

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1464

In the Matter of

IDAHO POWER COMPANY

Application for Deferred Accounting of
Net Variable Power Cost Variances.

ORDER

DISPOSITION: APPLICATION APPROVED

On December 29, 2009, Idaho Power Company (Idaho Power or Company), filed an application, with the Public Utility Commission of Oregon (Commission), for authorization to defer for possible future rate recovery excess net power supply expenses incurred for a one-year period beginning January 1, 2010. The filing is made pursuant to ORS 757.210, ORS 757.259, and OAR 860-027-0300. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

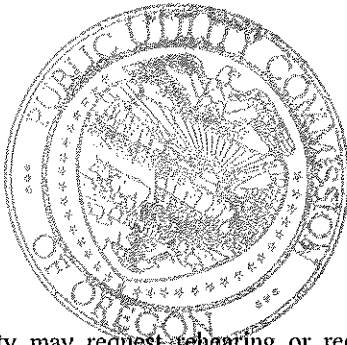
At its Public Meeting on June 22, 2010, the Commission adopted Staff's recommendation and approved the application.

ORDER

IT IS ORDERED that Idaho Power Company's application for deferred accounting of net variable power cost variances is approved, effective January 1, 2010.

Made, entered, and effective JUL 07 2010.

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. CA10

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 22, 2010**

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: June 10, 2010

TO: Public Utility Commission

FROM: Ed Durrenberger *MG for E*

THROUGH: Bryan Conway *BC* and Maury Galbraith *MG*

SUBJECT: IDAHO POWER COMPANY: (Docket No. UM 1464) Application for Deferred Accounting of Net Variable Power Cost Variances.

STAFF RECOMMENDATION:

I recommend the Commission approve Idaho Power Company's (Idaho Power or company) application for deferred accounting of net variable power cost variances requested in UM 1464, pursuant to Order No. 08-238 and Schedule 56.

DISCUSSION:

On December 29, 2009, the company filed an application for an accounting order requesting authorization to defer for possible future rate recovery excess net power supply expenses incurred for a one year period beginning January 1, 2010. The filing was made pursuant to ORS 757.210, ORS 757.259, and OAR 860-027-0300 and was docketed as UM 1464. The application proposes to defer for later ratemaking treatment, annual net variable power cost variances pursuant to Order No. 08-238 and Idaho Power Tariff Schedule 56, which includes a power supply expense dead band and an earnings test.

The Commission Order No. 08-238, adopted a power cost adjustment mechanism for Idaho Power that includes both a forward looking Annual Power Cost Update (APCU) and a true-up provision, the Power Cost Adjustment Mechanism (PCAM). The company's Schedule 55 contains the terms of the APCU while Schedule 56 contains the terms of the PCAM. The PCAM provides for recognition in rates of the difference, for a given year, between the actual annual net variable power costs incurred by the company and the annual net variable power costs collected in rates pursuant to Idaho

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Power Schedule 55. This deferral is intended to capture this annual net variable power cost difference for later ratemaking treatment.

Proposed Accounting:

Idaho Power proposes to record the deferred amount in Federal Energy Regulatory Commission (FERC) Account No. 182.3 (Regulatory Assets); crediting FERC Account No. 557(Other Expenses) if there is an amount to collect from customers. Idaho Power would record the Accrued Amount in FERC Account No. 254 (Regulatory Liabilities); debiting FERC Account No. 557(Other Expenses) if there is a refund to customers. In the absence of a deferred accounting order from the Commission, Idaho Power would record costs associated with the deferred amount to FERC Account No. 501 (Fuel), FERC Account No. 547 (Fuel), FERC Account No. 447 (Sales for Resale), FERC Account No. 565 (Transmission by Others) and FERC Account No. 555 (Purchased Power).

Amount of deferral:

The amount of the proposed deferral is a function of several unknown and unpredictable factors including customer usage and the wholesale market prices for power and natural gas. The company requests that it also be allowed to accrue interest on the unamortized balance at a rate equal to its authorized weighted average cost of capital most recently approved by the Commission.

PROPOSED COMMISSION MOTION:

Idaho Power Company's application for deferred accounting of net variable power cost variances requested in UM 1464 be approved, effective January 1, 2010.

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