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December 27, 2019

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

Re: Docket UM 1464(10)
In the Matter of Idaho Power Company's Deferred Accounting of Net Variable Power
Cost Variances – Idaho Power Company's Application

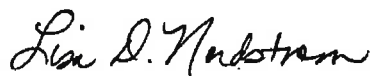
Attention Filing Center:

Attached for filing is an electronic copy of Idaho Power Company's Application for Deferred Accounting of Net Variable Power Cost Variances. Portions of Attachment B are confidential and are being provided confidentially pursuant to OAR 860-001-0070 and Protective Order No. 12-499 previously issued in this docket.

The Application has been served on the parties to the UE 233 and UM 1464 service lists 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,



Lisa D. Nordstrom

LDN/kkt

Enclosures

cc: Adam Lowney

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1464(10)

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 reauthorizing 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, 2020. 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 the deferral of certain items for later inclusion in rates.
3. Communications regarding this Application should be addressed to:

Lisa Nordstrom
Idaho Power Company
P.O. Box 70
Boise, ID 83707
lnordstrom@idahopower.com
dockets@idahopower.com

Courtney Waites
Idaho Power Company
P.O. Box 70
Boise, ID 83707
cwaites@idahopower.com

1 **II. OAR 860-027-0300(3) REQUIREMENTS**

2 **A. Description**

3 With this deferral application, Idaho Power seeks reauthorization from the Commission
4 to accrue, for future amortization, the difference between actual annual net variable power
5 costs and the annual net variable power costs recovered pursuant to Tariff Schedule 55, in
6 accordance with Order No. 08-238. The annual variance will be determined pursuant to the
7 terms of Schedule 56, which includes a Power Supply Expense Deadband and Earnings
8 Test. This annual power cost accrual may also include any variances in the revenues
9 received, and incremental operations and maintenance costs incurred, associated with the
10 Company's participation in the Energy Imbalance Market ("EIM"). The operations and
11 maintenance costs will be tracked similar to the annual net variable power costs with the
12 annual variance determined pursuant to the terms of Schedule 56, which includes a Power
13 Supply Expense Deadband and an Earnings Test.

14 **B. Reasons for Deferral**

15 In Order No. 08-238, the Commission ordered the adoption of a power cost adjustment
16 mechanism for Idaho Power that contains both an Annual Power Cost Update ("APCU") and
17 Power Cost Adjustment Mechanism ("PCAM"). Idaho Power Schedule 55 contains the terms
18 of the APCU while Schedule 56 contains the terms of the PCAM. The PCAM provides for
19 recognition in rates of the difference, for a given year, between the *actual* annual net variable
20 power costs incurred by Idaho Power and the net annual variable power costs recovered
21 pursuant to Idaho Power Schedule 55. This deferral is intended to capture the net annual
22 variable power cost difference that will be amortized in rates and is filed pursuant to Order
23 No. 08-238 and ORS 757.259(2)(e). In addition, this deferral will minimize the frequency of
24 rate changes or the fluctuation of rate levels and match appropriately the costs borne by and
25 benefits received by customers.

26

1 **C. Proposed Accounting**

2 Idaho Power records revenues and expenses associated with net annual variable
3 power costs that would be subject to the deferral order in accordance with the Code of
4 Federal Regulations (“CFR”) to the Federal Energy Regulatory Commission (“FERC”)
5 Account 501 (Fuel), FERC Account 547 (Fuel), FERC Account 447 (Sales for Resale), and
6 FERC 555 (Purchased Power). Upon receiving approval of a deferral, Idaho Power proposes
7 to record the deferred amount by debiting FERC Account 182.3 (Regulatory Assets) and
8 crediting FERC Account 557 (Other Expenses) if there is an amount to collect from
9 customers. If there is a refund to customers, Idaho Power would record the accrued amount
10 in FERC Account 254 (Regulatory Liabilities) and debiting FERC Account 557 (Other
11 Expenses).

12 Incremental EIM costs that would be subject to the deferral are recorded in accordance
13 with the CFR in numerous FERC accounts as these costs include ongoing operations and
14 maintenance expenses. Idaho Power proposes to record the deferred amount by debiting
15 FERC Account 182.3 (Regulatory Assets) and crediting FERC Account 407.4 (Regulatory
16 Credits) if there is an amount to collect from customers. If there is a refund to customers,
17 Idaho Power would record the accrued amount in FERC Account 254 (Regulatory Liabilities)
18 and debiting FERC Account 407.3 (Regulatory Debits).

19 **D. Estimate of Amounts**

20 The deferred amount is a function of several unknown and unpredictable factors
21 including customer usage, the wholesale market price for electricity, and the wholesale
22 market price for natural gas. Because the deferred amount is dependent on factors that
23 cannot be precisely forecast, Idaho Power cannot provide an estimate of the deferred
24 amount. Idaho Power requests that, in accordance with Order No. 05-1070, it be allowed to
25 accrue interest on the unamortized balance at a rate equal to its authorized weighted average
26 cost of capital most recently approved by the Commission.

Attachment A

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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1464(10)

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

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

On December 26, 2019, Idaho Power Company ("Idaho Power") filed an application with the Public Utility Commission of Oregon ("Commission") for an Order authorizing deferral of the annual net variable power cost variance pursuant to Order No. 08-238 and Idaho Power Tariff Schedule 56.

Approval of Idaho Power's Application will not authorize a change in Idaho Power's rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.

Idaho Power's Application will be posted on the Commission website for persons who wish to obtain a copy or they may contact the following:

Lisa D. Nordstrom
Idaho Power Company
1221 West Idaho Street
P.O. Box 70
Boise, ID 83707
lnordstrom@idahopower.com

Any person who wishes to submit written comments to the Commission on Idaho Power's Application must do so by no later than January 24, 2020.

DATED: December 27, 2019



Lisa D. Nordstrom
Attorney for Idaho Power Company

Attachment B

CONFIDENTIAL

SUBJECT TO PROTECTIVE AGREEMENT NO. 12-499

1 **CERTIFICATE OF SERVICE**

2 **UM 1464(10)**

3 I hereby certify that on December 27, 2019, I served a true and correct copy of
4 Idaho Power Company's Application for Deferred Accounting of Net Variable Power Cost
5 Variances on the parties in Dockets UM 1464 and UE 233 by e-mail to said person(s) as
6 indicated below.

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DATED: December 27, 2019



Kimberly Towell, Executive Assistant