

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 20, 2020**

REGULAR CONSENT EFFECTIVE DATE November 1, 2020

DATE: October 12, 2020

TO: Public Utility Commission

FROM: Mitchell Moore

THROUGH: Bryan Conway, John Crider, and Matt Muldoon **SIGNED**

SUBJECT: IDAHO POWER COMPANY:
(Docket No. ADV 1179/Advice No. 20-10)
Updates Schedule 92, removing revenues associated with Boardman
Operating Life Adjustment.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Idaho Power Company's (IPC or Company) revised Schedule 92 tariff, as well as rate schedules 1, 5, 7, 9, 15, 19, 24, 40, 41, and 42, removing Boardman decommissioning costs from customer rates as described in the Advice filing 20-10, effective for service rendered on and after November 1, 2020.

DISCUSSION:

Issue

Whether the Commission should approve Idaho Power's revised Schedule 92 and rate schedules rate schedules 1, 5, 7, 9, 15, 19, 24, 40, 41, and 42, removing Boardman decommissioning costs from customer rates reflecting the early retirement of the Boardman coal plant.

Applicable Rule

ORS 757.205 and ORS 757.210 pertain to filing schedules with the Commission and hearing to establish new rates. ORS 757.210(1)(b) defines automatic adjustment clause as "a provision of a rate schedule that provides for rate increases or decreases or both, without prior hearing, reflecting increases or decreases or both in costs incurred, taxes paid to units of government or revenues earned by a utility and that is subject to review by the commission at least once every two years." Filings that make

any change in rates, tolls, or charges must be filed with the Commission at least 30 days before the effective date of the changes.

OAR 860-022-0025(2) states that each energy utility filing tariffs or schedules changing existing tariffs or schedules shall submit: (a) a statement plainly indicating the increase, decrease, or other change thereby made in existing rates, charges, tolls, or rules and regulations; (b) a statement setting forth the number of customers affected by the proposed change and the resulting change in annual revenue; and (c) a detailed statement setting forth the reasons or grounds relied upon in support of the proposed change.

Analysis

Background

Idaho Power submitted its Advice No. 20-10 filing on August 26, 2020, pertaining to recovery of Boardman costs. The filing requests the removal of revenue collection from Schedule 92 that had been recovering incremental costs associated with the early retirement of the Boardman coal plant. The filing also revises rate schedules 1, 5, 7, 9, 15, 19, 24, 40, 41, and 42, removing Boardman decommissioning costs from base rates.

In Order No. 12-235, the Commission authorized the Company to “track and recover the incremental costs and benefits associated with the early shutdown of Boardman.”¹ The Commission-approved stipulation created a balancing account to address three types of costs associated with the early closure of the Boardman plant: (1) a return on undepreciated capital investments; (2) the accelerated depreciation; and, (3) the decommissioning costs, and authorizing any overage or shortfall in the collection of a previous year’s levelized revenue recovery to be incorporated into the new levelized revenue requirement calculation when necessary.²

Idaho Power made an annual filing to update rates collected pursuant to Schedule 92. In its 2017 filing, in order to address concerns regarding the true-up portion of the of the incremental revenue requirement, the Company agreed to revise its recovery mechanism to remove the true-up component and added language to Schedule 92 indicating that it is an automatic adjustment clause as defined by ORS 757.210(1).

Revenue Requirement of Boardman Investments:

Order No. 12-235 approved an increase to the Oregon jurisdictional revenue requirement of \$107,223 effective July 1, 2012. Adding this to the Boardman revenue

¹ *In re Idaho Power Company*, OPUC Docket No. UE 239, Order No. 12-235 at 3 (Jun. 26, 2012).

² *Id.* at 2.

requirement of \$161,532 previously approved in the Company's last general rate case, Docket No. UE 233, resulted in a total annual Boardman revenue requirement of \$268,755 in customer rates effective July 1, 2012. Amounts embedded in rates from Docket No. UE 233 have been recovered through the Company's standard service schedules referenced above (e.g. Schedule 1, Schedule 5, etc.), while the incremental revenue requirement has been collected through Schedule 92.

Because the Boardman incremental revenue requirement was recovered under an AAC as defined by ORS 757.210(1), and pursuant to Order No. 12-235, Idaho Power updated the Boardman revenue requirement annually. The most recent update, Advice No. 20-02, approved a Schedule 92 revenue requirement of \$102,011, bringing total annual Boardman revenue requirement collections to \$263,543, effective June 1, 2020. However, Advice No. 20-02 approved the collection of the annual amount of \$102,011 based on a ten-month collection period.

Updating Rates to Reflect 2021 Projected Loads:

Order No. 12-235 approved an end-of-life date for Boardman of December 31, 2020. However, as discussed in Docket No. UE 366, Idaho Power Company's 2020 Annual Power Cost Update, Idaho Power and PGE are planning to deplete coal inventory no later than October 31, 2020.

As noted above, Advice No. 20-02 adjusted the final recovery amounts to reflect the full recovery of Boardman revenue requirement as of October 31, 2020 to coincide with the planned depletion of the coal inventory at the plant.

Based on load forecasts for the November 1, 2020 through October 31, 2021, this filing reflects the removal of a total of \$276,316 from customer rates, which translates to a 0.52 percent reduction. Of this amount, \$161,532 is removed from base rates, and \$136,973 from Schedule 92.

Idaho Power notes that a future true up to the balancing account may be required once the full and actual decommissioning costs are calculated. Rates may adjust upward or downward depending on the result.

Conclusion

Staff reviewed the Company's filing and associated work papers, and concludes that the Company is correct to remove future collection of Boardman decommissioning costs from customer rates. This filing decreases the Schedule 92 rate from \$0.000149 to \$0.00 per kWh. Overall rates, including the reduction in base rate schedules, decrease 0.52 percent. Once the decommissioning is complete, as of October 31, 2020, Idaho

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Power's new filing, effective November 1, 2020, would remove all costs from customer bills.

PROPOSED COMMISSION MOTION:

Approve Idaho Power's revised Schedule 92 tariff, as well as rate schedules 1, 5, 7, 9, 15, 19, 24, 40, 41, and 42, removing Boardman decommissioning costs from customer rates as described in the Advice filing 20-10, effective for service rendered on and after November 1, 2020.

IPC ADV 1197 – Boardman Operating Life Adj.