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VIA E-MAIL TO

Public Utility Commission of Oregon
Filing Center
201 High Street SE, Suite 100
Salem, Oregon 97301-3398

Re: Docket UE 425 - In the Matter of Idaho Power Company, 2024 Annual Power Cost Update.

Attached, please find the Stipulation filed on behalf of Idaho Power Company, Staff of the Public Utility Commission of Oregon, and the Oregon Citizens' Utility Board.

Please contact this office with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Cole Albee".

Cole Albee
Paralegal
McDowell Rackner Gibson PC

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 425

In the Matter of
IDAHO POWER COMPANY
2024 ANNUAL POWER COST UPDATE

STIPULATION

1 This Stipulation resolves all issues among the parties to Idaho Power Company’s
2 (“Idaho Power” or “Company”) 2024 Annual Power Cost Update (“APCU”) filed pursuant to
3 Order No. 08-238.¹ The APCU updates the Company’s net power supply expense (“NPSE”)
4 and results in new rates, which the mechanism permits to go into effect June 1, 2024.

PARTIES

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6 1. The parties to this Stipulation are Staff of the Public Utility Commission of
7 Oregon (“Staff”), the Oregon Citizens’ Utility Board (“CUB”), and Idaho Power (together, the
8 “Stipulating Parties”).

BACKGROUND

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10 2. Pursuant to Order No. 08-238, Idaho Power annually updates its NPSE included
11 in rates through an automatic adjustment clause, the APCU. The APCU is comprised of two
12 components—an “October Update” and a “March Forecast.” The October Update
13 establishes the prospective base or normalized level of NPSE for an April through March test
14 period. The March Forecast contains the Company’s forecast of expected NPSE over the
15 same test period. Pursuant to Order No. 10-191, the Company adjusts base rates to reflect
16 changes in revenue requirement related to the October Update, while the rates resulting from

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

1 the March Forecast are listed on Schedule 55. The rates associated with the October Update
2 and the March Forecast are intended, under the mechanism, to become effective on June 1
3 of each year.

4 3. On October 31, 2023, Idaho Power filed testimony and exhibits for the 2024
5 October Update component of the APCU (“2024 October Update”).² Pursuant to Order
6 No. 08-238, Idaho Power reviewed all the inputs and provided changes in the 2024 October
7 Update for the following variables: (1) fuel prices and transportation costs, (2) wheeling
8 expenses, (3) planned outages and forced outage rates, (4) heat rates, (5) forecast of
9 normalized load and normalized sales, (6) contracts for wholesale power and power
10 purchases and sales, (7) forward price curve, (8) Public Utility Regulatory Policies Act of
11 1978 (“PURPA”) expenses, and (9) the Oregon state allocation factor.³

12 4. The test period for the 2024 October Update was April 2024 through March
13 2025 and included updates to the above-referenced variables for all Company-owned
14 resources and updated sales and load forecasts.⁴ The 2024 October Update specifically
15 accounted for changes in coal and natural gas prices, generation and expenses related to
16 contracts entered into pursuant to PURPA, new resources, normalized system load, and
17 hydro modeling.⁵

18 5. As part of the fuel expense update, the Company updated its forecast of Oil,
19 Handling, and Administrative and General (“OHAG”) expenses in accordance with the terms
20 of the 2016 and 2017 APCU settlement stipulations.⁶

² See Idaho Power/100-110.

³ Idaho Power/100, Brady/5.

⁴ Idaho Power/100, Brady/2-3.

⁵ Idaho Power/100, Brady/5-19.

⁶ Idaho Power/100, Brady/7-8. Per the terms of the 2016 APCU settlement stipulation, the per-unit OHAG expense included in the AURORA model was updated to reflect the amount of OHAG expense driven by Idaho Power’s dispatch of the Bridger and Valmy coal plants. *In re Idaho Power Company’s 2016 Annual Power Cost Update*, Docket No. UE 301, Stipulation at 7 (May 11, 2016).

1 6. The 2024 October Update also included the Company’s estimate of incremental
2 costs and benefits associated with participation in the Western Energy Imbalance Market
3 (“EIM”).⁷ For the 2024 October Update, Idaho Power proposed to include \$48.4 million in
4 system EIM benefits, \$2.1 million Oregon-allocated, as an offset to NPSE.⁸

5 7. The filed 2024 October Update resulted in a rate of \$30.63 per megawatt-hour
6 (“MWh”), representing a decrease of approximately 1.6 percent relative to last year’s October
7 Update rate of \$30.80 per MWh.⁹

8 8. For the 2024 October Update, the Company calculated the Oregon jurisdictional
9 share of total NPSE by multiplying the rate of \$30.63 per MWh by the forecasted Oregon
10 jurisdictional loss-adjusted normalized sales for the April through March test period.¹⁰ Idaho
11 Power then calculated the incremental Oregon jurisdictional NPSE by comparing the 2024
12 October Update Oregon jurisdictional share of total NPSE to the NPSE recovery under
13 current approved rates from the 2023 APCU October Update, resulting in a revenue
14 requirement decrease of approximately \$101,556.¹¹

15 9. The Company’s revenue spread methodology for the 2024 October Update
16 allocated the incremental revenue requirement to individual customer classes on the basis
17 of normalized jurisdictional forecasted sales at the generation level for the test period,

The Company then separately accounted for its proportional share of the total OHAG expense incurred at both plants. Per the terms of the 2017 APCU settlement stipulation, Idaho Power’s proportional share of total OHAG expenses incurred at both of the coal-fired plants were forecast using the three-year historical average of actual OHAG costs, with a growth (reduction) rate equal to the five-year historical average growth (reduction) rate. *In re Idaho Power Company’s 2017 Annual Power Cost Update*, Docket No. UE 314, Stipulation at 7 (Apr. 28, 2017). Idaho Power also accounted for revenues received from or expenses paid to NV Energy (its ownership partner in the Valmy plant) for use of the Company’s unused capacity or the Company’s use of NV Energy’s unused capacity.

⁷ Idaho Power/100, Brady/25-30.

⁸ Idaho Power/100, Brady/25.

⁹ Idaho Power/100, Brady/30.

¹⁰ Idaho Power/100, Brady/32-33.

¹¹ Idaho Power/100, Brady/33.

1 consistent with the stipulation from the 2018 APCU.¹² In addition, consistent with the
2 stipulation from the 2018 APCU, any rate increase resulting from application of this revenue
3 spread methodology as applied to a customer class was capped at 3 percent above the
4 overall average rate increase on a percentage of total revenue basis.

5 10. On November 17, 2023, Idaho Power filed a stipulated proposed procedural
6 schedule that would allow the Public Utility Commission of Oregon (“Commission”) to issue
7 an order on Idaho Power’s 2024 APCU prior to June 1, 2024.¹³ Administrative Law Judge
8 John Mellgren adopted that schedule.¹⁴

9 11. On December 4, 2023, CUB filed its Notice of Intervention.

10 12. The Stipulating Parties held an initial workshop on December 5, 2023, to
11 discuss the 2024 October Update filing. Staff and CUB served discovery on Idaho Power
12 and conducted a thorough investigation of the 2024 October Update.

13 13. On January 31, 2024, Staff filed Opening Testimony.¹⁵ Staff’s testimony
14 addressed the Company’s AURORA model, fuel expenses, PURPA expenses, hydro
15 modeling, recovery of costs and benefits of participation in the EIM, the Bridger Unit 1 Unit
16 and 2 conversions, Idaho Power’s cost allocation between the Company’s Oregon and Idaho
17 jurisdictions, and rate spread.

18 14. CUB did not file Opening Testimony.

19 15. Idaho Power filed Reply Testimony on February 28, 2024.¹⁶

20 16. On March 25, 2024, Idaho Power filed the 2024 March Forecast component of
21 the APCU (“2024 March Forecast”). The 2024 March Forecast consisted of direct testimony
22 describing the Company’s estimate of the expected NPSE for the upcoming water year—

¹² Idaho Power/100, Brady/33-34; Idaho Power/109.

¹³ Idaho Power’s Proposed Schedule (Nov. 17, 2023).

¹⁴ Memorandum at 1 (Nov. 21, 2023).

¹⁵ Staff/100-102; Staff/200-203; Staff/300-302; Staff/400-401; Staff/500-501.

¹⁶ Staff/200-204.

1 April 2024 through March 2025.¹⁷ Order No. 08-238 calls for the March Forecast to update
2 the following variables: fuel prices, transportation costs, wheeling expenses, planned and
3 forced outages, heat rates, forecast of normalized sales and loads updated for significant
4 changes since the October Update, forecast hydro generation, wholesale power purchase
5 and sale contracts, forward price curve, PURPA expenses, and the Oregon state allocation
6 factor.

7 17. Idaho Power reviewed all the variables for the March Forecast and the following
8 variables changed since the 2024 October Update: (1) fuel prices and transportation costs;
9 (2) forced outage rates; (3) heat rates; (4) forecast of normalized sales and load; (5) forecast
10 of hydro generation from stream flow conditions using the most recent water supply forecast
11 and current reservoir levels; (6) known power purchases and surplus sales made in
12 compliance with the Company's Energy Risk Management Policy; (7) forward price curve;
13 and (8) PURPA contract expenses.¹⁸

14 18. The fuel prices were updated to reflect changes in forecast natural gas and coal
15 costs.¹⁹ Total coal fuel expense included in the 2024 March Forecast is \$62.9 million,
16 compared to \$84.6 million in the 2024 October Update, a decrease of 26 percent. Coal-fired
17 generation also decreased as compared to the October Update, from 2.1 million MWh to 1.6
18 million MWh, or approximately 24 percent. Forecast generation at Bridger decreased 22
19 percent from the October Update and forecast generation at Valmy decreased 33 percent.²⁰

20 19. The updated natural gas price forecast reflected a decrease relative to the 2024
21 October Update. The gas price forecast used for the March Forecast for Henry Hub was

¹⁷ Idaho Power/300-309.

¹⁸ Idaho Power/300, Brady/4-5.

¹⁹ Idaho Power/300, Brady/5.

²⁰ Idaho Power/300, Brady/5.

1 \$3.02 per Metric Million British Thermal Unit (“MMBtu”), which is \$0.88 lower than the Henry
2 Hub gas price used for the October Update.²¹

3 20. The Company also updated the hydro forecast.²² The hydro generation
4 forecasted for this year’s March Forecast is 6.9 million MWh compared to 6.4 million MWh in
5 last year’s March Forecast, a 9 percent increase.²³

6 21. The March Forecast also included reduced PURPA generation relative to the
7 October Update. The October Update included 354.7 average megawatts (“aMW”) of
8 available PURPA generation, whereas the PURPA generation included in the March
9 Forecast was 335.1 aMW, a decrease of 19.6 aMW, or 5.5 percent, since the October
10 Update.²⁴ Total PURPA expense included in the March Forecast is \$242.9 million compared
11 to \$250.3 million included in the October Update, a decrease of \$7.5 million, or 3 percent.²⁵
12 PURPA expense included in the 2024 March Forecast is \$9.8 million more than PURPA
13 expense included in the 2023 March Forecast.²⁶

14 22. Idaho Power proposed \$48.1 million in system EIM benefits as an offset to
15 NPSE in the 2024 March Forecast. On an Oregon-allocated basis, the EIM benefits totaled
16 \$2 million.²⁷

17 23. The 2024 March Forecast included forecast NPSE of \$607.9 million, compared
18 to the 2023 March Forecast NPSE of \$756.5 million.²⁸ The 2023 March Forecast unit cost
19 per MWh was \$48.36 per MWh, compared to this year’s March Forecast unit cost of \$38.63

²¹ Idaho Power/300, Brady/7.

²² Idaho Power/300, Brady/10-11.

²³ Idaho Power/300, Brady/11.

²⁴ Idaho Power/300, Brady/9.

²⁵ Idaho Power/300, Brady/9.

²⁶ Idaho Power/300, Brady/9.

²⁷ Idaho Power/300, Brady/16.

²⁸ Idaho Power/300, Brady/14.

1 per MWh.²⁹ The overall revenue impact of the combined 2024 October Update and March
2 Forecast is a decrease of \$6.1 million, or 9.2 percent overall.³⁰ The \$6.1 million decrease
3 reflects a decrease of \$41,206 in base rate revenues associated with the October Update
4 and a \$6.0 million decrease in Schedule 55 revenues associated with the March Forecast,
5 as compared to what is currently included in Oregon customers' rates related to the 2023
6 APCU.³¹

7 24. Staff and CUB conducted a thorough investigation of the March Forecast.

8 25. Settlement conferences were held on January 4 and 10, 2024, and April 2,
9 2024. Ultimately the Stipulating Parties resolved all the issues in this case through these
10 discussions, resulting in the settlement stipulation as described in this Agreement.

11 **AGREEMENT**

12 26. The Stipulating Parties agree to the filed October Update and March Forecast
13 amounts with two adjustments related to EIM benefits and PURPA expenses.

14 27. EIM Benefits: The Stipulating Parties agree to increase system EIM benefits by
15 \$7.5 million, resulting in \$2.3 Oregon-allocated EIM benefits in the 2024 APCU, representing
16 a \$0.3 million increase in Oregon-allocated EIM benefits compared to the filed 2024 March
17 Forecast. With the inclusion of this adjustment, the Stipulating Parties agree that the
18 Company's forecasted EIM benefits for the 2024 APCU are reasonable. However, the
19 Stipulating Parties do not necessarily agree on the methodology used to calculate this
20 adjustment and every party reserves its rights to dispute the methodology used in this case
21 in future proceedings.

22 28. PURPA Expenses: The Stipulating Parties agree to reduce system PURPA
23 expenses included in Idaho Power's 2024 APCU by \$12 million, resulting in an Oregon-

²⁹ Idaho Power/300, Brady/17.

³⁰ Idaho Power/300, Brady/19.

³¹ Idaho Power/300, Brady/19-20.

1 allocated reduction of \$0.5 million compared to the filed 2024 March Forecast. With the
2 inclusion of this adjustment, the Stipulating Parties agree that the Company's forecasted
3 PURPA expenses for the 2024 APCU are reasonable. However, the Stipulating Parties do
4 not necessarily agree on the methodology used to calculate this adjustment and every party
5 reserves its rights to dispute the methodology used in this case in future proceedings.

6 29. Load Forecasts: The Stipulating Parties agree to continue discussions seeking
7 to align the load forecasts used in Idaho Power's APCU with the settled upon load forecast
8 in the Company's current general rate case,³² and will collaborate to align those forecasts.

9 30. Based on the agreed-upon EIM benefit and PURPA expense adjustments, the
10 Stipulating Parties agree to a revenue requirement decrease of \$6.9 million or 10.42 percent
11 overall. This revenue requirement is supported by the following exhibits to this stipulation:
12 Exhibit 1 shows the October Update NPSE based on the settlement terms, Exhibit 2 shows
13 the March Forecast NPSE based on the settlement terms, Exhibit 3 shows the Combined
14 Rate based on the settlement terms, and Exhibit 4 shows the rate spread based on the
15 settlement terms.

16 31. The Stipulating Parties agree that the Company's allocation methodology
17 conforms to Commission precedent, as reflected in previous APCU stipulations, and should
18 be approved. The Stipulating Parties agree that the rate change resulting from the Stipulation
19 results in rates that are fair, just, and reasonable, as required by ORS 756.040

20 32. The Stipulating Parties agree that rates agreed to by the terms of this Stipulation
21 should be made effective on June 1, 2024, as permitted by the APCU mechanism.

22 33. The Stipulating Parties agree the result of this Stipulation is in conformance with
23 the methodology adopted by the Commission in Order No. 08-238, as modified in subsequent
24 APCU orders.

³² *In re Idaho Power Company Request for a General Rate Revision*, Docket UE 426.

1 34. The Stipulating Parties agree to submit this Stipulation to the Commission and
2 request that the Commission approve the Stipulation as presented.

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

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

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

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

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

3 40. This Stipulation is entered into by each Stipulating Party on the date entered
4 below such Stipulating Party's signature.

5

STAFF

By: /s/ Stephanie Andrus

Date: April 11, 2024

IDAHO POWER

By: 

Date: April 11, 2024

OREGON CITIZENS' UTILITY BOARD

By: /s/Jennifer Hill-Hart

Date: April 11, 2024