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September 5, 2012

VIA ELECTRONIC AND U.S. MAIL

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

Re: Docket No. UE 248 -- In the Matter of the Application of Idaho Power Company for Authority to Increase its Rates and Charges for Electric Service to its Customers in the State of Oregon Due to the Inclusion of the Langley Gulch Power Plant Investment in Rate Base.

Attention Filing Center:

Enclosed in the above-referenced docket are an original and five copies of Idaho Power's Stipulation and Joint Explanatory Brief. A copy of this filing has been served on all parties to this proceeding as indicated on the attached Certificate of Service.

Very truly yours,

A handwritten signature in black ink that reads "Wendy McIndoo". The signature is fluid and cursive.

Wendy McIndoo
Office Manager

Enclosures

cc: Service List

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

3 **UE 248**

4 In The Matter of

STIPULATION

5 IDAHO POWER COMPANY

6 General Rate Revision Application for
7 Authority to include the Langley Power Plant
8 Investment in Rate Base.
9

10 This Stipulation resolves all issues between the parties related to Idaho Power
11 Company's ("Idaho Power" or "Company") request to revise its schedules of rates and
12 charges for electric service in Oregon to include the Langley Gulch power plant ("Langley") in
13 the Company's revenue requirement.

14 **PARTIES**

15 1. The parties to this Stipulation are Staff of the Public Utility Commission of Oregon
16 ("Staff"), the Citizens' Utility Board of Oregon ("CUB"), the Northwest and Intermountain Power
17 Producers Coalition ("NIPPC"), and Idaho Power (together, the "Stipulating Parties"). No
18 other party intervened in this docket.

19 **BACKGROUND**

20 2. Langley is a natural gas-fired combined cycle combustion turbine power plant
21 located approximately five miles south of New Plymouth, Idaho. Langley has a 330 megawatt
22 ("MW") nameplate capacity in the winter and a 300 MW nameplate capacity in the summer.
23 Langley came online and began commercial operation on June 29, 2012.

24 3. On March 9, 2012, Idaho Power filed Advice No. 12-06 and an application for a
25 general rate increase pursuant to ORS 757.205, 757.215, and 757.220, that requested an
26 increase to customer rates to reflect the costs associated with Langley. The Company's filing

1 requested an increase in the Company's Oregon jurisdictional revenue requirement of \$3
2 million, which was an increase of 7.32 percent. The Company requested a rate effective date
3 of July 1, 2012, to coincide with the expected in-service date for the plant.

4 4. The Company's filing included the testimony of Gregory W. Said and Lisa A.
5 Grow. Mr. Said described the integrated resource plan process that led to the acquisition of
6 Langley; explained the streamlined competitive bidding process to acquire Langley; described
7 the regulatory oversight of the Langley acquisition by the Idaho Public Utilities Commission
8 ("IPUC"); presented the Company's request for approval in this case; and presented the
9 revenue requirement impact of this investment and the Company's proposed rate spread/rate
10 design. Ms. Grow discussed the Request for Proposals ("RFP") process used to select the
11 power plant now known as Langley; quantified the Company's investment in Langley; and
12 discussed the expected completion and in-service date for Langley.

13 5. On March 13, 2012, CUB filed its Notice of Intervention.

14 6. On March 21, 2012, Idaho Power ran an advertisement in the *Hells Canyon*
15 *Journal*, *Baker City Herald* and *Argus Observer*, notifying Oregon customers of the proposed
16 rate increase and how, if approved, it would affect customers. On March 22, 2012, the same
17 advertisement was run in the *Baker City Record-Courier*.

18 7. Beginning March 27, 2012, Idaho Power notified all Oregon customers of the
19 proposed rate increase through a bill insert.

20 8. On March 26, 2012, the Commission issued Order No. 12-101, which suspended
21 Advice No. 12-06 for the full nine-month statutory suspension period.

22 9. On March 29, 2012, NIPPC filed a petition to intervene.

23 10. On April 3, 2012, Administrative Law Judge ("ALJ") Allan J. Arlow convened a
24 prehearing conference. At the prehearing conference, the parties adopted a procedural
25 schedule and ALJ Arlow granted NIPPC's petition to intervene.¹

26 ¹ *Re Idaho Power Company*, Docket UE 248, Prehearing Conference Memorandum (Apr. 3, 2012).

1 11. On August 9, 2012, the Stipulating Parties participated in a settlement
2 conference. At that settlement conference, the Stipulating Parties reached a tentative
3 agreement in principle that would resolve all the issues in this case, subject to verification of
4 the final revenue requirement calculations. A subsequent settlement conference was held on
5 August 27, 2012. As a result of the settlement discussions and the verification of the revenue
6 requirement calculations, the Stipulating Parties have agreed as follows:

7 **AGREEMENT**

8 12. The Stipulating Parties, subject to certain reservations set forth in paragraphs 13
9 and 14 below, agree that the Company's investment in Langley was a prudent expenditure
10 and that the investment should be included in rate base.

11 13. Despite supporting the prudence of the Company's investment for purposes of
12 this agreement, Staff, CUB, and NIPPC do not endorse the procedures followed by Idaho
13 Power in obtaining permission only from the IPUC and not also from the Commission prior to
14 soliciting bids for the construction of Langley. CUB and NIPPC also have reservations about
15 the RFP process used to solicit bids for Langley and reservations about the selection process
16 followed to select the winning bid.

17 14. Given the above, the Stipulating Parties therefore agree that this Stipulation shall
18 have no precedential value in any future resource solicitation proceedings, except as set forth
19 in paragraph 20 of the Stipulation.

20 15. The Stipulating Parties also agree that Langley became commercially operational
21 on June 29, 2012, and is now used and useful as required by ORS 757.355.

22 16. The Stipulating Parties further agree to an increase of Oregon jurisdictional rates
23 to reflect the Oregon jurisdictional share of the incremental Langley revenue requirement of
24 \$2,979,973. A description of the calculated revenue requirement is set forth in Attachment A.
25 The Oregon jurisdictional revenue requirement agreed to by the Stipulating Parties was
26 calculated using electric plant in service as of January 31, 2012, with estimated additions

1 through June 30, 2012, as included in the Company's original filing. It also incorporates the
2 removal of the following three plant items:

3 a. \$251,894 in employee-related payroll and benefit costs associated with
4 the development of Idaho Power's benchmark resource proposal;

5 b. \$1,197,938 in transmission costs; and

6 c. \$75,000 in costs related to the splicing of a fiber communication cable
7 that were not spent until after July 1, 2012.

8 17. The Stipulating Parties agree that the revenue requirement should include a
9 depreciation rate associated with a 35-year life for Langley as approved in Order No. 12-296
10 (the Company's recent depreciation study filing) as opposed to the 30-year life originally
11 proposed by the Company.

12 18. The Stipulating Parties agree that they will make best efforts to allow for a
13 process that would include a rate implementation date of October 1, 2012.

14 19. The Stipulating Parties agree that the rate spread/rate design set forth by Idaho
15 Power in the Application is reasonable and should be approved. This will spread the rate
16 increase to each individual customer class based on the rate spread agreed to by the parties
17 in Docket UE 233 and approved by the Commission in Order No. 12-055 and will be
18 recovered through a uniform percentage increase to all base rate components except the
19 service charge.

20 20. To address the concerns discussed in paragraph 13 regarding the process that
21 resulted in the Company's Langley investment, Idaho Power commits to submitting all future
22 resource acquisitions subject to the Commission's RFP Guidelines to the Commission for full
23 and complete review up to and including the issuance of an order approving the RFP, or
24 granting a waiver or other exceptions expressly set forth in the Guidelines, as prescribed in,
25 and implemented by, the RFP Guidelines in effect at the time.

26

1 21. The Stipulating Parties agree to submit this Stipulation to the Commission and
2 request that the Commission approve the Stipulation as presented. The Stipulating Parties
3 agree that the rates resulting from the Stipulation are fair, just, and reasonable.

4 22. This Stipulation will be offered into the record of this proceeding as evidence
5 pursuant to OAR 860-001-0350(7). The Stipulating Parties agree to support this Stipulation
6 throughout this proceeding and any appeal, (if necessary) provide witnesses to sponsor this
7 Stipulation at the hearing, and recommend that the Commission issue an order adopting the
8 settlements contained herein.

9 23. If this Stipulation is challenged by any other party to this proceeding, the
10 Stipulating Parties agree that they will continue to support the Commission's adoption of the
11 terms of this Stipulation. The Stipulating Parties agree to cooperate in cross-examination and
12 put on such a case as they deem appropriate to respond fully to the issues presented, which
13 may include raising issues that are incorporated in the settlements embodied in this
14 Stipulation.

15 24. The Stipulating Parties have negotiated this Stipulation as an integrated
16 document. If the Commission rejects all or any material part of this Stipulation, or adds any
17 material condition to any final order that is not consistent with this Stipulation, each Stipulating
18 Party reserves its right, pursuant to OAR 860-001-0350(9), to present evidence and argument
19 on the record in support of the Stipulation or to withdraw from the Stipulation. Stipulating
20 Parties shall be entitled to seek rehearing or reconsideration pursuant to OAR 860-001-0720
21 in any manner that is consistent with the agreement embodied in this Stipulation.

22 25. By entering into this Stipulation, no Stipulating Party shall be deemed to have
23 approved, admitted, or consented to the facts, principles, methods, or theories employed by
24 any other Stipulating Party in arriving at the terms of this Stipulation, other than those
25 specifically identified in the body of this Stipulation. No Stipulating Party shall be deemed to
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1 have agreed that any provision of this Stipulation is appropriate for resolving issues in any
2 other proceeding, except as specifically identified in this Stipulation.

3 26. This Stipulation may be executed in counterparts and each signed counterpart
4 shall constitute an original document.

5 This Stipulation is entered into by each Stipulating Party on the date entered below such
6 Stipulating Party's signature.

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10 STAFF

CITIZENS' UTILITY BOARD

11 By: _____

By: _____

12 Date: _____

Date: _____

13 IDAHO POWER

NORTHWEST AND INTERMOUNTAIN
POWER PRODUCERS COALITION

14 By:  _____

By: _____

15 Date: Sept 5, 2012 _____

Date: _____

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10 STAFF

CITIZENS' UTILITY BOARD

11 By: SLY J G

By: _____

12 Date: September 4, 2012

Date: _____

13

14 IDAHO POWER

NORTHWEST AND INTERMOUNTAIN
POWER PRODUCERS COALITION

15 By: _____

By: _____

16 Date: _____

Date: _____

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10 STAFF

CITIZENS' UTILITY BOARD

11 By: _____

11 By:  _____

12 Date: _____

12 Date: 9-4-12 _____

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14 IDAHO POWER

NORTHWEST AND INTERMOUNTAIN
POWER PRODUCERS COALITION

15 By: _____

15 By: _____

16 Date: _____

16 Date: _____

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10 STAFF

CITIZENS' UTILITY BOARD

11 By: _____

By: _____

12 Date: _____

Date: _____

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14 IDAHO POWER

NORTHWEST AND INTERMOUNTAIN
POWER PRODUCERS COALITION

15 By: _____

By:  _____

16 Date: _____

Date: 9-4-12 _____

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**IDAHO POWER COMPANY
 JURISDICTIONAL SEPARATION STUDY
 LANGLEY REVENUE REQUIREMENT
 FOR THE TEST YEAR ENDING DECEMBER 31, 2011**

DESCRIPTION	ALLOC/ SOURCE	TOTAL SYSTEM	OREGON RETAIL
4 SUMMARY OF RESULTS			
5 RATE OF RETURN UNDER PRESENT RATES			
6 TOTAL COMBINED RATE BASE		351,108,932	15,254,718
7			
8 OPERATING REVENUES			
9 FIRM JURISDICTIONAL SALES		0	0
10 HOKU 1ST BLOCK ENERGY SALES		0	0
11 SYSTEM OPPORTUNITY SALES		32,274,040	0
12 OTHER OPERATING REVENUES		0	0
13 TOTAL OPERATING REVENUES		32,274,040	0
14 OPERATING EXPENSES			
15 OPERATION & MAINTENANCE EXPENSES		28,080,105	225,804
16 DEPRECIATION EXPENSE		12,068,285	523,827
17 AMORTIZATION OF LIMITED TERM PLANT		0	0
18 TAXES OTHER THAN INCOME		1,426,291	61,809
19 REGULATORY DEBITS/CREDITS		0	0
20 PROVISION FOR DEFERRED INCOME TAXES		64,566,596	2,789,384
21 INVESTMENT TAX CREDIT ADJUSTMENT		11,248,028	485,934
22 FEDERAL INCOME TAXES		(63,903,059)	(2,874,048)
23 STATE INCOME TAXES		(12,948,668)	(581,175)
24 TOTAL OPERATING EXPENSES		40,537,578	631,535
25 OPERATING INCOME		(9,756,907)	(631,535)
26 ADD: IERCO OPERATING INCOME		0	0
27 CONSOLIDATED OPERATING INCOME		(9,756,907)	(631,535)
28 RATE OF RETURN UNDER PRESENT RATES		-2.78%	-4.14%
29			
30 DEVELOPMENT OF REVENUE REQUIREMENTS			
31 RATE OF RETURN		7.757%	
32			
33 RETURN		1,183,308	1,183,308
34 EARNINGS DEFICIENCY		1,814,844	1,814,844
35 ADD: CWIP (HELLS CANYON RELICENSING)		0	0
36 DEFICIENCY WITH CWIP		1,814,844	1,814,844
37			
38 NET-TO-GROSS TAX MULTIPLIER		1.642	1.642
39 REVENUE DEFICIENCY		2,979,973	2,979,973
40			
41 FIRM JURISDICTIONAL REVENUES		43,216,693	43,216,693
42 PERCENT INCREASE REQUIRED		6.90%	6.90%
43			
44 SALES AND WHEELING REVENUES REQUIRED		2,979,973	2,979,973

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CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document in Docket No. UE 248 on the following named person(s) on the date indicated below by email addressed to said person(s) at his or her last-known address(es) indicated below.

OPUC dockets Citizens' Utility Board of Oregon dockets@oregoncub.org	Robert Jenks Citizens' Utility Board of Oregon bob@oregoncub.org
Catriona McCracken Citizens' Utility Board of Oregon catriona@oregoncub.org	Stephanie Andrus Assistant Attorney General stephanie.andrus@state.or.us
Steve Schue Public Utility Commission of Oregon steve.schue@state.or.us	Judy Johnson Public Utility Commission of Oregon judy.johnson@state.or.us
Robert D. Kahn NW & Intermountain Power Producers Coalition rkahn@nippc.or rkahn@rdkco.com	Gregory M. Adams Richardson & O'Leary greg@richardsonandoleary.com
Peter J. Richardson Richardson & O'Leary peter@richardsonandoleary.com	

DATED: September 5, 2012



Wendy McIndoo
Office Manager

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 248

In The Matter of
IDAHO POWER COMPANY

JOINT EXPLANATORY BRIEF

General Rate Revision Application for
Authority to include the Langley Power
Plant Investment in Rate Base.

This brief explains and supports the Stipulation filed in this proceeding on September 5, 2012, among Idaho Power Company (“Idaho Power” or “Company”), the Citizens’ Utility Board of Oregon (“CUB”), the Northwest and Intermountain Power Producers Coalition (“NIPPC”), and Staff of the Public Utility Commission of Oregon (“Staff”) (together, the “Stipulating Parties”). The Stipulation resolves all issues related to Idaho Power’s request to revise its schedules of rates and charges for electric service in Oregon to include the Langley Gulch power plant (“Langley”) in the Company’s revenue requirement.

I. BACKGROUND

A. Langley Gulch Power Plant.

Langley is a natural gas-fired combined cycle combustion turbine generating plant with a nameplate capacity of approximately 300 megawatts (“MW”) in the summer and 330 MW in the winter.¹ The project is constructed on a parcel of land on the south side of Interstate 84 in Payette County approximately five miles south of the town of New Plymouth, Idaho.² Langley came online and began commercial operation on June 29, 2012.³

¹ Idaho Power/200, Grow/2, ll. 14-16.
² Idaho Power/200, Grow/2, ll. 16-18.
³ Stipulation at ¶ 2.

1 The Company acquired Langley to meet the need for 250 MW to 600 MW of
2 dispatchable, physically delivered firm or unit contingent energy deliverable in 2012.⁴ The
3 need for this type of resource was identified in the Company's Integrated Resource Plans
4 ("IRPs") dating back to 2004.⁵

5 The process that resulted in the acquisition of Langley began in 2008. On April 1, 2008,
6 Idaho Power issued a request for proposal ("RFP") to solicit competitive bids for a new
7 baseload resource.⁶ The RFP process used by the Company, which is described in the
8 testimony of Lisa Grow,⁷ was subject to the oversight of the Idaho Public Utilities Commission
9 ("IPUC"), the jurisdiction in which the Company conducts 95 percent of its business.⁸ The
10 RFP was not conducted in full accordance with the Commission's Competitive Bidding
11 Guidelines, established in Order No. 06-446.

12 As a result of the RFP process, the Company received five proposals that represented a
13 total of thirteen alternative resources.⁹ After reviewing the proposals, the Company ultimately
14 selected Langley—due primarily to its substantially lower price, a 20-year net present value of
15 \$108 million less, as compared to the other proposals.¹⁰

16 On March 6, 2009, the Company filed an Application with the IPUC requesting a
17 Certificate of Public Convenience and Necessity ("CPCN") authorizing the construction of
18 Langley and requesting recognition that the plant could result in an increase to Idaho Power's

19

20 ⁴ Idaho Power/100, Said/4, I. 9 – 5, I. 17.

21 ⁵ Idaho Power/100, Said/4, I. 9 – 5, I. 17.

22 ⁶ Idaho Power/200, Grow/2, II. 25-26.

23 ⁷ Idaho Power/200.

24 ⁸ Idaho Power/100, Said/7, II. 6-8; Idaho Power/200, Grow/2, I. 12 – 11, I. 4.

25 ⁹ Idaho Power/200, Grow/4, II. 22-26.

26 ¹⁰ Idaho Power/200, Grow/8, II. 1-8.

1 rate base.¹¹ Following a full contested case process, on September 1, 2009, in Order No.
2 30892 the IPUC approved the Company's request for a CPCN with authorization and binding
3 commitment to provide rate base treatment for the Company's capital investment in Langley.¹²

4 **B. Procedural History of this Docket.**

5 On March 9, 2012, Idaho Power filed Advice No. 12-06 and an application for a general
6 rate increase that requested an increase to customer rates to reflect the costs associated with
7 Langley. The Company's filing requested an increase in the Company's Oregon jurisdictional
8 revenue requirement of \$3 million, which was an increase of 7.32 percent.¹³ The Company
9 requested a rate effective date of July 1, 2012, to coincide with the expected in-service date
10 for the plant.¹⁴

11 The Company's filing included the testimony of Gregory W. Said and Lisa A. Grow.¹⁵
12 Mr. Said described the integrated resource plan process that led to the acquisition of Langley;
13 explained the streamlined competitive bidding process that the Company employed to acquire
14 Langley; described the regulatory oversight of the Langley acquisition by the IPUC; presented
15 the Company's request for approval in this case; and presented the revenue requirement
16 impact of this investment and the Company's proposed rate spread/rate design. Ms. Grow
17 discussed the RFP process used to select the power plant now known as Langley; quantified
18 the Company's investment in Langley; and discussed the expected completion and in-service
19 date for Langley.

20 On March 13, 2012, CUB filed its Notice of Intervention.

21

22 ¹¹ Idaho Power/100, Said/7, ll. 12-15. The case was docketed as IPUC Case No. IPC-E-09-03.

23 ¹² Idaho Power/100, Said/7, ll. 21-24.

24 ¹³ Idaho Power/100, Said/13, ll. 8-15.

25 ¹⁴ Idaho Power/100, Said/14, ll. 21-22.

26 ¹⁵ Idaho Power/100, 200.

1 On March 21, 2012, Idaho Power ran an advertisement in the *Hells Canyon Journal*,
2 *Baker City Herald* and *Argus Observer*, notifying Oregon customers of the proposed rate
3 increase and how, if approved, it would affect customers. On March 22, 2012, the same
4 advertisement was run in the *Baker City Record-Courier*.

5 Beginning March 27, 2012, Idaho Power notified all Oregon customers of the proposed
6 rate increase through a bill insert.

7 On March 26, 2012, the Commission issued Order No. 12-101, which suspended the
8 tariff sheets filed on March 9, 2012, (Advice No. 12-06) for the full nine-month statutory
9 suspension period.

10 On March 29, 2012, NIPPC filed a petition to intervene.

11 On April 3, 2012, Administrative Law Judge (“ALJ”) Allan J. Arlow convened a
12 prehearing conference. At the prehearing conference, the parties adopted a procedural
13 schedule and ALJ Arlow granted NIPPC’s petition to intervene.¹⁶

14 On August 9, 2012, the Stipulating Parties participated in a settlement conference. At
15 that settlement conference, the Stipulating Parties reached a tentative agreement in principle
16 that would resolve all the issues in this case. This agreement in principle was subject to the
17 verification of final revenue requirement calculations. Following verification of the revenue
18 requirement and additional revisions to the language in the agreement in principle, the
19 Stipulating Parties reached full settlement of all the issues in this case.

20 II. DISCUSSION

21 A. Terms of the Stipulation.

22 In the Stipulation, the Stipulating Parties, subject to certain reservations set forth in
23 paragraphs 13 and 14 of the Stipulation, agree that the Company’s investment in Langley was
24 a prudent expenditure and that the investment should be included in rate base.¹⁷ The

25 ¹⁶ *Re Idaho Power Company*, Docket UE 248, Prehearing Conference Memorandum (Apr. 3, 2012).

26 ¹⁷ Stipulation at ¶ 12.

1 Stipulating Parties also agree that Langley became commercially operational on June 29,
2 2012, and is now used and useful as required by ORS 757.355.¹⁸ The Stipulation
3 recommends an increase of Oregon jurisdictional rates to reflect the Oregon jurisdictional
4 share of the incremental Langley revenue requirement of \$2,979,973.¹⁹

5 Despite supporting the prudence of the Company's investment for purposes of the
6 Stipulation, Staff, CUB, and NIPPC also state that they do not endorse the procedures
7 followed by Idaho Power in obtaining permission only from the IPUC, and not also from the
8 Commission, prior to soliciting bids for the construction of Langley. CUB and NIPPC also
9 state that they have reservations about the RFP process used to solicit bids for Langley and
10 reservations about the selection process followed to select the winning bid. Given the above,
11 the Stipulating Parties therefore agree that the Stipulation shall have no precedential value in
12 any future resource solicitation proceedings, except as set forth in paragraph 20 of the
13 Stipulation.

14 The Stipulating Parties agree that the revenue requirement should include a depreciation
15 rate associated with a 35-year life for Langley as approved in Order No. 12-296 (the
16 Company's recent depreciation study filing) as opposed to the 30-year life originally proposed
17 by the Company.²⁰

18 The Stipulating Parties agree that the rate spread/rate design set forth by Idaho Power in
19 the Application is reasonable and should be approved.²¹ This will spread the increase to each
20 individual customer class based on the rate spread agreed to by the parties in Docket UE 233

21

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23 ¹⁸ Stipulation at ¶ 15.

24 ¹⁹ Stipulation at ¶ 16.

25 ²⁰ Stipulation at ¶ 17.

26 ²¹ Stipulation at ¶ 19. Attachment A to the Stipulation sets forth the calculated revenue requirement.

1 and approved by the Commission in Order No. 12-055 and will be recovered through a
2 uniform percentage increase to all base rate components except the service charge.²²

3 To address the concerns regarding the process that resulted in the Company's Langley
4 investment, the Stipulation also includes a term, in paragraph 20 of the Stipulation, whereby
5 Idaho Power commits to submitting all future resource acquisitions subject to the
6 Commission's Competitive Guidelines to the Commission for full and complete review up to
7 and including the issuance of an order approving the RFP, or granting a waiver or other
8 exceptions expressly set forth in the Guidelines, as prescribed in, and implemented by, the
9 Competitive Bidding Guidelines in effect at the time.²³

10 The Stipulating Parties agree that they will make best efforts to allow for a process that
11 would include a rate implementation date of October 1, 2012.²⁴

12 **B. The Company's Langley Investment is Prudent.**

13 In determining the prudence of a utility's decision to acquire a resource, the Commission
14 examines the objective reasonableness of the utility's decision based upon information
15 available at the time of the decision.²⁵ Here, Idaho Power did not follow the Commission's
16 Competitive Bidding Guidelines when acquiring Langley. Staff, CUB, and NIPPC are not,
17 therefore, endorsing the procedures followed by Idaho Power in obtaining permission only
18 from the IPUC, and not also from the Commission, prior to soliciting bids for the construction

19 _____
20 ²² Stipulation at ¶ 19. Attachment A to the Stipulation sets forth the calculated revenue requirement.

21 ²³ Stipulation at ¶ 20.

22 ²⁴ Stipulation at ¶ 18.

23 ²⁵ See *Re Portland General Electric*, Docket UE 139, Order No. 02-772 at 11 (Oct. 30, 2002); *Re*
24 *PacifiCorp*, Docket UE 170, Order No. 05-1050 (Sept. 28, 2005) ("When reviewing PacifiCorp's
25 decisions about West Valley, Gadsby and Currant Creek, we look to whether the actions were
26 reasonable at the time that PacifiCorp made those decisions."); *In re PacifiCorp*, Dockets UM 995/UE
121/UC 578, Order No. 02-469 at 4 (July 18, 2002) ("In a prudence review, the Commission examines
the objective reasonableness of a company's actions measured at the time the company acted . . ."); *In*
re Portland General Electric, Docket UE 102, Order No. 99-033 at 36-37 (Jan. 27, 1999) ("Prudence is
determined by the reasonableness of the actions based on the information that was available (or could
reasonably have been available) at the time.") (internal quotations omitted).

1 of Langley. CUB and NIPPC also have stated their respective reservations about the RFP
2 process used to solicit bids for Langley and reservations about the selection process followed
3 to select the winning bid. However, notwithstanding the above, the Stipulating Parties have
4 reviewed the construction of Langley and have concluded that Idaho Power has met its
5 burden to demonstrate prudence in this particular instance. This is because the Commission
6 has stated in the past that compliance with the Competitive Bidding Guidelines results only in
7 a presumption that the resulting resource acquisition is reasonable²⁶ and the Commission has
8 also stated that failure to comply with the Competitive Bidding Guidelines, while not to be
9 encouraged, is not dispositive of the prudence of the Company's decision.²⁷ This being the
10 case, CUB and NIPPC are able to stipulate to the prudence of the decision to build, if not the
11 processes followed thereafter, because of Idaho Power's commitments in paragraph 20 of the
12 Stipulation. It is for these reasons that the Stipulating Parties have agreed that this docket
13 should not be viewed as precedential in any future proceedings related to the determination of
14 prudence in plant acquisition.

15 To address Staff, CUB and NIPPC's concerns, Idaho Power has committed itself to
16 submit all future resource acquisitions subject to the Commission's Competitive Bidding
17 Guidelines to the Commission for full and complete review up to and including the issuance of
18 an order approving the RFP, or granting a waiver or other exceptions expressly set forth in the
19 Guidelines, as prescribed in, and implemented by, the Competitive Bidding Guidelines in
20 effect at the time.²⁸

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24 ²⁶ *Re PacifiCorp*, Docket UE 200, Order No. 08-548 at 19 (Nov. 14, 2008).

25 ²⁷ Order No. 08-548 at 21.

26 ²⁸ Stipulation at ¶ 20.

1 **C. The Stipulation Will Result in Just and Reasonable Rates.**

2 The Commission will approve a stipulation if it is an appropriate resolution of the issues
3 in a case²⁹ and results in just and reasonable rates.³⁰ When evaluating these rates, the
4 Commission examines “the reasonableness of the overall rates.”³¹ Here, the Stipulating
5 Parties agree that the rates resulting from the inclusion of Langley in rates will result in just
6 and reasonable rates.

7 **III. CONCLUSION**

8 For all of the above reasons, the Stipulating Parties request that the Commission
9 approve the Stipulation and the resulting rates.

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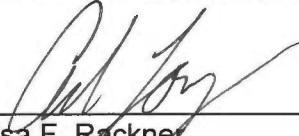
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20 ²⁹ See *Re PacifiCorp’s 2010 Transition Adjustment Mechanism*, Docket UE 207, Order No. 09-432 at 6
21 (Oct. 30, 2009) (“The Commission concludes that the Stipulation is an appropriate resolution of all
22 primary issues in this docket.”); See *Re PacifiCorp Request for a General Rate Revision*, Docket UE
23 210, Order No. 10-022 at 6 (Jan. 26, 2010) (“When considering a stipulation, we have the statutory duty
24 to make an independent judgment as to whether any given settlement constitutes a reasonable
25 resolution of the issues.”).

26 ³⁰ See *Re. PacifiCorp Request for a General Rate*, Docket UE 217, Order No. 10-473 at 7 (Dec. 14,
2010) (“We have reviewed the Stipulation, and find that it will result in rates that are fair, just, and
reasonable.”).

³¹ *Re. Application of Portland General Electric Co. for an Investigation into Least Cost Plant Retirement*,
Docket DR 10 et al., Order No. 08-487 at 7-8 (Sept. 30, 2008).

Respectfully submitted,

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