

# McDowell Rackner & Gibson PC



WENDY MCINDOO  
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January 27, 2011

## VIA ELECTRONIC FILING AND FIRST CLASS MAIL

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

**Re: Docket UM 1464(1) – Application for Deferred Accounting of Net Variable Power Cost Variances**

Attention Filing Center:

Staff of the Public Utility Commission of Oregon has requested a change of docket number UM 1510 to a sub-numbering system of the last Deferred Accounting of Net Variable Power Cost Variances Docket (UM 1464) filed on December 29, 2009, so that they have a history that can be tracked from year to year. Docket UM 1510 – Application for Deferred Accounting of Net Variable Power Cost Variances was originally filed on December 6, 2010 (copy attached for your reference). In order to retain that filing date we request that the docket number for UM 1510 be changed to UM 1464(1) as requested by Staff.

Please contact this office with any questions.

Very truly yours,

A handwritten signature in cursive script that reads "Wendy McIndoo".

Wendy McIndoo

Enclosure  
cc: Carla Bird

# McDowell Rackner & Gibson PC



WENDY MCINDOO  
Direct (503) 595-3922  
wendy@mcd-law.com

December 6, 2010

## VIA ELECTRONIC FILING AND FIRST CLASS MAIL

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

**Re: Docket UM 1464(1) - Application for Deferred Accounting of Net Variable Power  
Cost Variances**

Attention Filing Center:

Attached for filing are the original and one copy of Idaho Power Company's Application for Deferred Accounting of Net Variable Power Cost Variances. A copy of this filing has been served on the parties to the UE 213 service list as indicated on the attached certificate of service

Very truly yours,

  
Wendy McIndoo

Enclosure

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**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON  
UM 1464(1)**

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 authorizing 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, 2011. 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 deferral of certain items for later inclusion in rates.
3. Communications regarding this Application should be addressed to

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

Wendy McIndoo  
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Christa Beary  
Idaho Power Company  
P.O. Box 70  
Boise, Idaho 83707  
cbeary@idahopower.com

**II. OAR 860-027-0300 Requirements**

The following is provided pursuant to OAR 860-027-0300(3):

A. Description

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

B. Reasons for Deferral

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

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

4 C. Proposed Accounting

5 Idaho Power proposes to record the Deferred Amount in FERC Account 182.3  
6 (Regulatory Assets); crediting FERC Account 557(Other Expenses) if there is an amount to  
7 collect from customers. Idaho Power would record the Accrued Amount in FERC 254  
8 (Regulatory Liabilities); debiting FERC Account 557(Other Expenses) if there is a refund to  
9 customers. In the absence of a deferred accounting order from the Commission, Idaho  
10 Power would record costs associated with the Deferred Amount to FERC 501 (Fuel), FERC  
11 547 (Fuel), FERC 447 (Sales for Resale), FERC 565 (Transmission by Others) and FERC  
12 555 (Purchased Power).

13 D. Estimate of Amounts

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

21 E. Notice

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

24 **II. Conclusion**

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

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

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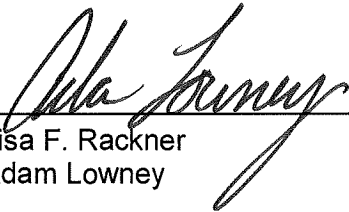
4 DATED: December 6, 2010.

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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 Nordstrom  
Lead Counsel  
PO Box 70  
Boise, ID 83707

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Of Attorneys for Idaho Power Company

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**Attachment A**

**Notice of Application for  
Deferred Accounting of Net Variable Power Cost Variances**

1 **BEFORE THE PUBLIC UTILITY COMMISSION**  
2 **OF OREGON**

3 **UM 1464(1)**

4 In the Matter of Idaho Power Company's  
5 Application for Deferred Accounting of Net  
6 Variable Power Cost Variances

NOTICE OF APPLICATION FOR  
DEFERRED ACCOUNTING OF NET  
VARIABLE POWER COST  
VARIANCES

7 On December 6, 2010, Idaho Power Company ("Idaho Power"), filed an application  
8 with the Public Utility Commission of Oregon ("Commission") for an Order authorizing  
9 deferral of the annual net variable power cost variance pursuant to Order No. 08-238 and  
10 Idaho Power tariff Schedule 56.

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 who  
15 wish to obtain a copy or they may contact the following:

16 Lisa Rackner  
17 McDowell Rackner & Gibson PC  
18 419 SW 11<sup>th</sup> Avenue, Suite 400  
19 Portland, OR 97205-2605  
Phone: 503-595-3922  
Facsimile: 503-595-3928  
lisa@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 no later than January 3, 2011.

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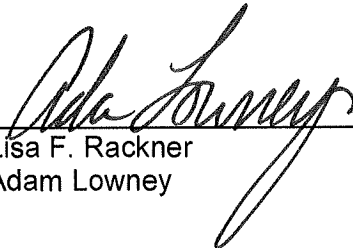
4 DATED: December 6, 2010.

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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 Nordstrom  
Lead Counsel  
PO Box 70  
Boise, ID 83707

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Of Attorneys for Idaho Power Company

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**CERTIFICATE OF SERVICE**

I hereby certify that I served a true and correct copy of Idaho Power Company's Application for Deferred Accounting of Net Variable Power Cost Variances on the parties of record in Docket UE 213, on the date indicated below, by email and U.S. first class mail addressed to said person(s) at his or her last-known address(es) indicated below.

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Robert Jenks  
Citizens' Utility Board of Oregon  
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Rates & Regulatory Affairs  
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Catriona McCracken  
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Douglas C. Tingey  
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Peter J. Richardson  
Richardson & O'Leary  
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Judy Johnson  
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judy.johnson@state.or.us

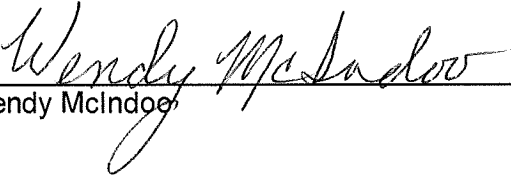
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greg@richardsonandoleary.com

DATED: December 6, 2010

  
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Wendy McIndoe