

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 212

In the Matter of

IDAHO POWER COMPANY

Application for Amortization in Rates of
Certain Deferred Excess Net Power Supply
Expenses.

ORDER

**DISPOSITION: APPLICATION APPROVED;
ADVICE NO. 09-08 ALLOWED**

On June 30, 2009, Idaho Power Company (Idaho Power) filed a request with the Public Utility Commission Oregon (Commission), pursuant to ORS 757.259(5) and OAR 860-013-0010, to amortize its 2006 Power Cost Deferral and implement Advice No. 09-08. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

At its public meeting on August 25, 2009, the Commission adopted Staff's recommendation, and approved Idaho Power's request.

ORDER

IT IS ORDERED that:

1. Idaho Power Company's request to amortize 2006 Power Cost Deferral is approved.
2. Advice No. 09-08 is implemented, effective September 1, 2009.

Made, entered, and effective SEP 01 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: August 25, 2009

REGULAR _____ CONSENT X EFFECTIVE DATE September 1, 2009

DATE: July 30, 2009

TO: Public Utility Commission

FROM: Carla Owings

THROUGH:  Lee Sparling, Ed Busch and Judy Johnson

SUBJECT: IDAHO POWER COMPANY: (Docket No. UE 212/Advice No. 09-08)
 Implements Amortization of 2006 Power Cost Deferral.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Idaho Power Company's request to amortize its 2006 Power Cost Deferral and implement Advice No. 09-08, effective September 1, 2009.

DISCUSSION:

On July 1, 2009, Idaho Power Company ("Idaho Power" or the "Company") filed a request pursuant to ORS 757.259(5) and OAR 860-013-0010 to amortize its 2006 Power Cost Deferral. On December 13, 2007, in Order No. 07-055, the Commission adopted a Stipulation pursuant to Idaho Power's application to defer excess power costs (Docket No. UM 1261) for the period beginning May 1, 2006, through April 30, 2007. The Stipulation was based upon an agreement of the parties that \$2.0 million represented a fair compromise of all issues raised in Idaho Power's request to defer.

Beginning May 1, 2007, Idaho Power deferred \$2.0 million and accrued interest at its cost of capital (approximately 7.8 percent). The total interest accumulation as of August 31, 2009, is approximately \$400,000 for a total amortization balance of approximately \$2.4 million.

Idaho Power is subject to an earnings review pursuant to ORS 757.259(5) at the time of application to amortize the deferral. The time period representative of the 2006 power cost deferral is based upon Idaho Power's 2006 Results of Operations report. For 2006, Idaho Power reports its Return on Equity (ROE) for Type1, Adjusted Actual

Idaho Power UE 212/Advice 09-08
 July 30, 2009
 Page 2

results for the earning test ending December 31, 2006, to be 2.3 percent. Therefore, Staff recommends the Commission allow Idaho Power to recover the entire \$2.0 million of excess power costs deferred for the 2006 period plus accumulated interest of approximately \$400,000.

Pursuant to ORS 757.259(6), Idaho Power is limited to a maximum recovery of six percent (6%) of the company's gross revenues for the preceding calendar year. Therefore, Idaho Power is eligible to recover \$1.9 million per year, or 0.2848 cents per kilowatt-hour (kWh). Idaho Power proposes to apply the "Modified-Blended Treasury Rate" of 2.05¹ percent to the unamortized balance during the amortization phase. The Company proposes this rate due to the short recovery period of approximately 16 months. Idaho Power estimates that it will recover the projected amount by approximately December 31, 2010.

The current Power Supply Adjustment (PSA) tariff rate to collect the 2001 Power Cost deferral was 0.4116 cents per kWh², so customers will actually experience a decrease in rates related to the PSA charge. The impact related to the PSA decrease results in an overall reduction of approximately 2.86 percent (See attached Exhibit A). The average residential customer using 1,233 kWh per month will see a decrease of approximately \$1.56 per month (or approximately 2.07 percent) reducing the average bill from \$75.47 per month to \$73.91 per month.

STAFF ANALYSIS:

Staff has reviewed Idaho Power's request to begin amortization of its 2006 excess power cost deferral. Staff has reviewed the interest calculations related to the deferred amounts for both the 2001 excess power cost deferral and the 2006 excess power cost deferral. Staff has also reviewed the amortization of the 2001 excess power cost deferral and the new rate proposed by Idaho Power for the PSA charge and the associated tariffs. Staff concurs with the Company's calculations and recommends approval of Idaho Power's current request.

PROPOSED COMMISSION MOTION:

The Commission approve Idaho Power Company's request to amortize 2006 Power Cost Deferral and implement Advice No. 09-08 effective September 1, 2009.

IPC UE 212/Advice 09 08 – 2006 Power Cost Amortization

¹ Approved by the Commission in Commission Order No. 08-263.

² Pursuant to ORS 757.259(10), the Commission previously allowed Idaho Power to amortize its 2001 Power Costs deferral at a rate equal to 10% of the Company's annual gross revenues.

Idaho Power Company
Calculation of Revenue Impact
State of Oregon
Power Supply Adjustment Rate Change
Begin Amortization of 2006 Deferral

Column1	Column2	Column3	Column4	Column5	Column6	Column7	Column8	Column9	Column10	Column11	Column12	Column13
Line No.	Tariff Description	Rate Sched. No.	Average Number of Customers	2009 Oregon Forecast (KWh)	Current Base Revenue	Current PSA Funding	Base Plus PSA Funding	Avg Mills Per KWh	Proposed PSA Funding	Base Plus Proposed PSA Funding	Avg Mills Per KWh	Difference Over Current Revenue
	Uniform Tariff Rates:											
1	Residential Service	1	13,415	198,558,922	\$9,779,141	\$817,269	\$10,596,410	\$53.37	\$555,496	\$10,344,637	\$52.10	-2.38%
5	Small General Service	7	2,999	17,201,032	\$1,047,649	\$70,800	\$1,118,446	\$58.02	\$48,989	\$1,096,635	\$63.75	-1.95%
6	Large General Service	9	1,339	133,134,131	\$5,997,606	\$547,980	\$6,545,586	\$49.12	\$379,766	\$6,370,772	\$47.85	-2.58%
7	Dusk to Dawn Lighting	15	0	424,083	\$95,458	\$1,746	\$97,203	\$229.21	\$1,208	\$96,665	\$227.94	-0.55%
8	Large Power Service	19	8	268,576,620	\$7,949,473	\$1,105,461	\$9,054,934	\$33.71	\$764,906	\$8,714,379	\$32.45	-3.76%
9	Agricultural Irrigation Service	24	1,519	60,553,810	\$2,393,811	\$249,239	\$2,643,050	\$43.65	\$172,457	\$2,566,268	\$42.38	-2.91%
11	Unmetered General Service	40	3	12,900	\$676	\$33	\$709	\$55.52	\$37	\$713	\$55.25	-2.24%
12	Street Lighting	41	13	823,084	\$100,831	\$3,388	\$104,218	\$126.62	\$2,344	\$103,175	\$125.35	-1.00%
13	Traffic Control Lighting	42	6	17,262	\$65	\$71	\$736	\$42.64	\$49	\$714	\$41.37	-2.97%
14	Total Uniform Tariffs		19,303	679,301,864	\$27,359,306	\$2,796,006	\$30,155,313	\$44.39	\$1,934,652	\$29,293,958	\$43.12	-2.86%
19	Total Oregon Retail Sales		19,303	679,301,864	\$27,359,306	\$2,796,006	\$30,155,313	\$44.39	\$1,934,652	\$29,293,958	\$43.12	-2.86%