

LISA D. NORDSTROM Lead Counsel Inordstrom@idahopower.com

June 30, 2017

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

## Re: Docket No. UM \_\_\_\_\_ In the Matter of Idaho Power Company's Application for Deferred Accounting of Certain Costs Associated with the North Valmy Power Plant

Attention Filing Center:

Attached for filing is an electronic copy of Idaho Power Company's Application for Deferred Accounting of Certain Costs Associated with the North Valmy Power Plant.

As required by OAR 860-027-0300, the Application has been served on the parties to the UE 233 service list, and the parties to the UE 316 service list, as indicated in the Certificate of Service.

Please contact me at (208) 388-5825 or Senior Regulatory Analyst Courtney Waites at (208) 388-5612 with any questions regarding this filing.

Very truly yours,

Lin D. Madstrem

Lisa D. Nordstrom

LDN/kkt

Enclosures

cc: Lisa Rackner

1	BEFORE THE PUBLIC UTILITY COMMISSION				
2	OF OREGON				
3	UM				
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6	Application f	of Idaho Power Company's or Deferred Accounting of Certain	APPLICATION		
7	Costs Associated with the North Valmy Power 7 Plant				
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10	I. INTRODUCTION				
11	Pursuant to ORS 757.210, ORS 757.259, and OAR 860-027-0300, Idaho Power				
12	Company ("Idaho Power" or "Company") hereby requests an accounting order authorizing				
13	Idaho Power to defer decommissioning revenues collected and decommissioning costs				
14	incurred pursuant to Order No. 17-235. The stipulation approved by Order No. 17-235				
15	includes the collection of the North Valmy Power Plant ("Valmy") amounts and is an				
16	"automatic adjustment clause" ("AAC") as defined in ORS 757.210. Idaho Power seeks				
17	authorization for this deferral effective as of July 1, 2017. In support of this Application, Idaho				
18	Power states:				
19	1.	Idaho Power is a public utility in the s	tate of Oregon and its rates, services, and		
20		accounting practices are subject	to the regulation of the Public Utility		
21		Commission of Oregon ("Commissio	on").		
22	2.	This Application is filed pursuan	t to ORS 757.259, which allows the		
23		Commission, upon application, to a	authorize the deferral of certain items for		
24		later inclusion in rates.			
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Page 1	- APPI	LICATION	Idaho Power Company 1221 West Idaho Street		

1 3. Communications regarding this Application should be address to: 2 Lisa Nordstrom **Courtney Waites** Idaho Power Company Idaho Power Company 3 P.O. Box 70 P.O. Box 70 Boise, ID 83707 Boise, ID 83707 4 Inordstrom@idahopower.com cwaites@idahopower.com dockets@idahopower.com 5 6 II. OAR 860-027-0300(3) REQUIREMENTS

#### 7 Α. Description

8 With this deferral application, Idaho Power seeks authorization from the Commission 9 to defer, for future true-up, decommissioning revenues collected and decommissioning costs 10 incurred in accordance with Order No. 17-235.

11 В. **Reasons for Deferral** 

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On November 2, 2016, Idaho Power filed an application with the Commission 13 requesting approval to update the depreciation expenses for Valmy Units 1 and 2 to reflect 14 an end-of-life for those units of 2025, and further requested authority to recover all Valmy-15 related costs by 2025 to align the expected remaining operating life of the plant with cost 16 recovery, resulting in cost recovery from customer who are served by the plant (Docket No. UE 316). On June 30, 2017, the Commission issued Order No. 17-235, approving the 17 18 recovery of the following expenses and investment associated with Valmy through an AAC: 19 (1) the accelerated depreciation associated with the existing Valmy plant investments

20 through May 31, 2017, (2) the return on undepreciated existing capital investments at Valmy 21 until its end-of-life based upon the then currently authorized rate of return, and (3) estimated 22 future decommissioning expenses. The AAC requires Idaho Power to file a deferral request. This deferral is intended to provide for the deferral and tracking of decommissioning revenues 23 24 collected and decommissioning costs incurred until decommissioning activities are 25 concluded, and is filed pursuant to Order No. 17-235 and ORS 757.259(2)(e). In addition, 26

Page 2 APPLICATION this deferral will allow Idaho Power to appropriately match the costs borne by and benefits
received by customers.

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### C. Proposed Accounting

4 Idaho Power records revenues and expenses that would be subject to the deferral 5 order in accordance with the Code of Federal Regulations to the Federal Energy Regulatory Commission ("FERC") Accounts 440-444 (Operating Revenues), FERC Account 557 (Other 6 Expenses), and FERC Accounts 500-598 (Operations and Maintenance Accounts). Upon 7 receiving approval of a deferral, Idaho Power proposes to record the deferred amounts to 8 9 FERC Account 254 (Regulatory Liabilities) until decommissioning activities are concluded. 10 After decommissioning activities are concluded, amounts in the deferral account, either positive or negative, will be recovered or refunded in customer rates through a surcharge or 11 credit, as appropriate. 12

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#### D. Estimate of Amounts

14 Order No. 17-235 approved an Oregon jurisdictional revenue requirement increase of \$1,056,800 associated with the recovery of the annual incremental return on and accelerated 15 16 depreciation of existing Valmy investments, and decommissioning costs related to the Valmy shutdown. Idaho Power estimates the deferral account will contain the Oregon jurisdictional 17 share of decommissioning costs, approximately \$1,870,000, at December 31, 2025. 18 19 Because deferred amounts associated with decommissioning costs are dependent on factors that cannot be precisely forecasted, Idaho Power cannot provide a precise estimate of the 20 21 total deferred amount.

#### 22 E. <u>Notice</u>

A copy of the Notice of Application for Deferred Accounting of Certain Costs Associated with the North Valmy Power Plant and a list of persons served with the Notice are attached to the Application as Attachment A.

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1	III. <u>CONCLUSION</u>
2	Deferred accounting treatment is an appropriate, just, and reasonable means of
3	implementing Order No. 17-235.
4	For the reasons stated above, Idaho Power requests permission to defer
5	decommissioning revenues collected and decommissioning costs incurred beginning July 1,
6	2017, pursuant to Order No. 17-235.
7	DATED: June 30, 2017
8	IDAHO POWER COMPANY
9	Lin D. Madotrom
10	LISA D. NORDSTROM
11	Attorney for Idaho Power Company
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Page 4	4 - APPLICATION Idaho Power Company

# **Attachment A**

# BEFORE THE PUBLIC UTILITY COMMISSION

1	OF OREGON		
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3	In the Metter of Idaha Davies Company's		
4	In the Matter of Idaho Power Company's Application for Deferred Accounting of Certain		
5	Costs Associated with the North Valmy Power Plant DEFERRED ACCOUNTING OF CERTAIN COSTS ASSOCIATED WITH THE NORTH VALMY POWER PLANT		
6			
7	On June 30, 2017, Idaho Power Company ("Idaho Power") filed an application with		
8	the Public Utility Commission of Oregon ("Commission") for an order authorizing the		
9	deferral of decommissioning revenues collected and decommissioning costs incurred		
10	pursuant to Order No. 17-235.		
11	Approval of Idaho Power's Application will not authorize a change in Idaho Power's		
12	rates, but will permit the Commission to consider allowing such deferred amounts in rates in		
13	a subsequent proceeding.		
14	Idaho Power's Application will be posted on the Commission website for persons		
15	who wish to obtain a copy or they may contact the following:		
16	Lisa D. Nordstrom		
17	Idaho Power Company 1221 West Idaho Street		
18	P.O. Box 70 Boise, ID 83707		
19	Inordstrom@idahopower.com		
20	Any person who wishes to submit written comments to the Commission on Idaho		
21	Power's Application must do so by no later than July 28, 2017.		
22	DATED: June 30, 2017.		
23	Line D. Madstrem		
24	Lisa D. Nordstrom		
25	Attorney for Idaho Power Company		
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Page 1	- NOTICE OF APPLICATION		