

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1411

In the Matter of	)	
	)	
IDAHO POWER COMPANY	)	ORDER
	)	
Application for Deferred Accounting of Net	)	
Variable Power Cost Variances.	)	

**DISPOSITION: APPLICATION APPROVED**

On December 29, 2008, Idaho Power Company (Idaho Power) filed an application, with the Public Utility Commission of Oregon (Commission), requesting authorization to defer for later ratemaking treatment the net variable power cost variances pursuant to Order No. 08-238, ORS 757.259(2)(e) and Idaho Power tariff Schedule 56. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

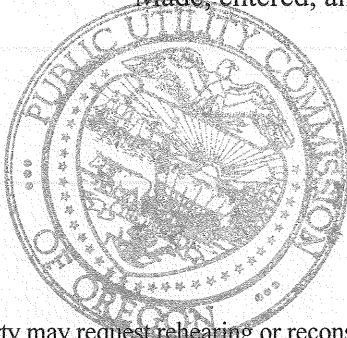
Staff recommends that Idaho Power's application for authorization of deferred accounting of the Net Variable Power Cost Variance, effective January 1, 2009, be approved.

At its Public Meeting on February 3, 2009, the Commission adopted Staff's Recommendation and approved Idaho Power's current request.

**ORDER**

IT IS ORDERED that Idaho Power Company's application for authorization of deferred accounting of the Net Variable Power Cost Variance, effective January 1, 2009, is approved.

Made, entered, and effective FEB 11 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.

ITEM NO. CA1

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: February 3, 2009

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE January 1, 2009

DATE: January 26, 2009

TO: Public Utility Commission

FROM: Ed Durrenberger

THROUGH: Lee Sparling, Ed Busch, and Bonnie Tatom

SUBJECT: IDAHO POWER COMPANY: (Docket No. UM 1411) Requests deferral of Net Variable Power Cost Variances.

**STAFF RECOMMENDATION:**

Staff recommends Idaho Power Company's application for authorization of deferred accounting of the Net Variable Power Cost Variance, effective January 1, 2009, be approved.

**DISCUSSION:**

On December 29, 2008, Idaho Power Company's (Idaho Power or company) filed a request for an accounting order authorizing the Company to defer for later ratemaking treatment the net variable power cost (NVPC) variances pursuant to Order No. 08-238, ORS 757.259(2) (e) and IPCO tariff Schedule 56.

Description of deferral:

In Order No. 08-238, the Commission ordered the adoption of a power cost adjustment mechanism for Idaho Power. This mechanism consists of an Annual Power Cost Update (APCU) and an annual true-up, the Power Cost Adjustment Mechanism (PCAM). Idaho Power Schedule 55 contains the terms of the APCU, the forecasted net variable power costs, while Schedule 56 contains the terms of the PCAM, a calculation of the difference, for a given year, between actual annual NVPC incurred by the company and the NVPC forecasted pursuant to the APCU. The deferred account authorization requested here seeks to record the difference between the actual annual net variable power costs and the annual net variable power costs collected in rates for

Docket No. UM 1411  
January 26, 2009  
Page 2

asymmetric dead band and sharing mechanism. Amortization is not part of this application.

Reason for deferral request:

Idaho Power seeks authorization of deferred accounting of annual variances between the actual annual power costs and the annual forecasted power costs that will be amortized in rates pursuant to the terms of Schedule 56 and Order No. 08-238. Approval of the deferral will minimize the frequency of rate changes or fluctuations and more appropriately match the costs borne by and benefits received by customers.

Proposed Accounting:

The company proposes to record the deferral as a regulatory liability in FERC Account 182.3 (Regulatory Assets) and credit FERC Account 557 (Other Expenses) if there is an amount to collect from customers. Idaho Power would record the deferred amount in FERC Account 254 (Regulatory Liabilities) and debit FERC Account 557 (Other Expenses) if there is a refund to customers. In the absence of a deferred accounting order, Idaho Power would record the costs to FERC Accounts 501 and 547 (Fuel) and FERC Account 447 (Sales for Resale) as well as FERC Account 565 (Transmission by Others) and FERC Account 555 (Purchased Power).

Estimated Amounts to be Deferred:

Idaho Power cannot provide an estimate of the amount to be deferred until after the end of the year. The company requests to accrue interest on the unamortized balance at a rate of its authorized weighted average cost of capital, 7.83%.

Notice:

A copy of the Notice of Application was distributed, on December 29, 2008, to the service lists for UE 195, the power cost adjustment mechanism filing, and UE 167, the most recent rate case.

**PROPOSED COMMISSION MOTION:**

Idaho Power Company's application for authorization of deferred accounting of the Net Variable Power Cost Variance, effective January 1, 2009, be approved.

IPCO UM 1411 Deferral of NVPC Variance