

McDowell Rackner & Gibson PC



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

May 3, 2011

VIA ELECTRONIC AND U.S. MAIL

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

Re: UE 226 – Idaho Power Company’s 2010 Annual Power Supply Expense True-Up

Attention Filing Center:

Enclosed in the above-referenced docket are an original and five copies of Idaho Power Company’s Supplemental Testimony and Exhibits of Courtney Waites.

A copy of this filing has been served on all parties to this proceeding as indicated on the attached certificate of service. Please contact me with any questions.

Very truly yours,

Adam Lowney

cc: Service List

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 226

In the Matter of the Application of IDAHO)
POWER COMPANY for Authority to)
Implement a Power Cost Adjustment)
Mechanism for Electric Service Customers)
in the State of Oregon)
_____)

IDAHO POWER COMPANY
SUPPLEMENTAL DIRECT TESTIMONY
OF
COURTNEY WAITES

May 3, 2011

1 **Q. Please state your name and business address.**

2 A. My name is Courtney Waites. My business address is 1221 West Idaho
3 Street, Boise, Idaho 83702.

4 **Q. Are you the same Courtney Waites that previously filed direct**
5 **testimony in this matter?**

6 A. Yes.

7 **Q. What is the scope and purpose of your supplemental direct**
8 **testimony?**

9 A. My supplemental direct testimony will revise the calculation of the Annual
10 Power Supply Expense True-up with use of the 2010 Oregon Results of Operations
11 ("ROO") report to determine the deferral deadbands and the Earnings Test components.
12 However, as I will show later in my testimony, this revision will not change the deferral
13 amount proposed to be added to the Annual Power Supply Expense True-Up Balancing
14 Account ("True-Up Balancing Account"). With this testimony I am also filing revised
15 Exhibit Nos. 201, 202, 203 and 204.

16 **Q. Please explain the revision you are making.**

17 A. Order No. 09-373 clarifies which year's ROO report should be relied upon
18 in calculating the deferral deadbands and the Earnings Test components of the Power
19 Cost Adjustment Mechanism. As directed in Order 09-373, the Company's initial
20 February filing included the quantification of the dollar balance proposed to be added to
21 the True-Up Balancing Account based on the 2009 ROO report. The results
22 represented a preliminary estimate at the time, with this final determination being filed
23 now that the 2010 ROO report has been completed.

24 **Q. What are the power supply expense deadbands based on the 2010**
25 **ROO report?**

1 A. Using the Company's authorized ROE from its last general rate case and
2 the Company's 2010 Oregon rate base of \$114,274,727, the Upper Deadband of 250
3 basis points equals \$2,357,800 and the Lower Band of 125 Basis Points equals a
4 negative \$948,425 (see Exhibit No. 202).

5 **Q. Does this include the one-time modification to the Deadband**
6 **approved in Order No. 10-191 and described in you direct testimony?**

7 A. Yes. The Power Supply Expense Deadband calculation includes an
8 increase to the Upper Deadband of \$153,650 and a reduction of \$153,650 to the Lower
9 Deadband.

10 **Q. Does the use of the 2010 ROO report impact any other areas of the**
11 **initial filing?**

12 A. Yes. In addition to changing the deadbands, the 2010 ROO report
13 changes the Oregon allocation percentage used to calculate Oregon's share of the
14 excess net power supply expenses. Exhibit No. 201, the Oregon PCAM Quantification
15 for 2010, reflects the revised deadbands and the revised Oregon allocation percentage.
16 The Oregon allocation percentage is also used to calculate Oregon customers' emission
17 sales benefits. Using the Oregon allocation percentage from the 2010 ROO report
18 slightly decreases the total customer benefit of SO₂ Allowance sales to \$23,073 (see
19 Exhibit No. 203).

20 **Q. Do the corrections you describe above change the amount you**
21 **proposed be added to the True-up Balancing Account?**

22 A. No. Adding the customer benefit of \$23,073 from the SO₂ Allowance
23 sales to the Oregon Allocated Power Cost Deviation of negative \$459,419 still leaves an
24 amount above the Lower Deadband of negative \$948,425; therefore the dollar amount to
25 be considered to add to the True-Up Balancing Account is zero.

1 **Q. In your initial filing you proposed using the same methodology**
2 **approved to calculate the proceeds from the sale of SO₂ Allowances for the**
3 **calculation of the proceeds from the sale of RECs in 2010. Does the use of the**
4 **2010 ROO report impact the calculation of the REC proceeds?**

5 A. Yes. The Oregon allocation percentage is also used to calculate Oregon
6 customers' REC sale benefits. Using the Oregon allocation percentage from the 2010
7 ROO report slightly decreases the total customer benefit of REC sales to \$187,912 (see
8 Exhibit No. 204). However, since the time of our initial filing, the Commission issued
9 Order No. 11-086, which changed the way the Company treats the REC proceeds.

10 **Q. Please describe how REC proceeds are to be treated?**

11 A. Rather than offsetting the Oregon Allocated Power Cost Deviation by the
12 amount of the REC proceeds as originally proposed by the Company, the Commission's
13 Order No. 11-086 directs the Company to apply net REC proceeds "as a credit to the
14 Annual Power Cost Supply Expense True-up Balancing Account as part of the Power
15 Cost Adjustment Mechanism (PCAM)" after all variances including deadbands and
16 earnings review. While the Commission's order references the PCAM, the Company
17 believes that it is the Commission's intent that the Company apply net REC proceeds to
18 the power cost deferral currently in amortization, which is related to 2007 excess power
19 costs. Further, Idaho Power representatives confirmed via telephonic conversation that
20 the Commission Staff is in agreement with the Company's interpretation of Order No. 11-
21 086 with regard to treatment of REC proceeds.

22 **Q. Does the previously described treatment of REC proceeds change**
23 **the amount you propose to be added to the True-Up Balancing Account?**

24 A. No. In accordance with the Commission's intent, the Company
25 recommends that the 2010 proceeds from the sale of RECs be applied as credit to the

1 power cost deferral currently in amortization. As a result, there will be no impact to the
2 amount proposed to be added to the True-Up Balancing Account. By offsetting the 2007
3 excess power cost deferral currently in amortization, customers will receive the benefits
4 of 2010 REC sales immediately in the form of a reduced amortization period.

5 **Q. In your initial filing, an Earnings Test was not performed because**
6 **the Company was not proposing any deferral amounts be added to the True-Up**
7 **Balancing Account. Does the use of the 2010 ROO report change the need for an**
8 **Earnings Test?**

9 A. No. Using the 2010 ROO report still results in a zero deferral amount to
10 be added to the True-Up Balancing Account and therefore does not require an Earnings
11 Test to be performed.

12 **Q. Does this conclude your testimony?**

13 A. Yes it does.

Idaho Power/201
Witness: Courtney Waites

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 226

IDAHO POWER COMPANY

Exhibit Accompanying Direct Testimony of Courtney Waites

May 3, 2011

2010 PCAM
Twelve Months Ended December 31, 2010

OREGON PCAM (Schedule 56)		January	January YTD	February	February YTD	March	March YTD	April	April YTD	May	May YTD	June	June YTD
ACTUAL POWER COSTS													
Actual NPSE Costs													
Actual Sales - Includes Unbilled	MWh	1,137,078	1,137,078	967,633	2,104,711	1,004,497	3,109,208	558,553	4,067,781	1,025,641	5,094,402	1,141,540	8,235,942
Fuel	\$	12,535,411.24	12,535,411.24	12,195,707.22	24,731,116.46	12,288,885.25	37,018,004.01	9,958,866.64	46,977,872.65	9,592,223.47	56,570,086.12	7,873,723.03	64,443,818.15
Purchased Power	\$	4,543,513.12	4,543,513.12	4,108,134.58	8,649,647.70	3,157,904.35	11,807,552.05	3,331,252.68	15,138,804.73	2,503,915.32	17,642,420.05	8,647,474.15	26,289,894.20
Avoided Energy-Oregon Solar Pilot													
Surplus Sales	\$	(11,004,934.80)	(11,004,934.80)	(12,553,413.52)	(23,558,346.32)	(6,327,440.26)	(32,885,788.61)	(4,478,008.62)	(37,363,798.23)	(8,214,378.95)	(45,578,178.58)	(4,500,060.30)	(50,078,238.88)
Total Non-QF	\$	6,073,989.56	6,073,989.56	3,749,429.28	8,822,417.84	6,117,349.01	16,938,787.45	9,813,111.70	24,752,079.15	3,881,460.44	28,634,339.59	12,021,138.88	40,655,478.47
QF - Includes Nat Metering	\$	3,892,431.12	3,892,431.12	2,757,714.31	6,450,145.43	2,989,760.32	9,438,912.35	4,344,916.38	13,782,930.73	7,631,894.09	21,414,824.82	8,194,416.48	29,599,241.30
Total Actual Power Costs Incurred	\$	8,769,420.66	8,769,420.66	8,500,442.59	16,272,583.27	3,106,118.53	25,378,679.80	18,167,130.56	39,535,809.88	11,513,354.53	50,048,164.41	20,205,553.36	70,254,717.77
Actual Power Cost per Unit	\$/MWh	\$8.59	\$8.59	\$8.72	\$7.73	\$9.07	\$8.16	\$13.73	\$8.47	\$11.21	\$8.92	\$17.70	\$11.27
POWER COSTS COLLECTED IN RATES													
Actual Sales	MWh	1,137,078	1,137,078	967,633	2,104,711	1,004,497	3,109,208	558,553	4,067,781	1,025,641	5,094,402	1,141,540	8,235,942
Combined Rate (Recover In Rate)	\$/MWh	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04	\$16.59	\$16.69
Total Power Costs Collected In Rates	\$	18,238,731.12	18,238,731.12	15,520,833.32	33,759,584.44	16,112,131.95	49,871,696.32	15,375,190.12	65,246,899.44	16,467,321.84	81,714,208.08	22,351,363.20	104,065,581.28
CHANGE FROM FORECAST													
Actual Power Cost per Unit	\$/MWh	\$8.59	\$8.59	\$8.72	\$7.73	\$9.07	\$8.16	\$13.73	\$8.47	\$11.21	\$8.92	\$17.70	\$11.27
Combined Rate (Recover In Rates)	\$/MWh	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04	\$16.04	\$16.59	\$16.69
Actual Increase (Decrease) Over Forecast Rate	\$/MWh	(\$7.45)	(\$7.45)	(\$8.32)	(\$8.31)	(\$6.97)	(\$7.88)	(\$3.31)	(\$5.57)	(\$4.83)	(\$6.22)	(\$1.88)	(\$5.42)
Deviation from Forecast	\$	(8,472,910.44)	(8,472,910.44)	(9,014,980.73)	(17,467,001.17)	(7,006,015.95)	(24,493,016.52)	(2,216,950.04)	(28,711,078.56)	(4,953,907.11)	(31,665,043.67)	(2,145,709.64)	(33,810,843.51)
Oregon Allocation	%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%
Oregon Allocated Power Cost Deviation (before DB)	\$		(389,726.28)		(804,402.05)		(1,126,678.76)		(1,228,709.52)		(1,466,592.01)		(1,655,298.80)
Deadband - Over 250 Basis Points	\$		2,357,799.62		2,357,799.62		2,357,799.62		2,357,799.62		2,357,799.62		2,357,799.62
Deadband - Under 125 Basis Points	\$		(946,424.81)		(946,424.81)		(946,424.81)		(946,424.81)		(946,424.81)		(946,424.81)
True-Up (+)	\$		0.00		0.00		0.00		0.00		0.00		0.00
True-Up (-)	\$		0.00		0.00		(178,253.95)		(280,264.71)		(508,167.20)		(608,873.99)
OREGON DEFERRAL before sharing	\$		0.00		0.00		(178,253.95)		(280,264.71)		(508,167.20)		(608,873.99)
Portion of True-up Change Allowed	%		80%		90%		90%		90%		90%		90%
OREGON DEFERRAL w/ SHARING (90/10)	\$		0.00		0.00		(160,428.56)		(252,256.24)		(457,350.48)		(546,186.69)
Interest Rate	%		7.830%		7.830%		8.061%		8.061%		8.061%		8.061%
Interest Accrued to date	\$		0.00		0.00		(1,616.52)		(3,389.08)		(7,680.63)		(11,007.03)
Total Deferred Balance	\$		0.00		0.00		(162,045.07)		(255,645.30)		(465,031.11)		(557,193.62)

July	July YTD	August	August YTD	September	September YTD	October	October YTD	November	November YTD	December	December YTD	Annual
7,508,021	7,743,963	1,427,483	9,171,446	1,142,541	10,313,987	998,144	11,312,131	1,045,623	12,357,754	1,154,419	13,512,067	13,512,067
16,838,556.09	81,082,975.24	18,741,211.64	99,823,587.08	15,904,454.19	115,828,041.24	13,100,185.89	128,728,207.13	14,839,285.56	143,387,492.89	15,983,126.36	159,060,619.05	159,060,619.05
19,100,019.44	45,369,912.64	16,259,755.05	61,648,707.69	4,128,655.67	65,775,363.36	2,133,628.73	67,909,290.09	8,638,287.45	74,547,577.52	8,287,127.22	82,834,704.74	82,834,704.74
(2,968,249.71)	(52,988,488.59)	(2,877,705.62)	(55,984,192.41)	(5,109,909.89)	(61,073,502.27)	(3,679,472.37)	(84,743,974.84)	(3,097,367.99)	(67,841,542.00)	(8,214,673.23)	(74,058,215.89)	(74,058,215.89)
32,930,324.82	73,486,901.29	32,022,010.07	105,508,102.38	14,921,789.97	120,329,902.33	11,568,933.25	131,898,835.58	18,180,005.03	150,073,827.81	17,765,597.14	167,839,114.95	167,839,114.95
8,901,928.25	38,501,169.55	8,903,493.11	47,404,662.66	7,463,876.18	54,868,538.84	5,842,949.75	60,711,488.59	4,209,502.73	64,920,991.32	4,314,018.51	69,235,007.83	69,235,007.83
41,732,253.07	111,988,970.84	40,925,794.18	152,912,765.02	22,285,876.15	175,198,441.17	17,408,570.00	192,605,011.17	22,389,507.76	214,994,519.93	22,079,603.65	237,074,122.78	237,074,122.78
\$27.67	\$14.46	\$28.67	\$16.67	\$19.51	\$16.99	\$17.44	\$17.03	\$21.41	\$17.40	\$19.13	\$17.65	\$17.55
1,509,021	7,743,963	1,427,483	9,171,446	1,142,541	10,313,987	998,144	11,312,131	1,045,623	12,357,754	1,154,419	13,512,067	13,512,067
20.01	\$17.33	20.58	\$17.84	20.27	\$18.11	18.23	\$18.21	18.72	\$18.25	18.53	\$18.28	\$18.28
30,172,995.46	134,238,556.74	29,975,039.81	163,813,593.35	23,163,761.00	186,777,354.35	19,187,502.50	205,974,856.85	19,675,257.02	226,550,113.87	21,511,372.67	247,061,486.54	247,061,486.54
\$27.67	\$14.46	\$28.67	\$16.67	\$19.51	\$16.99	\$17.44	\$17.03	\$21.41	\$17.40	\$19.13	\$17.55	\$17.55
\$20.01	\$17.33	\$20.58	\$17.84	\$20.27	\$18.11	\$18.23	\$18.21	\$18.72	\$18.25	\$18.53	\$18.28	\$18.28
\$7.67	(\$2.87)	\$8.09	(\$1.17)	(\$2.77)	(\$1.12)	(\$1.18)	(\$1.18)	\$2.69	(\$0.85)	\$0.48	(\$0.74)	(\$0.74)
11,559,257.61	(22,251,585.90)	11,550,757.57	(10,700,828.33)	(978,084.65)	(11,578,913.18)	(1,750,932.50)	(13,369,845.68)	2,814,250.74	(10,555,594.94)	588,231.18	(9,967,363.76)	(9,967,363.76)
4.60%	(1,023,572.95)	4.60%	(492,238.10)	4.60%	(532,830.01)	4.60%	(616,012.90)	4.60%	(485,557.37)	4.60%	(459,418.73)	(459,418.73)
2,357,799.62	(948,424.81)	2,357,799.62	(948,424.81)	2,357,799.62	(948,424.81)	2,357,799.62	(948,424.81)	2,357,799.62	(948,424.81)	2,357,799.62	(948,424.81)	2,357,799.62
0.00	(75,148.14)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(75,148.14)	90%	0.00	90%	0.00	90%	0.00	90%	0.00	90%	0.00	90%	90%
(67,633.33)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8.061%	(1,560.14)	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%
(68,223.47)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Idaho Power/202
Witness: Courtney Waites

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 226

IDAHO POWER COMPANY

Exhibit Accompanying Direct Testimony of Courtney Waites

May 3, 2011

**Determination of Oregon PCAM Deadbands
Based on Idaho Power 2010 Results of Operations**

	(A)	(B)
	Total System	Oregon
(1) Rate Base	\$2,403,751,574	\$114,274,727
(2) % Equity in cap structure	46.987%	46.987%
(3) Equity in rate base	\$1,129,450,752	\$53,694,266
(4) 100 basis points	1.000%	1.000%
(5) Resulting return (NOI Effect)	\$11,294,508	\$536,943
(6) Net-to Gross Factor	1.64200	1.64200
(7) Revenue requirement	\$18,545,581	\$ 881,660
(8) Upper Band of Basis Points	250	\$2,204,149.62
(9) Lower Band of Basis Points	125	(\$1,102,074.81)
(10) Upper Band w/one-time adjustment	\$153,650	\$2,357,799.62
(11) Lower Band w/one-time adjustment	\$153,650	(\$948,424.81)

Idaho Power/203
Witness: Courtney Waites

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 226

IDAHO POWER COMPANY

Exhibit Accompanying Direct Testimony of Courtney Waites

May 3, 2011

Idaho Power/204
Witness: Courtney Waites

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 226

IDAHO POWER COMPANY

Exhibit Accompanying Direct Testimony of Courtney Waites

May 3, 2011

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1															
2	Oregon Renewable Energy Credit Sales														
3	January 2010 thru December 2010														
4			January	February	March	April	May	June	July	August	September	October	November	December	Totals
5	Prior Month Sale(s)	\$	-	-	673,380.25	1,032,078.10	-	485,000.00	-	559,597.50	367,395.00	449,942.50	478,157.50	442,172.50	4,485,724.35
6	Brokerage Fee's Paid in Prior Month	\$	-	-	(7,582.08)	(5,385.74)	-	(4,843.86)	-	(4,375.00)	-	-	-	(8,324.00)	(28,504.49)
7	Western Electric Coordinating Council Fees	\$	-	-	0.00	0.00	-	(3,402.81)	(505.67)	(212.72)	(534.34)	(360.30)	(1,877.18)	(383.99)	(7,298.81)
8	Net Proceeds	\$	-	-	665,798.18	1,026,709.36	-	476,753.73	(505.67)	555,009.78	368,860.66	449,582.20	474,280.32	435,484.51	4,449,923.05
9															
10	Oregon Allocation		4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%
11	Sharing Percentage		90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
12															
13	Total Customer Benefit	\$	-	-	27,583.83	42,505.77	-	19,737.60	(20.83)	22,977.40	15,188.03	18,811.88	19,635.21	18,028.23	184,226.81
14	Less Taxes @	38.095%	-	-	(10,778.00)	(16,617.83)	-	(7,718.42)	8.18	(8,883.02)	(5,937.78)	(7,276.31)	(7,676.38)	(7,048.14)	(72,023.47)
15	Customer Benefit Net of Tax - Oregon	\$	-	-	16,787.83	25,888.14	-	12,021.19	(12.75)	13,994.39	9,250.27	11,335.58	11,958.82	10,980.09	112,203.34
16															
17															
18															
19	Principle														
20	Beginning Balance	\$	-	-	-	18,787.83	42,875.77	42,875.77	54,696.85	54,684.20	68,878.59	77,928.86	88,284.43	101,223.25	-
21															
22	Amount Deferred		-	-	18,787.83	25,888.14	-	12,021.19	(12.75)	13,994.39	9,250.27	11,335.58	11,958.82	10,980.09	112,203.34
23															
24	Ending Balance	\$	-	-	18,787.83	42,675.77	42,675.77	54,696.95	54,684.20	68,678.69	77,928.88	89,284.43	101,223.25	112,203.34	112,203.34
25															
26															
27	Interest														
28	Beginning Balance	\$	0.00	0.00	0.00	0.00	112.77	399.44	686.11	1,053.54	1,420.88	1,882.23	2,405.72	3,005.35	\$0.00
29															
30	Monthly Interest Rate		7.83%	7.83%	8.081%	8.081%	8.081%	8.081%	8.081%	8.081%	8.081%	8.081%	8.081%	8.081%	7.83%/8.061%
31															
32	Monthly Interest	\$	0.00	0.00	0.00	112.77	286.67	286.87	367.43	387.34	481.35	523.49	599.83	679.97	3,685.32
33															
34	Interest Accrued to Date	\$	0.00	0.00	0.00	112.77	399.44	686.11	1,053.54	1,420.88	1,882.23	2,405.72	3,005.35	3,685.32	\$3,685.32
35															
36	Deferral Balance Including Interest	\$	-	-	16,787.83	42,788.54	43,075.21	55,383.06	55,737.74	70,088.47	78,811.08	81,670.15	104,228.60	115,888.88	115,888.88
37															
38	Tax Benefit from Above														72,023.47
39															
40	Total Customer Benefit														187,812.13

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 UE 226 on the following named person(s) on the date indicated below by email and first-class mail addressed to said person(s) at his or her last-known address(es) indicated below.

Gordon Feighner
Citizens' Utility Board of Oregon
610 SW Broadway, Ste 400
Portland, OR 97205
gordon@oregoncub.org

Robert Jenks
Citizens' Utility Board of Oregon
610 SW Broadway, Ste 400
Portland, OR 97205
bob@oregoncub.org

Ed Durrenberger
Oregon Public Utility Commission
ed.durrenberger@state.or.us

Catriona McCracken
Citizens' Utility Board of Oregon
610 SW Broadway, Ste 400
Portland, OR 97205
catriona@oregoncub.org

Stephanie S. Andrus
Department of Justice
Stephanie.andrus@state.or.us

DATED: May 3, 2011



Ben Poland, Legal Assistant