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December 15, 2015

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

Re: Docket UM 1464(6)
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(6)

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, 2016. 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 address 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 authorization from the
4 Commission to accrue, for future amortization, the difference between actual annual net
5 variable power costs and the annual net variable power costs forecasted pursuant to Tariff
6 Schedule 55, in accordance with Order No. 08-238. The annual variance will be
7 determined pursuant to the terms of Schedule 56, which includes a Power Supply Expense
8 Deadband and an Earnings Test.

9 **B. Reasons for Deferral**

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

21 **C. Proposed Accounting**

22 Idaho Power records revenues and expenses that would be subject to the deferral
23 order in accordance with the Code of Federal Regulations to the Federal Energy
24 Regulatory Commission (“FERC”) Account 501 (Fuel), FERC Account 547 (Fuel), FERC
25 Account 447 (Sales for Resale), and FERC 555 (Purchased Power). Upon receiving
26 approval of a deferral, Idaho Power proposes to record the deferred amount by debiting

1 FERC Account 182.3 (Regulatory Assets) and crediting FERC Account 557 (Other
2 Expenses) if there is an amount to collect from customers. If there is a refund to
3 customers, Idaho Power would record the accrued amount in FERC Account 254
4 (Regulatory Liabilities) and debiting FERC Account 557 (Other Expenses).

5 **D. Estimate of Amounts**

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

13 **E. Notice**

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

17 **III. OAR 860-027-0300(4) REQUIREMENTS**

18 **A. Entries in the Deferred Account to Date**

19 Attached to the Application as Attachment B is a description and explanation of the
20 entries in this deferred account as of the date of the Application. The attachment includes
21 unreported financial information and is confidential pursuant to OAR 860-001-0070 and
22 Protective Order No. 12-499 previously issued in this docket.

23 **B. Reason for Continuation of Deferred Accounting**

24 As discussed in detail above, this deferral is intended to capture the net annual
25 variable power cost difference that will be amortized in rates and is authorized pursuant to
26 Order No. 08-238.

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IV. CONCLUSION

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

For the reasons stated above, Idaho Power requests permission to defer annual net variable power cost variances beginning January 1, 2016, pursuant to Order No. 08-238 and Idaho Power Schedule 56.

DATED: December 15, 2015

IDAHO POWER COMPANY



LISA D. NORDSTROM
Attorney for Idaho Power Company

Attachment A

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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 1464(6)

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 15, 2015, 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 15, 2016.

DATED: December 15, 2015.



Lisa D. Nordstrom
Attorney for Idaho Power Company

Attachment B
CONFIDENTIAL
PURSUANT TO OAR 860-001-0070
AND PROTECTIVE ORDER NO. 12-499

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CERTIFICATE OF SERVICE
UM 1464(6)

I hereby certify that on December 15, 2015, 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 in Dockets UM 1464 and UE 233 by e-mail to said person(s) as indicated below.

- | | |
|--|---|
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Wendy Gerlitz
NW Energy Coalition
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DATED: December 15, 2015

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Kimberly Towell, Executive Assistant