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April 12, 2024

VIA E-MAIL TO

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

Re: Docket UE 437 – In the Matter of Idaho Power Company, Application for Amortization in Rates of the Power Cost Adjustment Mechanism, Intervenor Funding Amounts, Annual Regulatory Fees, Oregon Corporate Activity Tax Expenses, and Community Solar Program Attention Filing Center.

Attention Filing Center:

Attached for filing in the above-referenced docket is Idaho Power Company's Supplemental Testimony and Exhibits of Jessica G. Brady (Idaho Power/200-205).

Please contact this office with any questions.

Sincerely,

A handwritten signature in blue ink that reads "Cole Albee". The signature is written in a cursive style and is positioned above a solid horizontal line.

Cole Albee
Paralegal
McDowell Rackner Gibson PC

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

DOCKET NO. UE 437

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR)
AMORTIZATION IN RATES OF THE POWER)
COST ADJUSTMENT MECHANISM,)
INTERVENOR FUNDING AMOUNTS, ANNUAL)
REGULATORY FEES, OREGON CORPORATE)
ACTIVITY TAX EXPENSES, AND COMMUNITY)
SOLAR PROGRAM COSTS.)
_____)

IDAHO POWER COMPANY
SUPPLEMENTAL DIRECT TESTIMONY
OF
JESSICA G. BRADY

April 12, 2024

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

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

4 **Q. Are you the same Jessica Brady 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 2023 Oregon Results of Operations (“ROO”)
10 report to determine the deferral deadbands and the Oregon allocation percentage,
11 which changes the deferral amount Idaho Power Company (“Idaho Power” or
12 “Company”) previously proposed be added to the Annual Power Supply Expense
13 True-Up Balancing Account (“True-Up Balancing Account”). With this testimony I am
14 also filing Exhibits 201, 202, 203, 204, and 205.

15 This supplemental direct testimony does not modify the following proposed
16 changes to amortization levels currently being recovered through Schedule 56 and
17 presented in the initial filing: (1) an update to intervenor funding amounts approved in
18 Order No. 23-185, (2) continued collection of deferred Langley Gulch Power Plant
19 (“Langley”) revenues approved with Order No. 20-374 in Docket No. UE 382, (3) an
20 update to the annual regulatory fee expenses approved for recovery with Order No.
21 23-185, (4) an update to the level of Oregon Corporate Activities Tax (“OCAT”)
22 expenses approved with Order No. 23-185, and (5) the inclusion of deferred Oregon
23 Community Solar costs approved with Order No. 23-130.

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

3 A. Order No. 09-373 clarifies which year's ROO should be relied upon in calculating the
4 deferral deadbands and the Earnings Test components of the Power Cost Adjustment
5 Mechanism ("PCAM"). As directed in Order No. 09-373, Idaho Power's initial February
6 filing included the quantification of the dollar balance proposed to be added to the
7 True-Up Balancing Account based on the 2022 ROO. The results represented a
8 preliminary estimate at the time, with this final determination being filed now that the
9 2023 ROO has been completed.

10 **Q. What are the power supply expense deadbands based on the 2023 ROO?**

11 A. Using the Company's authorized Return on Equity in effect in 2023 and the Company's
12 2023 Oregon rate base of \$178,791,739, the Upper Deadband of 250 basis points
13 equals \$2,993,991 and the Lower Deadband of 125 Basis Points equals a negative
14 \$1,496,996 (please see Exhibit 202).

15 **Q. Does the use of the 2023 ROO impact any other areas of the initial filing?**

16 A. Yes. In addition to changing the deadbands, the 2023 ROO computes the Oregon
17 allocation percentage used to calculate Oregon's share of the excess net power supply
18 expenses and customer benefits from the sale of Renewable Energy Credits ("REC").
19 Exhibit 201, the Oregon PCAM quantification for 2023, reflects the revised deadbands
20 and the revised Oregon allocation percentage. In addition, using the Oregon allocation
21 percentage of 4.17 percent from the 2023 ROO, which was 4.38 percent in the 2022
22 ROO, slightly decreases the total customer benefit of REC sales to \$567,291 (please
23 see Exhibit 203).

24 **Q. How do the supplemental computations impact the amount you proposed be**
25 **added to the True-up Balancing Account?**

26

1 A. Applying the updated Oregon allocation percentage of 4.17 percent to the power cost
2 deviation creates an Oregon Allocated Power Cost Deviation of negative \$2,369,695
3 which then must be offset by the EIM-related operation and maintenance (“O&M”)
4 expense variance of \$8,846. The resulting net Oregon Allocated Power Cost Deviation
5 is negative \$2,360,849, which is still less than the Lower Deadband of negative
6 1,496,996, resulting in a True-Up of \$863,853. Next, the Sharing Amount is applied,
7 and interest accrued is added, to calculate the portion of the True-Up Allowed.

8 **Q. What impact does the Sharing Amount and interest accrued have on the True-
9 Up of negative \$863,853?**

10 A. Applying the 90 percent Sharing Amount and adding the interest accrued results in a
11 True-Up of negative \$807,622.

12 **Q. What is Idaho Power’s total proposed amount to be added to the True-up
13 Balancing Account?**

14 A. Applying the total customer benefit of REC sales of \$567,291 will decrease the amount
15 the Company is proposing to be added to the True-Up Balancing Account to negative
16 \$1,374,913.

17 **Q. Section 5 of the deferral statute (ORS 757.259(5)) requires an earnings review
18 prior to amortization of a deferral. Has Idaho Power performed an earnings test
19 regarding these amounts?**

20 A. Yes. Order No. 08-238 states that before any amounts of a deferral are approved for
21 inclusion in the Annual Power Supply Expense True-Up Balancing Account for
22 subsequent recovery or refund, the Commission will apply an earnings test. In addition,
23 pursuant to ORS 757.259(5) the Company is required to perform an earnings test
24 applicable to the deferred annual regulatory fees, OCAT expenses, and Oregon
25
26

1 Community Solar costs.¹ Exhibit 204 presents the 2023 earnings test, based on the
 2 2023 Oregon Results of Operations, which demonstrates that Idaho Power’s earnings
 3 during the January 1, 2023, through December 31, 2023, time period were below the
 4 threshold of plus or minus 100 basis points of its 2023 authorized ROE. As a result,
 5 the deferral amount of negative \$1,374,913 is not eligible to be added to the True-Up
 6 Balancing Account. However, the total customer benefit of REC sales in the amount
 7 of \$567,291 will be added to the True-Up Balancing Account.

8 **Q. What is the impact on rates should Idaho Power receive approval of the updated**
 9 **request in this case?**

10 A. Table 1 summarizes the revised amounts the Company is proposing to refund to, or
 11 collect from, customers through Schedule 56, including the change between amounts
 12 currently in rates and proposed amounts:

13 **Table 1**

	Current	Proposed	Net Change
Annual Power Supply Expenses True-Up Balancing Account (REC Proceeds)	\$450,137	(\$567,291)	(\$1,017,428)
Intervenor Funding ¹	\$37,729	\$60,463	\$22,734
Langley Deferred Revenues	\$369,171	\$153,821	(\$215,350)
Annual Regulatory Fee Expenses	\$82,637	\$128,388	\$45,751
OCAT Expenses	\$318,333	\$364,674	\$46,341
Oregon Community Solar Expenses	\$0	\$272,654	\$272,654

1. Collection from residential customers only.

2. The Net Change column will not tie to the total revenue change proposed effective June 1, 2024, because amortization amounts currently in rates were approved at different times and have differing test years. There are also small differences due to rounding.

25 ¹ Section 4 of the deferral statute and the 2016-2020 Intervenor Funding Agreement between Idaho Power and
 26 the Oregon Citizens’ Utility Board approved by the Commission explicitly exempt intervenor funding expenses
 from the earnings review requirement.

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

3 A. Yes. Although the 2023 ROO does not impact the updated level of amortization
4 collection associated with deferred intervenor funding amounts, deferred Oregon
5 Community Solar costs, or the annual regulatory fee and OCAT expenses initially
6 proposed by the Company, the update to the proposed True-up Balancing Account
7 amount, the slight change in the total customer benefit of the REC sales, and the
8 update to the June 1, 2024, through May 31, 2025, test year forecast was enough to
9 change the proposed Schedule 56 rates. The updated detailed calculations of the rate
10 impact can be found in Exhibit 205. Table 1 summarizes the impact on the rates
11 associated with Idaho Power's proposal.

12 **Table 2**

Customer Class	Current (cents per kWh)	Proposed (cents per kWh)
Residential service	0.2366	0.0848
Commercial/Industrial	0.1889	0.0537
Lighting	0.2218	0.0537
Irrigation	0.1959	0.0537

18 If approved, Idaho Power's proposal would result in a \$924,968, or 1.40 percent,
19 decrease to customer rates.

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

21 A. Yes. Idaho Power is filing a proposed Schedule 56 reflecting the rates above
22 concurrently as Advice No. 24-02.

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

24 A. Yes, it does.

25
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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 437

IDAHO POWER COMPANY

Exhibit 201

2023 Power Cost Adjustment Mechanism Quantification

April 12, 2024

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 437

IDAHO POWER COMPANY

Exhibit 202

2023 Power Cost Adjustment Mechanism Deadband Calculation

April 12, 2024

**Determination of Oregon PCAM Deadbands
Based on Idaho Power 2023 Results of Operations**

	(A)	(B)
	Total System	Oregon
(1) Rate Base	\$4,117,184,377	\$178,791,739
(2) % Equity in cap structure	49.741%	49.741%
(3) Equity in rate base	\$2,047,945,235	\$88,933,518
(4) 100 basis points	1.000%	1.000%
(5) Resulting return (NOI Effect)	\$20,479,452	\$889,335
(6) Net-to Gross Factor	1.347	1.347
(7) Revenue requirement	\$27,578,040	\$ 1,197,597
(8) Upper Band of Basis Points	250	\$2,993,991
(9) Lower Band of Basis Points	125	(\$1,496,996)

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 437

IDAHO POWER COMPANY

Exhibit 203

January 2023 – December 2023
Renewable Energy Credit Sales

April 12, 2024

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
1																
2	Oregon Renewable Energy Credit Sales															
3	January 2023 thru December 2023															
4			2023													
5			January	February	March	April	May	June	July	August	September	October	November	December	Totals	
5	Prior Month Sale(s)	\$	3,294,815.00	4,133,841.00	67,522.00	630,480.00	259,568.00	0.00	368,686.40	1,649,463.00	87,799.00	163,981.25	28,966.00	3,837,150.00	14,522,271.65	
6	Annual Certification		0.00	(150.00)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(16.55)	(166.55)
7	Brokerage Fee's Paid in Prior Month	\$	0.00	(10,417.18)	0.00	0.00	0.00	0.00	0.00	0.00	(1,488.00)	0.00	0.00	0.00	0.00	(11,905.18)
8	Washington REC Registration Fees		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9	Western Electric Coordinating Council Fees		(521.98)	0.00	(3,842.21)	(269.96)	(498.54)	(335.82)	(4,493.50)	0.00	(1,376.59)	(165.24)	(418.78)	(1,650.00)	(13,572.62)	
10	Net Proceeds	\$	3,294,293.02	4,123,273.82	63,679.79	630,210.04	259,069.46	(335.82)	364,192.90	1,649,463.00	84,934.41	163,816.01	28,547.22	3,835,483.45	14,496,627.30	
11																
12	Oregon Allocation		4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	
13	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%	
14																
15	Total Customer Benefit	\$	123,732.04	154,868.15	2,391.78	23,670.38	9,730.52	(12.61)	13,678.91	61,953.03	3,190.09	6,152.85	1,072.22	144,058.89	544,486.25	
16																
17																
18																
19	Principle															
20	Beginning Balance	\$	-	123,732.04	278,600.19	280,991.97	304,662.35	314,392.87	314,380.26	328,059.17	390,012.20	393,202.29	399,355.14	400,427.36	0	
21																
22	Amount Deferred		123,732.04	154,868.15	2,391.78	23,670.38	9,730.52	(12.61)	13,678.91	61,953.03	3,190.09	6,152.85	1,072.22	144,058.89	544,486.25	
23																
24	Ending Balance	\$	123,732.04	278,600.19	280,991.97	304,662.35	314,392.87	314,380.26	328,059.17	390,012.20	393,202.29	399,355.14	400,427.36	544,486.25	544,486.25	
25																
26																
27	Interest															
28	Beginning Balance	\$	-	-	-	-	-	-	-	-	-	-	-	-	0.00	
29																
30	Annual Interest Rate		7.757%	7.757%	7.757%	7.757%	7.757%	7.757%	7.757%	7.757%	7.757%	7.757%	7.757%	7.757%	8%	
31																
32	Monthly Interest	\$	-	799.82	1,800.92	1,816.38	1,969.39	2,032.29	2,032.21	2,120.63	2,521.10	2,541.73	2,581.50	2,588.43	22,804.40	
33																
34	Interest Accrued to Date	\$	-	799.82	1,800.92	1,816.38	1,969.39	2,032.29	2,032.21	2,120.63	2,521.10	2,541.73	2,581.50	2,588.43	22,804.40	
35																
36	Deferral Balance Including Interest	\$	123,732.04	279,400.01	282,792.89	306,478.73	316,362.26	316,412.55	330,091.38	392,132.83	395,723.39	401,896.87	403,008.86	547,074.68	567,290.65	
37																
38																
39	Total Customer Benefit														567,290.65	

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 437

IDAHO POWER COMPANY

Exhibit 204

2023 Earnings Test

April 12, 2024

**IDAHO POWER COMPANY
STATEMENT OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023**

OPUC JURISDICTION

DESCRIPTION	ACTUAL ALLOCATION	TYPE I ADJUSTMENTS	ADJUSTED TOTAL - TYPE I	TYPE II ADJUSTMENTS	ADJUSTED TOTAL - TYPE I & II
TOTAL COMBINED RATE BASE	178,660,550	131,188	178,791,739	660,111	179,451,849
OPERATING REVENUES					
Retail Sales Revenues	62,683,444	0	62,683,444	(8,748,721)	53,934,723
Sales for Resale	0	0	0	0	0
Opportunity Sales	7,004,183	0	7,004,183	(4,804,649)	2,199,533
Other Operating Revenues	4,977,157	(1,524,091)	3,453,066	34,843	3,487,909
Total Operating Revenue	74,664,783	(1,524,091)	73,140,693	(13,518,527)	59,622,166
OPERATING EXPENSES					
Operation & Maintenance Expense	52,728,984	(1,043,092)	51,685,892	(7,723,771)	43,962,121
Depreciation Expense	7,701,595	0	7,701,595	575,420	8,277,014
Amortization Expense	221,676	30,019	251,695	21,923	273,619
Accretion Expense	509	0	509	0	509
Taxes Other Than Income Taxes	2,080,033	0	2,080,033	(116,131)	1,963,902
Regulatory Debits/Credits	317,709	0	317,709	0	317,709
Provision for Deferred Income Taxes	(1,021,498)	197,691	(823,807)	(193,286)	(1,017,093)
Investment Tax Credit Adjustment	2,107,029	0	2,107,029	15,666	2,122,695
Federal Income Tax	(28,031)	278,632	250,600	(1,447,519)	(1,196,919)
State Income Taxes	71,624	(217,527)	(145,903)	(452,435)	(598,338)
Total Operating Expenses	64,179,628	(754,277)	63,425,351	(9,320,133)	54,105,218
OPERATING NET INCOME	10,485,155	(769,814)	9,715,342	(4,198,394)	5,516,948
Add: IERCO Operating Income	335,281	0	335,281	3,672	338,953
CONSOLIDATED OPERATING INCOME	10,820,436	(769,814)	10,050,623	(4,194,722)	5,855,900
RATE OF RETURN EARNED	6.056%		5.621%		3.263%
IMPLIED RETURN ON EQUITY	7.006%		6.132%		1.391%

COST OF CAPITAL - DEC 31, 2023

	ACTUAL STRUCTURE	EMBEDDED COST	WEIGHTED COST
Long Term Debt	50.259%	5.116%	2.571%
Preferred Stock	0.000%	0.000%	0.000%
Common Equity	49.741%	9.900%	4.924%
Total	100.000%		7.496%

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 437

IDAHO POWER COMPANY

Exhibit 205

2023 Rate Calculations

April 12, 2024

Oregon

12 MOS ENDED DEC 2023

Total Revenues	\$	63,052,615
		6%
Deferral Revenues Allowed	\$	3,783,157
Total Oregon kWh Forecast ¹		656,419,089
Oregon Residential kWh Forecast ¹		194,362,953
<u><i>True-Up Balancing Account</i></u>		
Rate (cents per kWh)		(0.0864)
Estimated Collection (Refund)	\$	(567,291)
<u><i>Intervenor Funding deferral</i></u>		
Rate (cents per kWh)		0.0311
Estimated Collection (Refund)	\$	60,463
<u><i>Langley Revenue Variance deferral</i></u>		
Rate (cents per kWh)		0.0234
Estimated Collection (Refund)	\$	153,821
<u><i>Annual Regulatory Fee Expense deferral</i></u>		
Rate (cents per kWh)		0.0196
Estimated Collection (Refund)	\$	128,388
<u><i>Oregon Corporate Activity Tax Expense deferral</i></u>		
Rate (cents per kWh)		0.0556
Estimated Collection (Refund)	\$	364,674
<u><i>Oregon Community Solar Expense deferral</i></u>		
Rate (cents per kWh)		0.0415
Estimated Collection (Refund)	\$	272,654
Total Rate - Residential Service (cents per kWh)		0.0848
Total Rate - All Other (cents per kWh)		0.0537

1. June 1, 2024 - May 31, 2025 test year.