



WENDY MCINDOO  
Direct (503) 290-3627  
wendy@mrg-law.com

April 15, 2019

**VIA ELECTRONIC FILING**

Attention: Filing Center  
Public Utility Commission of Oregon  
201 High Street SE, Suite 100  
P.O. Box 1088  
Salem, Oregon 97308-1088

**Re: Docket UE 354 – Idaho Power Company’s 2018 Annual Power Supply Expense True-Up**

Attention Filing Center:

Attached in the above-referenced docket is an electronic copy of the Supplemental Direct Testimony and Exhibits of Courtney Waites.

Please contact me with any questions

Sincerely,

A handwritten signature in blue ink that reads 'Wendy McIndoo'.

Wendy McIndoo  
Office Manager

Attachments

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**DOCKET NO. UE 354**

IN THE MATTER OF THE APPLICATION )  
OF IDAHO POWER COMPANY FOR )  
AMORTIZATION IN RATES OF THE POWER )  
COST ADJUSTMENT MECHANISM AND )  
INTERVENOR FUNDING AMOUNTS. )  
\_\_\_\_\_ )

**IDAHO POWER COMPANY  
SUPPLEMENTAL DIRECT TESTIMONY  
OF  
COURTNEY WAITES**

**April 15, 2019**

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

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

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

6 A. Yes.

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

8 A. My supplemental direct testimony will revise the calculation of the Annual Power  
9 Supply Expense True-up with use of the 2018 Oregon Results of Operations ("ROO")  
10 report to determine the deferral deadbands and the Oregon allocation percentage.  
11 However, as I will show later in my testimony, neither of these revisions will change  
12 the zero deferral amount Idaho Power Company ("Idaho Power" or "Company")  
13 previously proposed be added to the Annual Power Supply Expense True-Up  
14 Balancing Account ("True-Up Balancing Account"). With this testimony I am also filing  
15 revised Exhibit Nos. 201, 202, 203 and 204.

16 **Q. Please explain the revision to the calculation of the Annual Power Supply**  
17 **Expense True-Up you are making.**

18 A. Order No. 09-373 clarifies which year's ROO should be relied upon in calculating the  
19 deferral deadbands and the Earnings Test components of the Power Cost Adjustment  
20 Mechanism ("PCAM"). As directed in Order No. 09-373, Idaho Power's initial February  
21 filing included the quantification of the dollar balance proposed to be added to the  
22 True-Up Balancing Account based on the 2017 ROO. The results represented a  
23 preliminary estimate at the time, with this final determination being filed now that the  
24 2018 ROO has been completed.

25 **Q. What are the power supply expense deadbands based on the 2018 ROO?**  
26

1 A. Using the Company's authorized Return on Equity in effect in 2018 and the Company's  
2 2018 Oregon rate base of \$140,969,719, the Upper Deadband of 250 basis points  
3 equals \$2,584,287 and the Lower Band of 125 Basis Points equals a negative  
4 \$1,292,143 (please see Exhibit No. 202).

5 **Q. Does the use of the 2018 ROO impact any other areas of the initial filing?**

6 A. Yes. In addition to changing the deadbands, the 2018 ROO computes the Oregon  
7 allocation percentage used to calculate Oregon's share of the excess net power supply  
8 expenses and customer benefits from the sale of Renewable Energy Credits ("REC").  
9 Exhibit No. 201, the Oregon PCAM quantification for 2018, reflects the revised  
10 deadbands and the revised Oregon allocation percentage. In addition, using the  
11 Oregon allocation percentage of 4.63 percent from the 2018 ROO slightly decreases  
12 the total customer benefit of REC sales to \$128,831 (please see Exhibit No. 203).

13 **Q. How do the supplemental computations you describe above impact the amount**  
14 **you proposed be added to the True-up Balancing Account?**

15 A. Applying the updated Oregon allocation percentage of 4.63 percent to the power cost  
16 deviation creates an Oregon Allocated Power Cost Deviation of negative \$373,231.10  
17 which is greater than the Lower Deadband of negative \$1,292,143. Therefore, the  
18 dollar amount associated with the Annual Power Supply Expense True-Up to be  
19 considered to add to the True-Up Balancing Account is zero. However, the total  
20 customer benefit of REC sales will be added to the True-Up Balancing Account, slightly  
21 reducing the amount proposed to \$128,831.

22 **Q. In your initial filing, an Earnings Test was not performed because the Company**  
23 **was not proposing any deferral amounts be added to the True-Up Balancing**  
24 **Account. Does the use of the 2018 ROO change the need for an Earnings Test?**  
25  
26

1 A. No. Using the 2018 ROO still results in a zero deferral amount to be added to the  
2 True-Up Balancing Account and therefore does not require an Earnings Test to be  
3 performed.

4 **Q. Will the change in the amount proposed to be added to the True-up Balancing**  
5 **Account affect the proposed Schedule 56 rate?**

6 A. Yes. Although the 2018 ROO does not impact the updated level of amortization  
7 collection associated with intervenor funding amounts initially proposed by the  
8 Company, the slight change in the total customer benefit of the REC sales and the  
9 update to the June 1, 2019, through May 31, 2020, test year forecast was enough to  
10 change the proposed Schedule 56 rate. The updated detailed calculations of the rate  
11 impact can be found in Exhibit No. 204. Table 1 summarizes the impact on the rates  
12 associated with Idaho Power's proposal.

13 **Table 1**

14 <b>Customer Class</b>	<b>Current (cents per kWh)</b>	<b>Proposed (cents per kWh)</b>
15 Residential service	0.0172	0.0098
16 All other	(0.0146)	(0.0187)

17 **Q. Has Idaho Power updated Schedule 56 with the proposed rates?**

18 A. Yes. Idaho Power is filing a proposed Schedule 56 reflecting the rates above  
19 concurrently as Advice No. 19-04.

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

21 A. Yes, it does.  
22  
23  
24  
25  
26

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UE 354

IDAHO POWER COMPANY

---

Exhibit Accompanying Supplemental Direct Testimony of Courtney Waites

April 15, 2019

OREGON PCAM (Schedule 56)												
ACTUAL POWER COSTS												
	January	January YTD	February	February YTD	March	March YTD	April	April YTD	May	May YTD	June	June YTD
Actual NPSE Costs												
Actual Sales - Includes Unbilled	MWh	1,163,414	1,163,414	1,042,299	2,205,713	1,040,017	3,245,730	992,478	4,238,208	1,187,688	5,425,896	1,395,725
Fuel	\$	9,778,165.01	9,778,165.01	8,825,191.08	18,603,356.09	9,131,337.00	27,734,693.09	5,966,962.84	33,701,675.93	5,988,282.47	39,689,958.40	9,559,978.82
Purchased Power	\$	7,590,477.15	7,590,477.15	6,328,171.14	13,918,648.29	5,680,910.90	19,599,559.19	5,139,919.63	24,739,478.82	3,739,590.46	28,479,069.28	5,236,439.05
Oregon Solar Pilot	\$	647.43	647.43	708.48	1,355.91	830.47	2,196.38	725.68	2,912.06	1,209.97	4,122.03	1,513.12
Surplus Sales	\$	(8,499,151.32)	(8,499,151.32)	(4,413,418.33)	(12,912,569.65)	(6,847,560.54)	(19,760,130.19)	(6,413,552.93)	(25,173,683.12)	(2,442,740.98)	(28,616,424.10)	(1,664,674.52)
Total Non-QF	\$	8,870,138.27	8,870,138.27	10,740,652.37	19,610,790.64	7,965,517.83	27,576,306.47	4,694,075.22	32,270,363.69	7,286,341.92	39,556,725.61	13,133,256.50
QF - Includes Net Metering and Liquidated Damages	\$	14,865,468.14	14,865,468.14	15,979,792.09	30,845,250.23	13,731,448.66	44,576,708.89	18,903,029.31	63,479,738.20	18,058,087.38	81,537,825.58	23,520,594.37
Total Actual Power Costs Incurred	\$	23,735,606.41	23,735,606.41	26,720,444.46	50,456,050.87	21,696,966.49	72,153,017.36	23,597,104.51	95,750,121.89	25,344,429.30	121,094,551.15	36,653,850.87
Actual Power Cost per Unit	\$/MWh	\$20.40	\$20.40	\$25.64	\$22.88	\$20.86	\$22.23	\$23.78	\$22.59	\$21.34	\$22.32	\$26.26
POWER COSTS COLLECTED IN RATES												
Actual Sales	MWh	1,163,414	1,163,414	1,042,299	2,205,713	1,040,017	3,245,730	992,478	4,238,208	1,187,688	5,425,896	1,395,725
Combined Rate (Recovered in Rates)	\$/MWh	\$26.91	\$26.91	\$26.48	\$26.71	\$27.08	\$26.83	\$26.16	\$26.67	\$25.69	\$26.46	\$25.96
Total Power Costs Collected in Rates	\$	31,307,470.74	31,307,470.74	27,600,077.52	58,907,548.26	28,163,660.36	87,071,208.62	25,963,224.48	113,034,433.10	30,511,704.72	143,546,137.82	35,674,731.00
CHANGE FROM FORECAST												
Actual Power Cost per Unit	\$/MWh	\$20.40	\$20.40	\$25.64	\$22.88	\$20.86	\$22.23	\$23.78	\$22.59	\$21.34	\$22.32	\$26.26
Combined Rate (Recovered in Rates)	\$/MWh	\$26.91	\$26.91	\$26.48	\$26.71	\$27.08	\$26.83	\$26.16	\$26.67	\$25.69	\$26.46	\$25.96
Actual Increase (Decrease) Over Forecast Rate	\$/MWh	(\$6.51)	(\$6.51)	(\$0.84)	(\$3.83)	(\$6.22)	(\$4.60)	(\$2.38)	(\$4.08)	(\$4.35)	(\$4.14)	\$0.70
Deviation from Forecast	\$	(7,571,864.33)	(7,571,864.33)	(879,633.06)	(8,451,497.39)	(6,466,893.87)	(14,918,191.26)	(2,366,119.95)	(17,284,311.21)	(5,167,275.42)	(22,451,586.63)	979,119.87
Oregon Allocation	%		4.63%		4.63%		4.63%		4.63%		4.63%	4.63%
Oregon Allocated Power Cost Deviation (before DB)	\$		(350,577.32)		(391,304.33)		(690,712.26)		(800,263.61)		(1,039,508.46)	(594,175.21)
Deadband - Over 250 Basis Points	\$		2,584,286.69		2,584,286.69		2,584,286.69		2,584,286.69		2,584,286.69	2,584,286.69
Deadband - Under 125 Basis Points	\$		(1,292,143.34)		(1,292,143.34)		(1,292,143.34)		(1,292,143.34)		(1,292,143.34)	(1,292,143.34)
True-Up (+)	\$		0.00		0.00		0.00		0.00		0.00	0.00
True-Up (-)	\$		0.00		0.00		0.00		0.00		0.00	0.00
OREGON DEFERRAL before sharing	\$		0.00		0.00		0.00		0.00		0.00	0.00
Portion of True-up Change Allowed	%		90%		90%		90%		90%		90%	90%
OREGON DEFERRAL w/ SHARING (50/10)	\$		0.00		0.00		0.00		0.00		0.00	0.00
Interest Rate	%		7.757%		7.757%		7.757%		7.757%		7.757%	7.757%
Interest Accrued to date	\$		0.00		0.00		0.00		0.00		0.00	0.00
Total Deferred Balance	\$		0.00		0.00		0.00		0.00		0.00	0.00

OREGON PCAM (Schedule 56)		July YTD	August	August YTD	September	September YTD	October	October YTD	November	November YTD	December	December YTD	Annual
ACTUAL POWER COSTS													
Actual NPSE Costs													
Actual Sales - Includes Unbilled	MWh	8,551,496	1,554,050	10,105,546	1,169,538	11,275,084	1,002,036	12,277,120	1,074,223	13,351,343	1,235,178	14,586,521	14,586,521
Fuel	\$	66,577,168.05	20,605,945.78	89,183,113.83	13,689,706.08	102,872,819.91	9,512,807.93	112,385,627.84	5,490,587.90	117,876,215.74	15,321,704.92	133,197,920.66	133,197,920.66
Purchased Power	\$	42,230,532.23	8,485,648.53	50,716,180.76	8,079,458.17	58,795,638.93	10,567,878.76	69,363,517.69	9,558,800.98	78,922,318.67	11,949,756.05	90,872,074.72	90,872,074.72
Oregon Solar Pilot		7,987.42	2,958.92	10,946.34	3,025.60	13,971.94	2,187.08	16,159.02	821.52	16,980.54	898.93	17,879.47	17,879.47
Surplus Sales	\$	(35,051,990.42)	(6,827,982.55)	(41,879,972.97)	(4,272,344.69)	(46,152,317.66)	(4,519,554.54)	(50,671,872.20)	(8,041,368.86)	(58,713,241.06)	(12,690,132.37)	(71,403,373.43)	(71,403,373.43)
Total Non-QF	\$	75,763,697.28	22,266,570.68	98,030,267.96	17,499,845.16	115,530,113.12	15,563,319.23	131,093,432.35	7,008,841.54	138,102,273.89	14,582,227.53	152,684,501.42	152,684,501.42
QF - Includes Net Metering and Liquidated Damages	\$	130,246,266.64	22,600,163.45	152,846,430.10	18,192,298.58	171,038,728.68	13,949,708.91	184,988,437.59	16,395,428.78	201,383,866.37	16,105,972.64	217,489,839.01	217,489,839.01
Total Actual Power Costs Incurred	\$	206,009,963.92	44,866,734.14	250,876,698.06	35,692,143.74	286,568,841.80	29,513,028.14	316,081,869.94	23,404,270.32	339,486,140.26	30,688,200.17	370,174,340.43	370,174,340.43
Actual Power Cost per Unit	\$/MWh	\$24.09	\$28.87	\$24.83	\$30.52	\$25.42	\$29.45	\$25.75	\$21.79	\$25.43	\$24.85	\$25.38	\$25.38
POWER COSTS COLLECTED IN RATES													
Actual Sales	MWh	8,551,496	1,554,050	10,105,546	1,169,538	11,275,084	1,002,036	12,277,120	1,074,223	13,351,343	1,235,178	14,586,521	14,586,521
Combined Rate (Recovered in Rates)	\$/MWh	\$26.16	\$25.82	\$26.10	\$25.67	\$26.06	\$25.51	\$26.01	\$25.38	\$25.96	\$25.57	\$25.93	\$25.93
Total Power Costs Collected in Rates	\$	223,678,656.32	40,125,571.00	263,804,227.32	30,022,040.46	293,826,267.78	25,561,938.36	319,388,206.14	27,263,779.74	346,651,985.88	31,583,501.46	378,235,487.34	378,235,487.34
CHANGE FROM FORECAST													
Actual Power Cost per Unit	\$/MWh	\$24.09	\$28.87	\$24.83	\$30.52	\$25.42	\$29.45	\$25.75	\$21.79	\$25.43	\$24.85	\$25.38	\$25.38
Combined Rate (Recovered in Rates)	\$/MWh	\$26.16	\$25.82	\$26.10	\$25.67	\$26.06	\$25.51	\$26.01	\$25.38	\$25.96	\$25.57	\$25.93	\$25.93
Actual Increase (Decrease) Over Forecast Rate	\$/MWh	(\$2.07)	\$3.05	(\$1.28)	\$4.85	(\$0.64)	\$3.94	(\$0.27)	(\$3.59)	(\$0.54)	(\$0.72)	(\$0.55)	(\$0.55)
Deviation from Forecast	\$	(17,668,692.40)	4,741,163.14	(12,927,529.26)	5,670,103.28	(7,257,425.98)	3,951,089.78	(3,306,336.20)	(3,859,509.42)	(7,165,845.62)	(895,301.29)	(8,061,146.91)	(8,061,146.91)
Oregon Allocation	%	4.63%		4.63%		4.63%		4.63%		4.63%		4.63%	4.63%
Oregon Allocated Power Cost Deviation (before DB)	\$	(\$18,060.46)		(\$58,544.60)		(\$36,018.82)		(\$153,063.37)		(\$331,778.65)		(\$373,231.10)	(\$373,231.10)
Deadband - Over 250 Basis Points	\$	2,584,286.69		2,584,286.69		2,584,286.69		2,584,286.69		2,584,286.69		2,584,286.69	2,584,286.69
Deadband - Under 125 Basis Points	\$	(1,292,143.34)		(1,292,143.34)		(1,292,143.34)		(1,292,143.34)		(1,292,143.34)		(1,292,143.34)	(1,292,143.34)
True-Up (+)	\$	0.00		0.00		0.00		0.00		0.00		0.00	0.00
True-Up (-)	\$	0.00		0.00		0.00		0.00		0.00		0.00	0.00
OREGON DEFERRAL before sharing	\$	0.00		0.00		0.00		0.00		0.00		0.00	0.00
Portion of True-up Change Allowed	%	90%		90%		90%		90%		90%		90%	90%
OREGON DEFERRAL w/ SHARING (50/10)	\$	0.00		0.00		0.00		0.00		0.00		0.00	0.00
Interest Rate	%	7.757%		7.757%		7.757%		7.757%		7.757%		7.757%	7.757%
Interest Accrued to date	\$	0.00		0.00		0.00		0.00		0.00		0.00	0.00
Total Deferred Balance	\$	0.00		0.00		0.00		0.00		0.00		0.00	0.00



BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UE 354

IDAHO POWER COMPANY

---

Exhibit Accompanying Supplemental Direct Testimony of Courtney Waites

April 15, 2019

**Determination of Oregon PCAM Deadbands  
Based on Idaho Power 2018 Results of Operations**

	(A)	(B)
	<b>Total System</b>	<b>Oregon</b>
(1) Rate Base	<b>\$3,363,070,908</b>	<b>\$140,969,719</b>
(2) % Equity in cap structure	<b>54.454%</b>	<b>54.454%</b>
(3) Equity in rate base	\$1,831,326,632	\$76,763,651
(4) 100 basis points	1.000%	1.000%
(5) Resulting return (NOI Effect)	\$18,313,266	\$767,637
(6) Net-to Gross Factor	<b>1.347</b>	<b>1.347</b>
(7) Revenue requirement	\$24,661,011	<b>\$ 1,033,715</b>
(8) <b>Upper Band of Basis Points</b>	<b>250</b>	\$2,584,286.69
(9) <b>Lower Band of Basis Points</b>	<b>125</b>	(\$1,292,143.34)

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UE 354

IDAHO POWER COMPANY

---

Exhibit Accompanying Supplemental Direct Testimony of Courtney Waites

April 15, 2019



BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UE 354

IDAHO POWER COMPANY

---

Exhibit Accompanying Supplemental Direct Testimony of Courtney Waites

April 15, 2019

**Oregon**

12 MOS ENDED DEC 2018

Total Revenues	\$	55,160,426
		6%
Deferral Revenues Allowed	\$	3,309,626

*True-Up Balancing Account*

Oregon kWh Forecast <sup>1</sup>		687,203,565
Rate (cents per kWh)		(0.0187)
Estimated Collection (Refund)	\$	<b>(128,831)</b>

*Intervenor Funding deferrals*

Oregon Residential kWh Forecast <sup>1</sup>		182,860,882
Rate (cents per kWh)		0.0286
Estimated Collection (Refund)	\$	<b>52,240</b>

Total Rate - Residential Service (cents per kWh)		0.0098
Total Rate - All Other (cents per kWh)		(0.0187)

1. Revised June 1, 2019 - May, 31, 2020 test year.