Stipulation.

21 15. By entering into this Stipulation, no Stipulating Party shall be deemed to have
22 approved, admitted, or consented to the facts, principles, methods, or theories employed by any
23 other Stipulating Party in arriving at the terms of this Stipulation, other than those specifically
24 identified in the body of this Stipulation. No Stipulating Party shall be deemed to have agreed
25 that any provision of this Stipulation is appropriate for resolving issues in any other proceeding,
26 except as specifically identified in this Stipulation.

1 16. This Stipulation may be executed in counterparts and each signed counterpart
2 shall constitute an original document.

3 This Stipulation is entered into by each Stipulating Party on the date entered below such
4 Stipulating Party's signature.

STAFF

OREGON CITIZENS' UTILITY BOARD

By: Stephanie Andrus

By: _____

Date: May 12, 2020

Date: _____

IDAHO POWER

By: _____

Date: _____

1 16. This Stipulation may be executed in counterparts and each signed counterpart
2 shall constitute an original document.

3 This Stipulation is entered into by each Stipulating Party on the date entered below such
4 Stipulating Party's signature.

STAFF

By: _____

Date: _____

OREGON CITIZENS' UTILITY BOARD

By:  _____

Date: May 12, 2020 _____

IDAHO POWER

By: _____

Date: _____

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STAFF

OREGON CITIZENS' UTILITY BOARD

By: _____

By: _____

Date: _____

Date: _____

IDAHO POWER

By: _____  _____

Date: May 13, 2020