

ORDER NO. 02-584

ENTERED AUG 26 2002

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 123/UE 131

In the Matter of the Petitions of IDAHO)	
POWER COMPANY for Amortization in)	ORDER
Rates of Certain Deferred Excess Net)	
Power Supply Expenses.)	

DISPOSITION: STIPULATION ADOPTED

Procedural Background

On April 19, 2001, Idaho Power Company (IPC) filed a request for authority to amortize certain deferred excess net variable power costs and for approval of tariff schedules increasing its Oregon customers' rates by an amount equal to three percent of its 2000 Oregon revenues. The request was docketed as UE 123. The Commission entered Order No. 01-408 relating to the request. IPC subsequently filed a request for authority to amortize additional deferred net variable power costs equaling three percent of its 2000 Oregon revenues. The request was docketed as UE 131. The Commission entered Order No. 01-1107 relating to the request. Order Nos. 01-408 and 01-1107 were not final orders resolving issues raised by IPC's requests.

Allen Scott, an Administrative Law Judge for the Commission, presided over a prehearing conference on July 5, 2001. The Commission consolidated the two dockets on May 13, 2002, in Order No. 02-440.¹

On July 15, 2002, the two parties in this consolidated docket, IPC and Commission Staff, filed a stipulation resolving all disputed issues. They also filed joint testimony and exhibits in support of the stipulation. The parties request that the Commission approve the stipulation.

Stipulation Summary

The stipulation addresses whether certain decisions made by IPC were prudent and whether certain net variable power costs should be recovered as power costs.

¹ IPC's requests for Commission action relating to extraordinarily high wholesale power costs have been considered in several dockets. The stipulation attached to this order (as Appendix A) explains the actions in greater detail.

After negotiation and compromise, the parties agree that the total of IPC's net variable power costs currently eligible for deferral should be reduced by \$2,323,418.

The first adjustment in power costs to be recovered relates to the prudence of siting permits for mobile diesel-powered generating units IPC leased in response to escalating market prices for purchased power. IPC failed to obtain siting permits for some of the units. The parties agree that \$1,226,452 may be removed from the proposed power cost recovery because of IPC's failure to obtain the permits.

The second adjustment relates to a firm fuel contract for the transportation of fuel to IPC's Mountain Home Natural Gas Facility. In April 2001 IPC contracted for delivery of the fuel, with payments to begin in July 2001. Staff and IPC stipulated that the contract could have provided for non-firm delivery of fuel, rather than the more expensive delivery on a firm basis. The parties agree that \$682,272 may be removed from the total of IPC's net variable power costs eligible for deferral.

The third adjustment relates to annual facility charges for a pipeline, a meter station, and control equipment. Staff believes these costs should be recovered as capital investments rather than as power cost expenses, and proposes an exclusion of \$419,054 in the facility charge for 2001. IPC accepts the adjustment subject to its ability to seek recovery of the recurring facility charge in a future filing. The parties have agreed on the process for that future filing.

The parties also agreed to include \$4360 in IPC's net variable power costs pursuant to Order No. 01-1107 relating to IPC's buy-back program for its irrigation customers.

After making the adjustments mentioned above, the parties agree that the Oregon share of IPC's net variable power costs should be \$14,576,043 as of December 31, 2001. The agreed-upon net variable power cost calculations are shown on the last page of the stipulation attached to this order. The stipulation also explains the adjustments in greater detail than discussed here.

Commission Conclusion

Based on the evidence submitted, the Commission finds that the stipulated net variable power costs will be fair and reasonable. The Commission concludes that it should approve the stipulation. A copy of the stipulation is attached to this order as Appendix A.

ORDER

IT IS ORDERED that:

1. The stipulation filed by Idaho Power Company and the Commission's Staff on July 15, 2002, is adopted;
2. The stipulated adjustments and revised deferral balance of Idaho Power Company's net variable power costs in Oregon, shown on the stipulation attached to this order, are adopted.

Made, entered, and effective _____.

Roy Hemmingway
Chairman

Lee Beyer
Commissioner

Joan H. Smith
Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements of OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070. A party may appeal this order to a court pursuant to ORS 756.580.

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the rights provided in OAR 860-014-0085 and shall be entitled to seek reconsideration or appeal of the Commission's order.

20. By entering into this Stipulation, no party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other party in arriving at the terms of this Stipulation. No party shall be deemed to have agreed that any paragraph of this Stipulation is appropriate for resolving issues in any other proceeding.

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

The Stipulation is entered into by each party on the date entered below such party's signature.

Dated: *July 15, 2002*

IDAHO POWER COMPANY

By: *Gregory W. Seid*
Date: *7/15/02*

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

By: *[Signature]*
Date: *July 15, 2002*

**Attachment. Summary of Stipulated Deferral
Balance**

Actual Net Variable Power Costs	\$476,047,594
Less Stipulated Adjustments:	
Mobile Generation	(\$1,226,452)
Mountain Home Gas	(\$682,272)
Williams Facility Charge	(\$419,054)
Stipulated Net Variable Power Costs	\$473,719,816
<i>Base Power Costs</i>	\$58,725,000
Stipulated Excess Net Variable Power Costs	\$414,994,816
<i>Dead Band</i>	\$90,100,000
Amount in Dead Band	\$31,375,000
Deferral at 0%	\$0
<i>Upper Sharing Band</i>	\$108,929,000
Amount in 50/50 Sharing Band	\$18,829,000
Deferral at 50%	\$9,414,500
Amount in 80/20 Sharing Band	\$364,790,816
Deferral at 80%	\$291,832,653
Total Deferral	\$301,247,153
Oregon Allocation at 4.78%	\$14,399,614
Less IdaCorp Energy Credit	(\$46,150)
Plus Stipulated Adjustments:	
Irrigation Buy Back Line Extension Payments	\$4,360
Net Oregon Deferral	\$14,357,824
Less Amortization (June-December)	(\$406,320)
Principal Balance	\$13,951,504
Interest at 8.953%	
(.5*13,951,504)*.08953	\$624,539
Total Deferral Balance with Interest	\$14,576,043