

McDowell Rackner & Gibson PC



ADAM LOWNEY
Direct (503) 595-3926
adam@mcd-law.com

February 5, 2014

VIA ELECTRONIC AND U.S. MAIL

PUC Filing Center
Public Utility Commission of Oregon
PO Box 1088
Salem, OR 97308-1088

Re: UE 279 In The Matter of IDAHO POWER COMPANY's 2014 Annual Power Cost Update

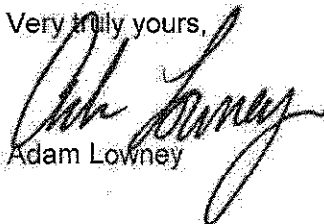
Attention Filing Center:

Enclosed for filing in the above-referenced matter is an original and five copies of the Partial Stipulation. This Partial Stipulation resolves all issues among the parties to docket UE 279 related to Idaho Power Company's ("Idaho Power" or "Company") October Update component of the 2014 Annual Power Cost Update ("APCU"). Concurrent with this filing, Idaho Power is also filing a Motion to Suspend the Procedural Schedule, which requests that the procedural schedule in this case be suspended until the filing of Idaho Power's March Forecast on March 21, 2014.

The parties intend to file a brief in support of this Partial Stipulation after the Company files its March Forecast and the parties are able to determine whether there will be another partial stipulation that would fully resolve all the issues in this case.

A copy of this filing has been served on all parties to this proceeding. Please contact this office with any questions.

Very truly yours,



Adam Lowney

Enclosures
cc: Service List

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

3 **UE 279**

4 In the Matter of:

PARTIAL STIPULATION

5 Idaho Power Company's 2014 Annual
6 Power Cost Update

7 This Partial Stipulation resolves all issues among the parties to this Partial Stipulation
8 related to Idaho Power Company's ("Idaho Power" or "Company") October Update component
9 of the 2014 Annual Power Cost Update ("APCU") filed pursuant to Order No. 08-238.¹ The
10 APCU updates the Company's normalized net power supply expense and results in new
11 rates, to be effective June 1, 2014.

12 **PARTIES**

13 1. The parties to this Partial Stipulation are Staff of the Public Utility Commission of
14 Oregon ("Staff"), the Citizens' Utility Board of Oregon ("CUB"), and Idaho Power (together, the
15 "Stipulating Parties").

16 **BACKGROUND**

17 2. Pursuant to Order No. 08-238, Idaho Power annually updates its net power
18 supply expense included in rates through an automatic adjustment clause, the APCU. The
19 APCU is comprised of two components—an "October Update" and a "March Forecast." The
20 October Update contains the Company's forecasted net power supply expense reflected on a
21 normalized unit basis for an April through March test period. The March Forecast contains the
22 Company's net power supply expense based upon updated actual forecasted conditions.
23 Pursuant to Order No. 10-191² the Company allocates the APCU revenue requirement to

24
25 ¹ *Re Idaho Power Company's Application for Authority to Implement a Power Cost Adjustment
Mechanism*, Docket UE 195, Order No. 08-238 (Apr. 28, 2008).

26 ² *Re Idaho Power Company's 2010 Annual Power Cost Update*, Docket UE 214, Order No. 10-191
(May 24, 2010).

1 individual customer classes on the basis of the total generation-related revenue requirement
2 approved in the Company's last general rate case, instead of the previous equal cents per
3 kWh approved in Order No. 08-238. Order No. 10-191 also directs the Company to adjust its
4 base rates to reflect changes in revenue requirement related to the October Update, while the
5 rates resulting from the March Forecast are listed on Schedule 55. The rates associated with
6 the October Update and the March Forecast become effective on June 1 of each year.

7 3. On October 18, 2013, Idaho Power filed testimony and exhibits for the 2014
8 APCU ("2014 October Update").³ Pursuant to Order No. 08-238 the 2014 October Update
9 updated the following variables: loads, fuel prices, transportation costs, maintenance rates,
10 heat rates, and forced outage rates for thermal plants.⁴ The test period for the 2014 October
11 Update was April 2014 through March 2015 and included updates of the above referenced
12 variables for all Company owned resources and updated sales and load forecast.⁵ The 2014
13 October Update specifically accounted for changes in natural gas and coal prices and
14 generation and expenses related to contracts entered into pursuant to the Public Utility
15 Regulatory Policies Act of 1978 ("PURPA").⁶

16 4. The 2014 October Update resulted in a cost per unit of \$21.80 per megawatt-
17 hour ("MWh").⁷ This represents a decrease of \$1.33 per MWh over last year's October
18 Update.⁸

19
20
21

22 ³ See Idaho Power/100 – 108.

23 ⁴ Idaho Power/100, Wright/2.

24 ⁵ Idaho Power/100, Wright/2.

25 ⁶ Idaho Power/100, Wright/2-4.

26 ⁷ Idaho Power/100, Wright/8.

⁸ Idaho Power/100, Wright/8.

1 5. The 2014 October Update also included the Company's proposed method of
2 allocation, which was consistent with the revenue spread methodology approved by the
3 Commission in Order No. 10-191.⁹

4 6. On October 24, 2013, CUB filed its Notice of Intervention. On December 3,
5 2013, Administrative Law Judge ("ALJ") Patrick Power held a prehearing conference at which
6 the parties to docket UE 279 agreed upon a procedural schedule that would allow the Public
7 Utility Commission of Oregon ("Commission") to issue an order on Idaho Power's 2014 APCU
8 prior to June 1, 2014.¹⁰

9 7. Staff and CUB served discovery on Idaho Power and conducted a thorough
10 investigation of the 2014 October Update. When responding to discovery, the Company
11 revised Exhibits 101 and 105 from the original filing to incorporate a formula error in the
12 natural gas price calculation. The natural gas price included in the October Update is based
13 on five indices. The Company calculates an average price by first removing the highest and
14 lowest index and then averaging the remaining three. In the Company's original filing, the
15 formula for calculating the maximum natural gas price included only four of the five indices.
16 Therefore, the highest natural gas price was not removed prior to calculating the average
17 price. When the formula was corrected, the original gas price for Henry Hub of \$4.32 per
18 MMBtu was revised to \$4.08 per MMBtu. The Company ran the revised gas price in the
19 AURORA model to generate revised Exhibits 101 and 105. Correcting the natural gas price
20 formula error changes the original per unit cost of \$21.80 per MWh to \$21.82 per MWh.

21 8. On January 13, 2014, the Stipulating Parties conducted a settlement conference.
22 As a result of this discussion, the Stipulating Parties agreed to the settlement reflected below.

23
24
25 ⁹ Idaho Power/100, Wright/10-11; Idaho Power/107.

26 ¹⁰ *Re Idaho Power Company's 2014 Annual Power Cost Update*, Docket UE 279, Prehearing
Conference Memorandum at 1 (Dec. 3, 2013).

1 9. This Partial Stipulation, presented on behalf of all parties to the docket, resolves
2 all issues in the docket related to the 2014 October Update filed on October 18, 2013.

3 **AGREEMENT**

4 10. Subject to the adjustment discussed below, the Stipulating Parties agree that the
5 Company's 2014 October Update was calculated in conformance with the methodology
6 adopted by the Commission in Order No. 08-238.

7 11. The Stipulating Parties agree to adjust the Company's filed 2014 October Update
8 to account for the natural gas price calculation error discussed in paragraph 7 above.
9 Attachments 1 and 2 to this Partial Stipulation reflect revised versions of Exhibits 101 and 105
10 to the Company's original filing. These revised exhibits were created using the corrected
11 natural gas price.

12 12. The Company will file its March Forecast consistent with the schedule adopted
13 by ALJ Power on December 3, 2013. Staff and CUB reserve the right to challenge all
14 elements of the March Forecast and will do so in accordance with the schedule adopted by
15 ALJ Power on December 3, 2013.

16 13. The Stipulating Parties agree that the Company's allocation methodology
17 conforms to that adopted by the Commission in Order No. 10-191.

18 14. The Stipulating Parties agree to submit this Partial Stipulation to the Commission
19 and request that the Commission approve the Partial Stipulation as presented. The
20 Stipulating Parties agree that the adjustment and the rates resulting from the Partial
21 Stipulation are fair, just, and reasonable.

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

1 16. If this Partial Stipulation is challenged, the Stipulating Parties agree that they will
2 continue to support the Commission's adoption of the terms of this Partial Stipulation. The
3 Stipulating Parties agree to cooperate in cross-examination and put on such a case as they
4 deem appropriate to respond fully to the issues presented, which may include raising issues
5 that are incorporated in the settlements embodied in this Partial Stipulation.

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

14 18. By entering into this Partial Stipulation, no Stipulating Party shall be deemed to
15 have approved, admitted, or consented to the facts, principles, methods, or theories employed
16 by any other Stipulating Party in arriving at the terms of this Partial Stipulation, other than
17 those specifically identified in the body of this Partial Stipulation. No Stipulating Party shall be
18 deemed to have agreed that any provision of this Partial Stipulation is appropriate for
19 resolving issues in any other proceeding, except as specifically identified in this Partial
20 Stipulation.

21 19. This Partial Stipulation may be executed in counterparts and each signed
22 counterpart shall constitute an original document.

23 ///

24 ///

25 ///

26

1 This Partial Stipulation is entered into by each Stipulating Party on the date entered below
2 such Stipulating Party's signature.

3

4 STAFF

5

6 By: _____

7

8 Date: _____

9

10 IDAHO POWER

11

12 By:  _____

13

14 Date: 2/5/14 _____

15

CITIZENS' UTILITY BOARD OF OREGON

By: _____

Date: _____

16

17

18

19

20

21

22

23

24

25

26

1 This Partial Stipulation is entered into by each Stipulating Party on the date entered below
2 such Stipulating Party's signature.

3

4 STAFF

5 By: M. [Signature] (staff)

6 Date: 2/5/14

7

8 IDAHO POWER

CITIZENS' UTILITY BOARD OF OREGON

9

10 By: _____

By: _____

11 Date: _____

Date: _____

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

1 This Partial Stipulation is entered into by each Stipulating Party on the date entered below
2 such Stipulating Party's signature.

3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

STAFF

By: _____

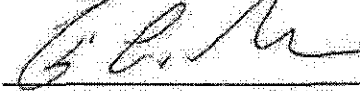
Date: _____

IDAHO POWER

By: _____

Date: _____

CITIZENS' UTILITY BOARD OF OREGON

By:  _____

Date: 2-4-14

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document in Docket UE 279 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

Michael T. Weirich
Department of Justice
Michael.weirich@state.or.us

John Crider
Public Utility Commission of Oregon
john.crider@state.or.us

DATED: February 5, 2014



Wendy McIndoo
Office Manager