

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1410

In the Matter of)	
)	
IDAHO POWER COMPANY)	ORDER
)	
Application for Deferred Accounting of)	
Variances Regarding Revised Depreciation)	
Rates.)	

DISPOSITION: APPLICATION APPROVED

On December 29, 2008, Idaho Power Company (Idaho Power) filed an application, with the Public Utility Commission of Oregon (Commission), requesting deferred accounting of variances regarding revised depreciation rates as a result of system-wide implementation of Advanced Metering Infrastructure. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

Staff recommends that Idaho Power’s request for deferred accounting of variances regarding revised depreciation rates beginning January 1, 2009, for a 12-month period, be approved for accounting purposes only. Ratemaking treatment should be reserved for a ratemaking proceeding.

At its Public Meeting on January 20, 2009, the Commission adopted Staff’s Recommendation and approved Idaho Power’s current request.

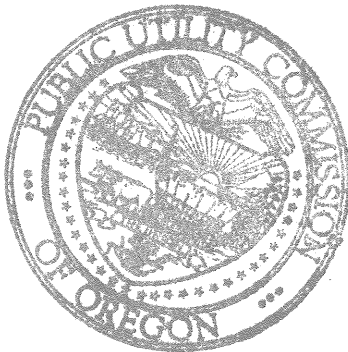
ORDER

IT IS ORDERED that:

1. Idaho Power Company's request for deferred accounting of variances regarding revised depreciation rates beginning January 1, 2009, for a 12-month period, shall be approved for accounting purposes only.
2. Ratemaking treatment shall be reserved for a ratemaking proceeding.

Made, entered, and effective JAN 27 2009 .

BY THE COMMISSION:



Becky L. Beier

Becky L. Beier
Commission Secretary

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 in 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(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 20, 2009

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2009

DATE: January 6, 2009

TO: Public Utility Commission

FROM: Lisa Gorsuch and Carla Owings

THROUGH: Lee Sparling, Ed Busch, and Judy Johnson

SUBJECT: IDAHO POWER COMPANY: (Docket No. UM 1410) Requests deferred accounting of variances regarding revised depreciation rates as a result of system-wide implementation of Advanced Metering Infrastructure.

STAFF RECOMMENDATION:

Staff recommends that Idaho Power Company's (IPCo or Company) request for deferred accounting of variances regarding revised depreciation rates beginning January 1, 2009, for a 12 month period, be approved for accounting purposes only. Ratemaking treatment should be reserved for a ratemaking proceeding.

DISCUSSION:

IPCo is planning a system-wide implementation of Advanced Metering Infrastructure (AMI) with installation in its Oregon service territory to occur during the month of October 2010. The AMI implementation will replace the existing customer meters and metering system with AMI technology.

ORS 757.355 specifies that utilities may not collect from any customer rates that include the costs of "construction, building, installation or real or personal property not presently used for providing utility service." To ensure that ORS 757.355 does not strand IPCo's investment in existing meters or preclude IPCo from recovering its return on that investment, Staff believes IPCo should be allowed to accelerate the depreciation of existing metering equipment in order to fully depreciate the meters before replacing them.

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On October 3, 2008, IPCo filed an application with the Public Utility Commission of Oregon (OPUC) requesting a rate change to reflect the accelerated depreciation of its existing metering equipment due to the installation of AMI and a revision to its existing depreciation rates. On October 7, 2008, the Company filed Advice No. 08-08, proposing to implement Schedule 92 to reflect the net change resulting from the revised depreciation rates for both the accelerated depreciation and an updated depreciation study. This filing was docketed as UE 202.

On October 13, 2008, IPCo filed a separate application for authorization to implement revised depreciation rates. This matter was docketed as UM 1395. Staff is currently reviewing the revised depreciation rates filed with the application that have already been approved by both the Idaho Public Utility Commission (IPUC) and the Federal Energy Regulatory Commission (FERC).

For the 12-month period beginning January 1, 2009, IPCo will defer the difference between the rates implemented on January 1, 2009, that relate to the updated depreciation study adopted by both the IPUC and FERC, and the amount that the OPUC authorizes, as a result of its review in docket UM 1395.

Reason for Deferral

IPCo seeks approval of this deferral pursuant to ORS 757.259(2)(e). This deferral will minimize the frequency of rate changes and match appropriately the costs borne and benefits received by ratepayers. Without approval, any differences between the Commission's findings, which would be implemented later in the year and the rate implemented on January 1, 2009, would not be captured for the time period between January 1, 2009 and the implementation of Staff's findings.

Proposed Accounting

IPCo proposes that the account balances would accrue interest at the rate of its current authorized cost of capital and record those amounts in FERC Account 229 (accumulated provision for rate refund) with a corresponding entry to FERC Account 182.3 (other regulatory assets).

Estimate of Amount

IPCo has not provided an estimate of the amount of the deferral as this forecast is contingent upon the outcome of Staff's findings in its review of the current depreciation study, UM 1395.

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PROPOSED COMMISSION MOTION:

IPCo's request for deferred accounting of variances regarding revised depreciation rates beginning January 1, 2009, for a 12-month period, be approved for accounting purposes only. Ratemaking treatment should be reserved for a ratemaking proceeding.

IPCo UM 1410 Deferral