MCDOWELL RACKNER GIBSON PC

COLE ALBEE
Main (503) 595-3922
cole@mrg-law.com

May 24, 2024

VIA E-MAIL TO

Public Utility Commission of Oregon
Filing Center
201 High Street SE, Suite 100
Salem, Oregon 97301-3398

Re: Docket No. UE 426 - In the Matter of Idaho Power Company, Request for a General Rate Revision.

Attention Filing Center:

Attached for filing in the above-reference docket, please find the Joint Testimony in Support of First Partial Stipulation filed on behalf of Idaho Power Company, Staff of the Public Utility Commission of Oregon, the Oregon Citizens' Utility Board, and the Community Energy Project.

Please contact this office with any questions.

Sincerely,

Cole Albee

Cole Albee
Paralegal
McDowell Rackner Gibson PC

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 426

In the Matter of
IDAHO POWER COMPANY,
Application for a General Rate Revision

IDAHO POWER-STAFF-CUB-CEP

JOINT TESTIMONY IN SUPPORT OF FIRST PARTIAL STIPULATION

WITNESSES:

TIMOTHY TATUM, IDAHO POWER

CONNIE ASCHENBRENNER, IDAHO POWER

ITAYI CHIPANERA, OPUC STAFF

BRET STEVENS, OPUC STAFF

BOB JENKS, CUB

CHARITY FAIN, CEP

May 24, 2024

I. INTRODUCTION AND SUMMARY

Q. Who is sponsoring this testimony?

A. This testimony is sponsored jointly by Idaho Power Company ("Idaho Power" or the "Company"), Staff of the Public Utility Commission of Oregon ("Staff"), the Oregon Citizens' Utility Board ("CUB") (collectively, the "Stipulating Parties"), and jointly, in part, by the Community Energy Project ("CEP"). CEP only sponsors this Joint Testimony on the issues described in Paragraphs IV(o), IV(p), VI(g), VI(h), and VI(i), and otherwise supports the recommendation to approve the First Partial Stipulation.

Q. Please provide your names, positions, and qualifications.

A. My name is Timothy E. Tatum, and my current position is Vice President of Regulatory Affairs for Idaho Power. My qualifications are provided in Idaho Power/200, Tatum/1-2.

My name is Connie G. Aschenbrenner, and my current position is Rate Design Senior Manager in the Regulatory Affairs Department of Idaho Power. My qualifications are provided in Idaho Power/1300, Aschenbrenner/1.

My name is Itayi Chipanera, and my current position is Senior Financial Analyst for Staff. My qualifications are provided in Exhibit Staff/201.

My name is Bret Stevens, and my current position is Senior Economist for Staff. My qualifications are provided in Exhibit Staff/1501.

My name is Bob Jenks, and my current position is Executive Director for CUB. My qualifications are provided in Exhibit CUB/101.

My name is Charity Fain, and my current position is Executive Director for CEP. My qualifications are provided in Exhibits CEP/101 and CEP/102.

Q. What is the purpose of this Joint Testimony?

A. This Joint Testimony describes and supports the First Partial Stipulation filed in this docket on May 16, 2024. The First Partial Stipulation addresses all issues among the Stipulating

Parties except those relating to the programmatic elements of Idaho Power's Bill Discount Program, which will be addressed in a Second Partial Stipulation.

Q. Please explain the position of J. R. Simplot Company ("Simplot").

A. Simplot is a party to the First Partial Stipulation. However, in lieu of sponsoring the Joint Testimony, Simplot is separately filing a brief in support of the First Partial Stipulation.

Q. Is the First Partial Stipulation supported by all parties to docket UE 426?

A. The First Partial Stipulation is supported by the parties to docket UE 426 who had been granted party status at the time of the settlement conferences resulting in the First Partial Stipulation. The Oregon Irrigation Pumpers Association, Inc. ("OIPA") was granted intervention in docket UE 426 after the Stipulating Parties reached an agreement in principle, and is not a party to the First Partial Stipulation. On May 22, 2024, Idaho Power conferred with OIPA regarding the First Partial Stipulation and understands that OIPA will likely object to the rate spread and demand charge included in the First Partial Stipulation.

II. BACKGROUND

Q. Please summarize the background and context of docket UE 426.

A. On December 15, 2023, Idaho Power filed a request for a general rate revision ("Initial Filing") with the Public Utility Commission of Oregon ("Commission") to become effective on October 15, 2024. The Company developed its case using a test year comprised of the 12 months ending on December 31, 2024 ("2024 Test Year"). The Company's test year methodology began with actual 12-month financial results from 2022 adjusted to include typical and traditional ratemaking adjustments consistent with a historical test year, and then further adjusted to reflect the 2024 Test Year. Idaho Power requested to revise customer rates in order to increase the Company's annual Oregon-jurisdictional revenues by approximately $10.7 million, representing a 19.28 percent increase in revenues from the current base rates.

CUB filed its notice of intervention on December 21, 2023, and Simplot filed its petition to intervene on January 2, 2024. Staff is a party to this case as of right and is not required to file a petition to intervene. Administrative Law Judge ("ALJ") John Mellgren convened a prehearing conference on January 9, 2024, which was attended by Staff, CUB, Simplot, and CEP.[1] On January 12, 2024, ALJ Mellgren issued a memorandum establishing a procedural schedule and granting Simplot's request to intervene. CEP filed its petition to intervene on February 28, 2024, and ALJ Mellgren granted CEP's petition on March 4, 2024.

Q. Did Idaho Power provide notice of the proposed rate increase to its customers?

A. Yes. On December 19 and 20, 2023, Idaho Power published notices in several newspapers within its service area and between approximately January 8 and February 5, 2024, the Company issued bill inserts to all customers.

Q. Did Idaho Power host a workshop to discuss its Initial Filing and answer Staff and stakeholder questions?

A. Yes. On February 13, 2024, the parties held a workshop to discuss the Company's filing.

Q. How did the procedural schedule address issues related to energy justice?

A. On February 16, 2024, the Administrative Hearings Division held a workshop to provide training on rate case participation to stakeholders. On March 5, 2024, the Commission held a Special Public Meeting Workshop on environmental justice issues. The Company held an additional related workshop on April 15, 2024, focusing on priority topics for energy justice stakeholders. These workshops provided a platform for stakeholders to voice their concerns regarding the energy justice components of the Company's general rate case. In addition to these two workshops, stakeholder comments have been submitted in the

[1] CEP was not a party when it attended the prehearing conference.

docket from NW Energy Coalition, Verde, Baker County Parks, and Baker County Commissioners, among other organizations. Further, public comment hearings were held on March 14, 2024, and March 20, 2024.

Q. Have the Stipulating Parties conducted discovery in this case?

A. Yes. The Stipulating Parties actively engaged in formal discovery, which included 16 data requests from CUB to Idaho Power and over 500 data requests from Staff to Idaho Power. The Company also responded to other informal requests for information through email and participated in ad hoc phone calls and video meetings with intervenors, as needed.

Q. Did the Stipulating Parties file testimony and propose adjustments to Idaho Power's Initial Filing?

A. Yes, in part. Staff, CUB, and CEP filed Opening Testimony on March 25, 2024, in which they proposed various adjustments to Idaho Power's Initial Filing. Simplot did not file testimony.

Staff's testimony included sixteen witnesses. Staff recommended decreasing Idaho Power's requested revenue requirement increase by approximately 46 percent to $5,747,000.

CUB's testimony included two witnesses. CUB's testimony highlighted the uniquely high energy burden of Idaho Power's Oregon residential customers when recommending that the Commission adopt a rate shock policy and in discussing the utility's proposed seasonal rates and the Bill Discount Program, among other topics.

CEP's testimony included one witness. CEP recommended rejecting the proposed rate increase, or in the alternative, mitigating rate increase impacts and reducing energy burdens for the Company's low-income communities, urging the consideration and adoption of stronger energy efficiency and weatherization programs and also suggested revisions to the Company's proposed Bill Discount Proposal, including adoption of an arrearages management component.

Q. Have the Stipulating Parties to this proceeding engaged in settlement discussions?

A. Yes. On February 13, 2024, the Stipulating Parties convened to address cost of capital. The Stipulating Parties participated in additional settlement conferences on April 5, 2024, and April 18, 2024. As a result of the settlement discussions, the Stipulating Parties reached a partial settlement encompassing all issues in the case aside from the programmatic elements of the Bill Discount Program.[2] Thereafter, Idaho Power moved to suspend the procedural schedule, which was granted on April 24, 2024. The First Partial Stipulation memorializes the Stipulating Parties' agreements.

III. STANDARD OF REVIEW

Q. What is your understanding of the Commission's standard for reviewing stipulations?

A. When evaluating a stipulation, it is our understanding that the Commission will approve it if it is supported by the evidence in the record and results in just and reasonable rates and is in accord with the public interest.[3] In addition, Commission policy has been to encourage voluntary resolution of issues "to the extent that settlement is in the public interest."[4]

[2] The Stipulating Parties agreed to meet and continue negotiations related to the Bill Discount Program during the May 6, 2024, scheduled "3rd Settlement Conference."

[3] *See, e.g.*, *In the Matter of Portland General Electric Company; Request for a General Rate Revisions; and 2024 Annual Power Cost Update*, Docket No. UE 416, Order No. 23-476 at 9 (Dec. 18, 2023) ("We review a stipulation to determine whether overall it results in fair, reasonable, and just rates. We review settlements on a holistic basis to determine whether they serve the public interest and result in just and reasonable rates."); *In the Matter of Northwest Natural Gas Company, dba NW Natural, Request for a General Rate Revision*, Docket No. UG 435, Order No. 22-388 at 6 (Oct. 24, 2022) ("In reviewing a stipulation, we review to determine whether the overall result of the stipulation results in fair, reasonable, and just rates. We review settlements on a holistic basis to determine whether they serve the public interest and result in just and reasonable rates."); *In the Matter of Pacific Power & Light Co. (dba PacifiCorp) Request for a General Rate Increase in the Company's Oregon Annual Revenues*, Docket No. UE 170, Order No. 05-1050 at 29 (Sept. 28, 2005) ("Based on the record in this case, the PacifiCorp rates that result from the stipulations adopted and the conclusions reached in the body of this order are fair, just and reasonable.").

[4] *In the Matter of PacifiCorp, dba Pacific Power, 2010 Transition Adjustment Mechanism*, Docket No. UE 207, Order No. 09-432 at 6 (Oct. 30, 2009).

Q. Does the Commission need to approve specific methodologies or adjustments to approve a stipulation?

A. No. The Commission reviews settlements on a holistic basis to determine whether they serve the public interest and result in just and reasonable rates.[5] "When considering a stipulation, [the Commission] need not evaluate each individual adjustment, theory, or methodology proposed by the parties, but may review the reasonableness of the overall rates, recognizing that a stipulation may represent a compromise of different positions."[6] The Stipulation allows for the settlement of this case without agreement on the methodology for issues raised by the Stipulating Parties. Approval of the Stipulation does not represent the Commission adopting any party's methodology for those adjustments.

IV. REVENUE REQUIREMENT

a. Overall Revenue Requirement

Q. Please summarize the adjustment to revenue requirement agreed upon by the Stipulating Parties.

A. Idaho Power requested a revenue requirement increase of approximately $10.7 million, or a 19.28 percent increase.[7] Staff proposed to reduce the Company's revenue requirement to approximately $5.7 million.[8] The Stipulating Parties agree that the Oregon-jurisdictional revenue requirement proposed by the Company in its direct case will be reduced by the adjustments shown in the table below, which results in a total Oregon-jurisdictional revenue requirement increase of approximately $6.7 million, representing an increase of 12.14 percent over current base rates. The new rates produced by this agreement will become effective on October 15, 2024.

---

[5] Docket No. UE 416, Order No. 23-476 at 9.
[6] *In the Matter of PacifiCorp, dba Pacific Power, 2012 Transition Adjustment Mechanism*, Docket No. UE 227, Order No. 11-435 at 3 (Nov. 4, 2011) (internal quotation marks and citations omitted).
[7] Idaho Power/100, Grow/22.
[8] Staff/200, Chipanera/3.

Summary of Stipulated Revenue Requirement Adjustments (Figures reflect Oregon Jurisdictional Amounts)		
Filed Net Revenue Increase: $10,694,934		
Stipulated Adjustments	**Adjustment Impact**	**Net Rate Change**
1. Cost of Capital		
a. Rate of Return & Capital Structure	($1,284,244)	$9,410,690
2. Jurisdictional Allocation		
b. Jurisdictional Allocation	($700,505)	$8,710,185
c. Wildfire Mitigation	($834,951)	$7,875,234
3. Revenue Requirement Adjustments		
d. Uncollectible Accounts	($198,769)	$7,676,466
e. Compensation	($241,748)	$7,434,717
f. Benefits	($150,335)	$7,284,382
g. Oregon Regulatory Commission Fees	($78,717)	$7,205,665
h. Hydro Kilowatt Hours Tax	($76,731)	$7,128,934
i. Corporate Activities Tax	($69,617)	$7,059,317
j. Transmission and Distribution O&M	($40,950)	$7,018,367
k. Materials and Supplies	($59,993)	$6,958,374
l. Hydro Facilities	($24,849)	$6,933,525
m. Cash Working Capital	($15,177)	$6,918,348
n. Miscellaneous Adjustments	($136,553)	$6,781,794
o. Weatherization Expense Recovery	($50,000)	$6,731,794

Q. Do the Stipulating Parties agree on all the methodologies employed to determine each adjustment?

A. No, the Stipulating Parties do not necessarily agree upon all the methodologies used to determine each adjustment included in the First Partial Stipulation. However, the Stipulating Parties believe that, collectively, all the agreed-upon adjustments represent a reasonable settlement of the issues in the First Partial Stipulation, and that, taken together, the adjustments result in an overall revenue requirement that will produce rates that are fair, just, and reasonable. As such, the Stipulating Parties agree that the First Partial Stipulation is in the public interest and support Commission adoption of its terms.

b. Rate of Return

Q. Please describe the Stipulating Parties' agreement regarding rate of return.

A. Idaho Power proposed a rate of return of 7.807 percent, with a capital structure comprised of 51 percent equity and 49 percent debt, a 5.104 percent cost of debt, and a 10.40 percent return on equity.[9] Staff proposed a rate of return of 7.150 percent, with a capital structure comprised of 50 percent equity and 50 percent debt, a 4.999 percent cost of debt, and a 9.30 percent return on equity.[10] CUB recommended that the Company's return on equity should be below 9.4 to 9.5 percent.[11] The Stipulating Parties agree that the Company's return on equity should be set at 9.5 percent and the Company's overall rate of return should be set at 7.302 percent. The individual components in the assumed capital structure should be set as shown in the table below.

Financial Component	Weight	Cost	Weighted Average
Cost of Long-Term Debt	50%	5.104%	2.552%
Common Equity	50%	9.500%	4.750%
Total	100%		7.302%

This adjustment reduces the Company's requested revenue requirement by approximately $1.3 million.

c. Jurisdictional Allocation

Q. Please describe the Stipulating Parties' agreement regarding jurisdictional allocation.

A. Staff recommended that the "total load forecast should be broken down and separately estimated for each of [the Company's] jurisdictions."[12] Staff's load forecast for Oregon

[9] Idaho Power/100, Grow/13.
[10] Staff/100, Muldoon/46.
[11] *See* CUB/100, Jenks/18.
[12] Staff/1500, Stevens/3.

is 3.4 percent lower than Idaho Power's, and Staff's Idaho load forecast is 4.2 percent higher than the Company's.[13] Based on Staff's load forecast, Staff proposed changes to the jurisdictional allocation factors that lowered the Oregon revenue requirement by $2,198,400.[14] The Stipulating Parties agree to a revenue requirement reduction of $700,505 related to the modification of certain demand and energy allocators used to apportion costs between Idaho and Oregon customers. The revenue requirement adjustment was the result of reducing the Oregon demand allocation factor downward from 3.95 percent (as filed) to 3.88 percent and the energy allocation factor downward from 4.25 percent (as filed) to 4.175 percent in the jurisdictional separation study. For the purposes of the stipulated revenue requirement, billing determinants and retail revenues will not be adjusted to reflect the modified allocation percentages.

d. Wildfire Mitigation

Q. Please describe the Stipulating Parties' agreement regarding wildfire mitigation.

A. Idaho Power's proposed revenue requirement included Oregon-allocated wildfire mitigation operations and maintenance ("O&M") expenses of approximately $1.9 million.[15] Staff did not take issue with any category of Idaho Powers' wildfire mitigation expenditures. Rather, Staff did not agree with Idaho Power's allocation factor to Oregon and, instead, recommended reducing the Oregon allocated Wildfire Mitigation Plan Test Year amount by $1.06 million to $781,000, based on a 2 percent allocation factor for distribution O&M.[16] Staff recommended the 2 percent allocation factor based on the percentage of Idaho Powers distribution pole miles located in high wildfire risk zones in the Company's Oregon service area.[17] Idaho Power does not agree with this methodology because the

[13] Staff/1500, Stevens/19.
[14] Staff/1500, Stevens/27.
[15] Idaho Power/500, Colburn/22.
[16] Staff/900, Mondragon/29.
[17] Staff/900, Mondragon/27.

Company's wildfire mitigation work occurs across its entire service area and is not isolated to wildfire risk zones. Further, Idaho Power notes that wildfire risk zones will change with each new risk mapping assessment. Methodological differences notwithstanding, Idaho Power agrees to employ Staff's allocation percentage for the limited purpose of settlement in this case. As such, the Stipulating Parties agree to a revenue requirement reduction of $834,951 related to the allocation of wildfire mitigation costs between Idaho and Oregon. The Stipulating Parties agree that the adjustment is not an indication of the imprudence of any wildfire mitigation costs, but rather is an adjustment related to using a different allocation methodology than was originally proposed by the Company. Additionally, as part of the settlement, Idaho Power agrees to situs tracking of distribution overhead line vegetation management expenditures on a going-forward basis, with good faith effort at tracking these expenditures at the distribution feeder level.

e. Uncollectible Accounts

Q. Please describe the Stipulating Parties' agreement regarding Uncollectible Accounts.

A. Idaho Power's proposed revenue requirement included Oregon-allocated uncollectible expenses of $461,506.[18] Staff proposed using the three-year average of uncollectible expenses between 2020-2022, which equated to $147,047,[19] to track the overall trend of the uncollectible rate while smoothing out variances from year to year.[20] The Stipulating Parties agree to a reduction to recovery of Uncollectible Accounts expense of $198,769 based on the use of a historical three-year average.

[18] Idaho Power/1002, Larkin/13; Staff/600, Farrell/3.
[19] Staff/600, Farrell/6.
[20] Staff/600, Farrell/5.

f. Compensation

Q. Please describe the Stipulating Parties' agreement regarding Compensation.

A. Staff proposed an adjustment of $67,836 for the Company's base salaries and wages for Oregon,[21] an adjustment of $21,310 attributable to overtime,[22] and an adjustment of $201,440 attributable to employee incentives.[23] To reach its estimates for salaries, wages, and overtime, Staff used its Commission-approved three-year wage and salary ("W&S") model.[24] For incentive pay, Staff followed the Commission's historical practice to make downward payroll adjustments and corresponding incentives adjustments.[25] The Stipulating Parties agree to a revenue requirement reduction of $241,748 related to salaries, wages, and short-term incentives. The Stipulating Parties agree there will be no rate base reduction related to this adjustment.

g. Benefits

Q. Please describe the Stipulating Parties' agreement regarding Benefits.

A. The amount for employee benefit costs in the Initial Filing was calculated using a three-year average of labor loadings for August year-to-date for 2022–2024, then applying that percentage to the actual 2023 labor loadings to estimate 2024 labor loadings.[26] During discovery, Idaho Power provided updated information that included actual 2023 benefit costs and an escalation factor based on its known 2024 labor rates, which Staff used to calculate its adjustment of $148,000.[27] The Stipulating Parties agree to a revenue requirement reduction of $150,335 related to employee benefits based on updated data provided via discovery.

---

[21] Staff/1700, Yamada/8.
[22] Staff/1700, Yamada/9.
[23] Staff/1700, Yamada/12.
[24] Staff/1700, Yamada/5-9.
[25] Staff/1700, Yamada/11-12.
[26] *See* Staff/500, Beitzel/8.
[27] Staff/500, Beitzel/8-9.

h. Oregon Regulatory Commission Fees

Q. Please describe the Stipulating Parties' agreement regarding Oregon Regulatory Commission Fees.

A. Idaho Power proposed $461,577 in regulatory fees for the Test Year.[28] The regulatory commission fee consists of two fees, the Public Utility Commission of Oregon fee ("Commission fee") and the Oregon Department of Energy, Energy Supplier Assessment ("ODOE ESA").[29] When calculating the Commission fee, Staff applied the new Commission fee of 0.45 percent entered on February 22, 2024, in Order No. 24-054.[30] Instead of relying on a single year rate to estimate the ODOE ESA, Staff used a five-year average rate.[31] Staff proposed a total fee of $384,349.[32] The Stipulating Parties agree to a reduction in the recovery of Oregon Regulatory Commission Fees of $78,717 to reflect the updated assessment rate.

i. Hydro Kilowatt Hours Tax

Q. Please describe the Stipulating Parties' agreement regarding the Hydro Kilowatt Hours Tax.

A. Idaho Power requested $139,170 for the hydro kilowatt hours tax,[33] which the Company estimated by "first projecting 2023 kWh taxes based on normalized hydro conditions and normalized consumption then adding or subtracting the difference between the 2023 forecast and the 2022 actuals to determine the 2024 Test Year amount."[34] Staff proposed a reduction of $75,282 based on a downward adjustment in the expected hydro generation

---

[28] Staff/200, Chipanera/10; Idaho Power/1201, Noe/18.
[29] Staff/200, Chipanera/11.
[30] Staff/200, Chipanera/11*; see also In the Matter of Public Utility Commission of Oregon, The Imposition of Annual Regulatory Fees Upon Public Utilities Operating within the State of Oregon*, Docket No. UM 1012, Order No. 24-054, Appendix A at 3 (Feb. 22, 2024).
[31] Staff/200, Chipanera/11.
[32] Staff/200, Chipanera/11.
[33] Staff/200, Chipanera/14.
[34] Idaho Power/1002, Larkin/22.

growth rate.[35] The Stipulating Parties agree to a reduction in the recovery of Hydro Kilowatt Hours Tax expense of $76,731, which was calculated using an adjusted assumed growth rate for hydro generation.

j. Corporate Activity Tax

Q. Please describe the Stipulating Parties' agreement regarding Corporate Activity Tax.

A. Idaho Power requested $334,389 for corporate activity taxes based on $77 million of Oregon commercial activity.[36] The Oregon corporate activity tax applies to commercial activity valued at over $1 million.[37] The tax is $250 plus 0.57 percent of taxable commercial activity greater than $1 million after subtractions.[38] Based on Staff's adjusted revenue calculation of $65.806 million, Staff proposed corporate activity taxes amounting to $270,581.[39] The Stipulating Parties agree to a reduction in the recovery of Oregon Corporate Activity Tax expense of $69,617 to reflect an updated assessment.

k. Transmission and Distribution O&M

Q. Please describe the Stipulating Parties' agreement regarding Transmission and Distribution O&M.

A. Staff proposed to exclude $40,177 from the Test Year amount, which is the Oregon-allocated escalated amount associated with two write-offs recorded in Federal Energy Regulatory Commission Account 580.[40] The Stipulating Parties agree to a reduction in the recovery of Transmission and Distribution O&M expense of $40,950.

---

[35] Staff/200, Chipanera/14-15.
[36] Staff/200, Chipanera/9; Idaho Power/1201, Noe/22.
[37] ORS 317A.125(2).
[38] ORS 317A.125(1).
[39] Staff/200, Chipanera/9.
[40] Staff/900, Mondragon/19. Idaho Power had submitted information on variances in account actuals, which featured two write-offs. One was related to an in-house joint use system and the other was related to communication equipment. *Id.*

l. Materials and Supplies

Q. Please describe the Stipulating Parties' agreement regarding Materials and Supplies.

A. Historically, the Commission has authorized utilities to include an allowance for non-fuel materials and supplies in rate base.[41] Idaho Power proposed an Oregon-allocated forecast Test Year rate base amount of $4,035,110.[42] Staff reviewed the three-year system-level average balance for the years of 2020-2022, which was $70,755,040, and applied a 6.9 percent escalation factor.[43] Staff used Idaho Power's jurisdictional separation method to allocate for Oregon to reach a total amount for materials and supplies for the Oregon-allocated forecast Test Year of $3,337,719.[44] Staff proposed a rate base adjustment of $666,400.[45] The Stipulating Parties agree to a revenue requirement reduction of $59,993 related to Materials and Supplies. Parties agree there will be no rate base reduction related to this adjustment.

m. Hydro Facilities

Q. Please describe the Stipulating Parties' agreement regarding Hydro Facilities.

A. Idaho Power seeks recovery of three major hydro facility investments: Brownlee, Shoshone Falls, and Lower Salmon Falls.[46] The three investments amount to approximately $140.5 million on a total system basis.[47] Staff proposed a managerial disallowance of 10 percent of the total system-level cost for the three projects, or $14.06 million.[48] Staff proposed the disallowance citing insufficient data to aid in its review of the investments, such as the lack of Net Present Value ("NPV") analyses and lack of alternate

[41] Staff/1000, Moore/7.
[42] Staff/1000, Moore/7; *see* Idaho Power/1202, Noe/7.
[43] Staff/1000, Moore/8
[44] Staff/1000, Moore/7.
[45] Staff/1000, Moore/8.
[46] Staff/1200, Pileggi/3; *see* Idaho Power/300, Hackett/5.
[47] Staff/1200, Pileggi/3.
[48] Staff/1200, Pileggi/11-12.

project analyses.[49] As a compromise, the Stipulating Parties agree to a Oregon jurisdictional revenue requirement reduction of $24,849 related to Hydro Facilities. The Stipulating Parties agree there will be no rate base reduction related to this adjustment.

n. Cash Working Capital

Q. Please describe the Stipulating Parties' agreement regarding Cash Working Capital.

A. Idaho Power included an Oregon allocated cash working capital amount of $1.685 million in its rate base.[50] The cash working capital proposed for the Test Year was estimated as 4 percent of the Company's filed O&M expenses.[51] Staff applied the 4 percent factor to its reduced level of the Company's O&M expenses.[52] Staff proposed an adjustment of $170,470 to the Test Year rate base.[53] The Stipulating Parties agree to a revenue requirement reduction of $15,177 related to Cash Working Capital. Parties agree that this adjustment will be applied as a dollar-for-dollar reduction to revenue requirement rather than a reduction to rate base.

o. Miscellaneous Expense Adjustment

Q. Please describe CEP the Stipulating Parties' agreement regarding a Miscellaneous Expense Adjustment.

A. For settlement purposes the Stipulating Parties and CEP agree to an additional reduction to revenue requirement in the amount of $136,553.

p. Weatherization Expense Recovery

Q. Please describe CEP and the Stipulating Parties' agreement regarding Weatherization Expense Recovery.

A. Idaho Power proposed to provide $45,000 annually, collected through base rates, to its low-income weatherization program, Weatherization Assistance for Qualified Customers

---

[49] Staff/1200, Pileggi/6-12.
[50] Staff/200, Chipanera/25.
[51] Staff/200, Chipanera/25.
[52] Staff/200, Chipanera/25.
[53] Staff/200, Chipanera/25.

("WAQC").[54] Staff recommended a management disallowance of $10,560 from the Company's Test Year expense for low-income weatherization to reflect the proportionately lower performance of WAQC in Oregon versus Idaho.[55] The Stipulating Parties and CEP agree to remove $50,000 from the proposed revenue requirement and on an ongoing basis: (1) Idaho Power will track low-income weatherization funding and spending through its Energy Efficiency Rider, (2) Idaho Power will make available $50,000 annually through its Energy Efficiency Rider for low-income weatherization, and (3) Idaho Power will track annual spending for weatherization separately from energy efficiency and unspent amounts earmarked for weatherization will be carried forward and made available in future years.

V. COST OF SERVICE, RATE SPREAD, AND RATE DESIGN

a. Cost of Service

Q. Please describe the Stipulating Parties' agreement regarding cost of service.

A. Idaho Power proposed to classify its generation function and power supply expenses as either 100 percent demand or 100 percent energy, respectively.[56] Staff suggested that the Company classify fixed generation costs as 50 percent demand related and 50 percent energy related, because Staff found that "[s]uch a classification would reflect the fact that [the Company's] resources produce both energy and capacity, with most of the resources having large-fixed costs economically justified in part because they then had low, or very low (in the case of dams) operating costs."[57] In the alternative, Staff proposed a 75/25 demand/energy split.[58] For settlement purposes, the Stipulating Parties agree to the methodology contained in the Company's filed Class Cost-of-Service ("CCOS") Study with

[54] Idaho Power/100, Grow/21.
[55] Staff/1600, Kim-Lockwood/16, 18.
[56] Idaho Power/1400, Maloney/3
[57] Staff/1500, Stevens/32.
[58] Staff/1500, Stevens/32.

two adjustments: (1) fixed generation costs are to be classified as 75 percent demand and 25 percent energy, and (2) distribution functionalized costs are to be classified as 50 percent demand and 50 percent customer.

b. Rate Spread

Q. Please describe the Stipulating Parties' agreement regarding rate spread.

A. Idaho Power proposed using its CCOS as the starting point for developing rate spread.[59] The Company proposed a "cap and floor" rate spread scheme to limit the rate increase for each class relative to the overall rate increase, with a proposed floor of 0 percent and a cap of 185 percent of the system-wide revenue increase.[60] Staff concurred that the CCOS study should be used as the primary basis for rate spread.[61] Staff proposed an alternate cap and floor scheme, with a cap of 133 percent and a floor of 65.1 percent of the average increase.[62] The Stipulating Parties agree that CCOS should be used as the primary basis for spreading revenue requirement; however, the Stipulating Parties agree to a rate spread that provides for no class to receive an increase of (1) less than 65.1 percent or (2) more than 136 percent of the average overall increase.

c. Rate Design

Q. Please describe the Stipulating Parties' agreement regarding rate design.

A. Idaho Power proposed to raise the residential service charge from $8.00 to $15.00 per month.[63] The Company also proposed implementing seasonal rates for standard service residential customers.[64] Staff recommended a residential service charge of $10.00,[65] and Staff rejected the proposal to adopt seasonal rates based in part on equity concerns.[66]

---

[59] Idaho Power/200, Tatum/9.
[60] Staff/1500, Stevens/36; Idaho Power/200, Tatum/10; Idaho Power/1400, Maloney/12-13.
[61] Staff/1500, Stevens/37.
[62] Staff/1500, Stevens/37-38.
[63] Idaho Power/1300, Aschenbrenner/8.
[64] Idaho Power/1300, Aschenbrenner/6-7.
[65] Staff/1500, Stevens/43.
[66] Staff/300, Scala/25-28, 33.

Staff agreed that the residential service charge should increase but proposed a more moderate increase that likely would not overstate the customer related cost of service.[67] Staff supported or did not oppose the Company's remaining rate design proposals.[68] The Stipulating Parties agree to the rate design structures presented in the Company's Initial Filing, with two adjustments to the residential rate design: (1) the service charge will be $10.00 per month, and (2) a seasonal structure will not be implemented as part of this case.

VI. NON-REVENUE REQUIREMENT

a. Jim Bridger Power Plant ("Bridger") Depreciable Life

Q. Please describe the Stipulating Parties' agreement regarding Bridger.

A. For settlement purposes, the Stipulating Parties agree that Idaho Power's retail rates effective October 15, 2024, will reflect the as-filed revenue requirement for Bridger-related cost components. The Stipulating Parties agree that, for future ratemaking purposes, Idaho Power will track and record differences between the Bridger end-of-life assumptions reflected in the filed revenue requirement with the end-of-life assumptions that ultimately result from PacifiCorp's current general rate case, docket UE 433. The Stipulating Parties request that the Commission authorize the required accounting treatment necessary to track these differences as detailed in Attachment No. 3 to the First Partial Stipulation.

b. Load Forecast Methodology

Q. Please describe the Stipulating Parties' agreement regarding the Load Forecast Methodology.

A. Staff recommended that "for short-term load forecasts, such as those used in rate cases and its Annual Power Cost Update (APCU), [Idaho Power] should use an Autoregressive Integrated Moving Average (ARIMA) model with weather and economic covariates."[69]

[67] Staff/1500, Stevens/43-44.
[68] Staff/1500, Stevens/57-62.
[69] Staff/1500, Stevens/3.

While Idaho Power does not agree with Staff's initial proposal, the Company is open to continued discussions with Staff regarding potential ways to improve the forecasting process. The Company agrees to meet with Staff to (1) discuss and address Staff's concerns regarding ARIMA-based residential forecast, and (2) explore the feasibility of developing separate jurisdictional load forecasts.

c. Consistency in Load Forecast – Annual Power Cost Update ("APCU")/General Rate Case

Q. Please describe the Stipulating Parties' agreement regarding the load forecast used for the APCU.

A. The Company will meet with Staff to discuss whether a change to the Company's 2024 APCU filing is necessary to align the APCU load forecast with the settled load forecast in this case. The Stipulating Parties agree that if a deferral is created as a result of those discussions, an earnings test will not be applied.

d. Wildfire Mitigation

Q. Please describe the Stipulating Parties' agreement regarding wildfire mitigation.

A. The Company agrees to track future distribution overhead line vegetation management expenses by state commencing no later than January 1, 2025.

e. Customer Protections

Q. Please describe the Stipulating Parties' agreement regarding customer protections.

A. Staff recommended adding language to Idaho Power's tariff to provide sufficient notification of customer protections.[70] The Company will modify Rule F and Rule G of its tariff to reflect the availability of waived reconnection fees, field visit charges, and late

[70] Staff/1400, Shearer/8.

payment charges for eligible low-income residential customers, as defined by OAR 860-021-0180.

f. Consumer Protections Reporting

Q. Please describe the Stipulating Parties' agreement regarding consumer protections reporting.

A. Idaho Power will work with Commission Consumer Services to create a two-part report that: (1) details the number of Oregon residential customers that were charged a reconnection fee, and (2) identifies the number of those customers that are low-income (as defined by OAR 860-021-0180) and the number of those customers that are enrolled in the Company's Bill Discount Program. The report will be filed with the Commission no later than one year and three months after the effective date of the Commission order in this docket.

g. Weatherization and Energy Efficiency Reporting

Q. Please describe CEP and the Stipulating Parties' agreement regarding weatherization and energy efficiency reporting.

A. Idaho Power will submit an annual report containing details related to demand-side management activities in Oregon, including weatherization and energy efficiency participation, savings, and expenses. The report will be filed no later than April 15 of each year and will contain programmatic information from the prior calendar year. The Company will present the results of the report to the Commission at a public meeting following its submission.

h. Oregon Energy Efficiency Advisory Group

Q. Please describe CEP and the Stipulating Parties' agreement regarding the Oregon Energy Efficiency Advisory Group.

A. Idaho Power will establish an Oregon Energy Efficiency Advisory Group ("Oregon EEAG"). The Oregon EEAG will provide a forum for Staff, Community Action Partnership agencies, and other interested stakeholders, including customer segment representation, to offer advice for Idaho Power in the formulation, implementation, and evaluation of energy efficiency and weatherization activities. Meetings will occur biannually and will be open to the public. Subject to the preference and availability of Oregon stakeholders, Idaho Power commits to holding meetings in-person with a virtual option.

i. Schedule 64, Bill Discount for Qualified Customers Cost Recovery Mechanism

Q. Please describe CEP and the Stipulating Parties' agreement regarding Schedule 64's cost recovery mechanism.

A. Idaho Power proposed a monthly cost recovery cap within Schedule 64 of $2,000 for non-residential customers.[71] Staff recommended that the Company revise the kilowatt-hour ("kWh") cap to target a $3,000 effective cap for non-residential customers.[72] The Stipulating Parties and CEP agree to a cost recovery cap targeting $3,000 per month for non-residential customers. The Stipulating Parties and CEP agree that cost recovery for non-residential customers will be implemented on a cents-per-kWh basis and will be revisited no later than October 15, 2025, within docket UM 2211.

VII. SUPPORT FOR THE FIRST PARTIAL STIPULATION

Q. What is the basis for the First Partial Stipulation?

A. The First Partial Stipulation is a compromise based on the record in this case, which includes Idaho Power's Initial Filing and the Opening Testimony of Staff, CUB, and CEP. Over the course of the settlement discussions, the Stipulating Parties and CEP resolved their differences regarding the issues in the First Partial Stipulation through dialogue, negotiations, and compromise to reach a fair result.

[71] Idaho Power/1300, Aschenbrenner/33.
[72] Staff/600, Farrell/24.

Q. What is your recommendation to the Commission regarding the First Partial Stipulation?

A. The Stipulating Parties and CEP recommend and request that the Commission approve the First Partial Stipulation in its entirety and without modification.

Q. Please explain why the Stipulating Parties and CEP believe that the Commission should adopt the First Partial Stipulation.

A. The Stipulating Parties and CEP have carefully assessed Idaho Power's Initial Filing, reviewed responses to data requests, and thoroughly analyzed the issues during multiple days of settlement conferences. The Stipulating Parties believe that the adjustments and agreements in this First Partial Stipulation provide a fair and reasonable resolution of the issues in this case and the resulting rates are fair, just, and reasonable. CEP believes the agreements and adjustments described in Paragraphs IV(o), IV(p), VI(g), VI(h), and VI(i) provide a fair and reasonable resolution of the issues in this case and the resulting rates are fair, just, and reasonable.

Q. Please describe the overall rate impact of the First Partial Stipulation taking into account the other rate adjustment filings that are currently under consideration by the Commission.

A. Idaho Power currently has three filings under consideration by the Commission: (1) docket UE 425 - Annual Power Cost Update ("APCU"), (2) docket UE 437 - Power Cost Adjustment Mechanism ("PCAM"), and (3) docket UE 426 - General Rate Case ("GRC").[73] The Company has received an order in docket UE 425 approving the Settlement Stipulation and the associated APCU rate change.[74]

[73] *See* Docket No. UE 426, Idaho Power's Response to Bench Request (May 23, 2024).
[74] *In the Matter of Idaho Power Company, 2024 Annual Power Cost Update*, Docket No. UE 425, Order No. 24-151 (May 22, 2024).

The table below summarizes the overall estimated outcomes based on the Company's open cases.

Filing	*Overall Revenue Impact*	*Overall Rate Change*	*Effective Date*
APCU – Order No. 24-151	$ (6,897,407)	-10.42%	6/1/2024
PCAM – Supplemental Testimony filed 4/12/2024	$ (924,968)	-1.40%	6/1/2024
GRC – Stipulations filed 05/16/2024 & 5/17/2024	$ 7,525,582	10.65%	10/15/2024
Combined Impact – APCU, PCAM, and	**$ (296,793)**	**-1.17%**	

The following table shows a breakdown of the impact of each of the abovementioned cases for its primary customer classes.

Billed Impacts by Class				
Schedule	**APCU**	**PCAM**	**GRC**	**Combined**
1 - Residential	-9.47%	-1.31%	14.46%	**3.68%**
7 - Small General	-8.54%	-1.13%	14.68%	**5.01%**
9 Secondary - Large General	-10.86%	-1.37%	7.21%	**-5.03%**
9 Primary- Large General	-11.08%	-1.48%	7.20%	**-5.37%**
9 Transmission- Large General	-11.74%	-1.61%	7.16%	**-6.20%**
19 Primary - Large Power	-12.28%	-1.63%	7.12%	**-6.79%**
19 Transmission - Large Power	-11.71%	-1.62%	6.69%	**-6.65%**
24 - Irrigation	-8.98%	-1.18%	14.57%	**4.41%**
Overall	**-10.42%**	**-1.40%**	**10.65%**	**-1.17%**

Q. Please explain how the Stipulating Parties and CEP considered procedural equity in reaching the agreements contained in the First Partial Stipulation.

A. Based on statements from certain stakeholders and the Commission's March 5, 2024 Environmental Justice Workshop, CEP and the Stipulating Parties recognized that there was a desire from certain non-parties to provide input that may inform settlement discussions. As a result, CEP and the Stipulating Parties proposed to schedule a subsequent Energy Justice Workshop on April 15, 2024, and elected to hold additional settlement conferences after the workshop. This timing and sequencing recognizes that certain entities may not have the resources to fully engage in a rate case proceeding, but may still wish to provide input that may inform settlement. Additionally, there was a substantial amount of interest in holding additional discussions concerning one discrete aspect of Idaho Power's proposal, the programmatic elements of the Bill Discount Program. Accordingly, that issue is not included in this First Partial Stipulation, and CEP and the Stipulating Parties instead allowed for additional time and process for resolution of that issue.

Q. Please explain how the First Partial Stipulation reflects the input provided at the April 15, 2024 Environmental Justice Workshop.

A. At the April 15, 2024 workshop, the parties discussed revenue requirement, return on equity, residential rate design, weatherization, energy efficiency, consumer protections, and the Bill Discount Program. In reaching the terms included in the First Partial Stipulation, CEP and the Stipulating Parties considered the input that was shared by Idaho Power, Staff, CUB, CEP, and other non-party entities on these topics.

a. Idaho Power

Q. Mr. Tatum and Ms. Aschenbrenner, please explain why Idaho Power supports the First Partial Stipulation.

A. Idaho Power believes that each adjustment to its Initial Filing is supported by evidence in the record and is not contrary to Commission policy. The First Partial Stipulation represents a reasonable compromise of each of the issues contained within. The Company also values the positive regulatory relationships furthered by the settlement and appreciates the opportunity to narrow the issues in this case and reach common ground. Most importantly, Idaho Power believes that overall, the rates produced by the First Partial Stipulation are fair, just, and reasonable. Indeed, together with the settled rate decrease in the APCU adopted in Order No. 24-151 (docket UE 425),[75] and the proposed rate

[75] Docket No. UE 425, Order No. 24-151.

decrease in the Company's PCAM filing (docket UE 437),[76] the net impact of these three filings is an overall revenue decrease of 1.17 percent.

Q. Does Idaho Power agree with all the arguments raised by the Stipulating Parties that gave rise to the modified revenue requirement in the First Partial Stipulation?

A. No, but the Company supports the First Partial Stipulation as a whole and values and appreciates the time, effort, and consideration of each of the Stipulating Parties in reaching an agreement on the terms of the First Partial Stipulation.

Q. Why does Idaho Power believe the First Partial Stipulation results in a reasonable compromise regarding the revenue requirement?

A. Fundamentally, Idaho Power is seeking to recover the costs of investments it made on behalf of its customers to continue to provide safe and reliable energy to their homes and businesses while balancing the impacts of these costs to customers. While the First Partial Stipulation reduces the Company's requested revenue requirement by approximately $4 million, Idaho Power believes that the rates that result from the First Partial Stipulation are just and reasonable for its customers. Although the First Partial Stipulation is a reasonable resolution of a broad range of contested issues, the agreement will require the Company to continue to look for ways to manage ongoing inflationary pressures on its expenses and be thoughtful in its capital markets transactions as well as with its credit ratings.

[76] *In the Matter the Application of Idaho Power Company, For Amortization in Rates of the Power Cost Adjustment Mechanism, Intervenor Funding Amounts, Annual Regulatory Fees, Oregon Corporate Activity Tax Expenses, and Community Solar Program Costs*, Docket No. UE 437, Idaho Power's Stipulation and Exhibit 101 (May 13, 2024).

b. Staff

Q. Mr. Chipanera and Mr. Steven, please explain why Staff supports the First Partial Stipulation.

A. Staff supports the First Partial Stipulation because it is consistent with the revenue requirement proposals that Staff presented in Opening Testimony. Secondly, it reflects the rate spread, rate design, and interjurisdictional allocations proposals offered by Staff in Opening Testimony. Staff believes the First Partial Stipulation results in rates that are fair to Oregon customers and are adequate to cover the Company's expected Test Year expenses. In Staff's view, the stipulated rate of return is also a reasonable return for the Company's investors. Lastly, Staff believes that the distribution of these costs appears to be fair and that the rate design does not seem to disproportionately impact energy burdened customers in light of the revenue requirement increase.

c. CUB

Q. Bob Jenks, please explain why CUB supports the First Partial Stipulation.

A. As I discussed in my testimony, rate shock can be caused by the combined effect of various cases – a general rate case combined with a power cost forecast, wildfire mitigation, and a PCAM. CUB supports the First Partial Stipulation because, when combined with the PCAM and power cost case, it results in a fair, just, and reasonable cumulative rate increase for residential customers.

d. CEP

Q. Charity Fain, please explain why CEP supports the First Partial Stipulation.

A. CEP believes the details of the First Partial Stipulation set forth in this Joint Testimony accurately describe and explain the parties' positions and resolutions. CEP's participation was limited to specific issues and CEP believes the resolution of those issues (as indicated above) are in the public interest and should be approved by the Commission. Without specifically endorsing any factual statement presented regarding the other issues, CEP also urges the Commission to approve the First Partial Stipulation as a just and reasonable resolution of the issues.

Q. Does this conclude your testimony?

A. Yes.