

HARDY MYERS
Attorney General



PETER D. SHEPHERD
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DEPARTMENT OF JUSTICE
GENERAL COUNSEL DIVISION

May 20, 2005

Public Utility Commission of Oregon
Attn: Filing Center
550 Capitol Street, NE
Suite 215
PO Box 2148
Salem, Oregon 97308

Re: UE 167

Dear Filing Center:

Enclosed for filing please find the Stipulation entered into by Idaho Power Company, staff of the Public Utility Commission of Oregon, the Oregon Industrial Customers of Idaho Power and the Citizens' Utility Board, accompanied by joint supporting testimony of these parties. The signatures of representatives of the Citizens' Utility Board, the Oregon Industrial Customers and Idaho Power will be filed with the Commission under separate cover.

Thank you for your attention.

Very truly yours,

Stephanie S. Andrus
Assistant Attorney General

Enc.

c. Service list

CASE: UE 167

**PUBLIC UTILITY COMMISSION
OF
OREGON**

**IDAHO POWER
STAFF
CUB
INDUSTRIAL CUSTOMERS**

EXHIBIT 101

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

3 **UE 167**

4 IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR
5 AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR ELECTRIC SERVICE
6 TO CUSTOMERS IN THE STATE OF OREGON
7

8 **STIPULATION**

8 **INTRODUCTION**

9 1. The parties to this Stipulation are Idaho Power Company (“Idaho Power”), staff of the
10 Public Utility Commission of Oregon (“Staff”), the Citizens’ Utility Board (“CUB”), and the
11 Oregon Industrial Customers of Idaho Power (“Industrial Customers”), collectively referred to as
12 “the Parties.”¹

13 2. By entering into this Stipulation, the Parties intend to resolve, with the exceptions
14 described below, a substantial number of the issues arising from and relating to Idaho Power’s
15 Application for General Rate Increase in the Company’s Oregon Annual Revenues of
16 \$4,418,908, or 17.52 percent overall (“Application”). One material issue not addressed in this
17 Stipulation is the amount of power costs that should be included in Idaho Power’s revenue
18 requirement.

19 **BACKGROUND**

20 3. On September 21, 2004, Idaho Power filed its Application requesting a general rate
21 increase and revised tariff schedules. Idaho Power filed the testimony of ten witnesses and
22 supporting exhibits in support of the Application and revised tariff schedules.

23 4. CUB filed its notice of intervention on October 11, 2004.
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26 ¹ Idaho Power, CUB, Staff and the Industrial Customers are the only active parties to this docket. PGE also intervened in the matter, but did not attend settlement negotiations or file testimony.

1 **b. Net to gross factor**

2 The net to gross factor will be set to include uncollectibles. This adjustment will
3 result in an upward adjustment to revenue requirement of \$14,000.

4 **c. Known and measurable changes to rate base**

5 Revenues and expenses for changes to rate base will be imputed consistent with
6 the method used by the OPUC in previous rate cases. This adjustment will result
7 in a revenue requirement deduction of \$23,000.

8 **d. Cloud seeding costs.**

9 Idaho Power’s capitalized costs and test-year expenses for cloud seeding will
10 be excluded. This adjustment will result in a revenue requirement deduction of
11 \$52,000.

12 **e. Non-labor and A&G expenses**

13 Shareholder costs and costs attributable to FAS adjustments and insurance will be
14 excluded and removed from A&G expense. This will result in a revenue
15 requirement deduction of \$187,000.

16 **f. Employee incentive pay**

17 Idaho Power’s adjustment to the test year for employee incentive pay will be
18 excluded. This will result in a revenue requirement deduction of \$288,000.

19 **g. Payroll salary structure**

20 Idaho Power’s payroll will be adjusted to reflect that a proposed 3% salary
21 increase for 2003 did not occur but that a 3.5% general wage adjustment in 2005
22 did occur. This adjustment will result in no change to Idaho Power’s
23 proposed revenue requirement.

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1 **h. Wage and salary adjustment**

2 Idaho Power’s test period wages and salary will be adjusted in accordance with
3 guidelines followed in previous rate cases. This will result in a revenue
4 requirement deduction of \$32,000.

5 **i. Hells Canyon Complex legal costs**

6 Capitalized legal costs from 2001 are excluded. This results in a revenue
7 requirement deduction of \$4000.

8 **j. Rate base additions annualized**

9 Costs for projects closed in December 2003 and included as annualized
10 adjustments in Idaho Power’s rate base will be adjusted consistent with other
11 additions made in the test year. This will result in a revenue requirement
12 deduction of \$34,000.

13 **k. Prepaid pension expenses**

14 Costs for prepaid pension expenses will be removed from rate base. This results
15 in a revenue requirement deduction of \$93,000.

16 **Non-revenue requirement issues**

17 10. The Parties agree to the following non-revenue requirement adjustments and
18 matters:

19 **a. Marginal cost adjustment**

20 i. Idaho Power will replace the actual 2003 uncollectible expense for each class
21 with the average of actual expenses for the four years 2001 through 2004.

22 **b. Service Establishment Charge**

23 i. Idaho Power will eliminate its proposal to add a \$20 service establishment
24 charge described at Idaho Power/Exhibit 34T, Bowman/Pages 6-8.

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1 **c. Audit recommendations**

- 2 i. Pursuant to ORS 757.495 and OAR 860-027-0040, Idaho Power will file an
3 application for approval of the service agreement for those administrative
4 services furnished to Idaho Power by affiliates and for services provided by
5 Idaho Power to affiliates.
- 6 ii. Pursuant to OAR 860-027-0041, Idaho Power will file an informational filing
7 concerning construction services provided to IDACOMM.
- 8 iii. Pursuant ORS 757.495 and OAR 860-027-0040, Idaho Power will file an
9 application for approval of short-term borrowing from its affiliate, Idaho
10 Energy Resources Co.
- 11 iv. Pursuant to ORS 757.480 and OAR 860-027-0025, Idaho Power shall file an
12 application for Commission approval of its Boise Bench Transmission Station
13 Land Sale (2000) and State Street Office Sale (2001) and any other property
14 sale for which the value of the property sold exceeded, or will exceed,
15 \$100,000.
- 16 v. Idaho Power will improve its accounting processes to properly classify
17 lobbying expenses to non-utility accounts when the expenses are initially
18 recorded on its books.

19 **d. Conservation**

- 20 i. Idaho Power will seek approval from the Commission to implement the same
21 type of mechanism and the same level of commitment as ultimately approved
22 by the Idaho Commission to fund energy efficiency programs such as those
23 listed in Attachment A to this Stipulation. The amount of the conservation
24 rider will be equal to the rider amount approved by the IPUC in Order No.
25 29784.
- 26

1 12. The Parties agree that the Stipulation represents a compromise in the positions of the
2 parties.

3 13. The Stipulation will be offered into the record of the above-captioned docket
4 pursuant to OAR 860-014-0085. The Parties agree to support the Stipulation throughout this
5 proceeding and any appeal, provide witnesses to sponsor the Stipulation at any hearing held in
6 the above-captioned docket and recommend that the Commission issue an order adopting the
7 settlement contained herein.

8 14. The Parties have negotiated the Stipulation as an integrated document. If the
9 Commission rejects all or any material portion of the Stipulation, or conditions its approval upon
10 the imposition of additional material conditions, any party disadvantaged by such action shall
11 have the rights provided in OAR 860-014-0085 and shall be entitled to seek reconsideration of
12 the Commission's order.

13 15. By entering into the Stipulation, no party shall be deemed to have approved,
14 admitted or consented to the facts, principles, methods or theories employed by any other party
15 in arriving at the terms of the Stipulation. No party shall be deemed to have agreed that any part
16 of the Stipulation is appropriate for resolving issues arising in any other proceeding.

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1 16. The Stipulation may be executed in counterparts and each signed counterpart shall
2 constitute an original document.

3 STAFF OF THE PUBLIC UTILITY
4 COMMISSION OF OREGON

CITIZENS' UTILITY BOARD

5 By: s/Stephanie Andrus
6 Stephanie Andrus

By: _____
Bob Jenks

7 Date: May 20, 2005

Date: _____

8 IDAHO POWER COMPANY

OREGON INDUSTRIAL
CUSTOMERS OF IDAHO POWER

9
10 By: _____
11 Lisa Rackner

By: _____
Peter Richardson

12 Date: _____

Date: _____