

ORDER NO. 12 109  
ENTERED MAR 27 2012

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1583

In the Matter of

IDAHO POWER COMPANY,

Deferral Application for Bridger Pollution  
Control Investments.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its Public Meeting on March 27, 2012, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter, attached as Appendix A.

BY THE COMMISSION:



A handwritten signature in black ink, appearing to read "Becky L. Beier", is written over a horizontal line.

**Becky L. Beier**  
Commission Secretary

A party may request rehearing or reconsideration of this order under 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 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: March 27, 2012

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE February 29, 2012

DATE: March 7, 2012

TO: Public Utility Commission

FROM: Judy Johnson *JJ*

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

SUBJECT: IDAHO POWER COMPANY: (Docket No. UM 1583) Requests authorization to defer the variance in revenues relating to pollution control investments at the Jim Bridger Coal Plant.

**STAFF RECOMMENDATION:**

I recommend that Idaho Power Company's application be approved for the 12-month period beginning February 29, 2012.

**DISCUSSION:**

Idaho Power Company (IPCO or Company) makes this filing pursuant to ORS 757.210, ORS 757.259(2)(e), and OAR 860-027-0300, to request authorization to defer for later ratemaking treatment the variance between revenues resulting from rates that include pollution control investments at the Jim Bridger Coal Plant and revenues resulting from rates without the pollution control investments for the 12-month period beginning February 29, 2012.

Description of Amounts

The description of the amount is the variance between revenues resulting from rates that include pollution control investments at the Jim Bridger Coal Plant and revenues resulting from rates without the pollution control investments

Reasons for Deferral

The Company requests this deferral pursuant to the Partial Stipulation entered into by the Parties in Docket UE 233 and pursuant to ORS 757.259(2)(e). The deferral of these costs will minimize the frequency of rate changes or fluctuations and match appropriately the costs borne by and benefits received by customers.

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#### Proposed Accounting

If this deferral is not granted there will be no variance and no need for alternate accounting.

#### Estimate of Amounts

At this time the amount in the deferral cannot be estimated.

#### Information Related to Future Amortization

- Earnings review – An earnings review is not need in a deferral that may result in a customer refund.
- Prudence Review – A prudence review on the Bridger pollution control investments is currently being conducted.
- Sharing – No sharing is necessary.
- Rate Spread/Design – Amortization of any deferred amount will be spread as specified by the Commission, pursuant to Order No. 12-055.
- Three Percent Test (ORS 757.259(6)) – The three percent test measures the annual overall average effect on customer rates resulting from deferral amortizations. The three percent test is not necessary when amortizing customer refunds.

#### Staff Analysis

This application arises out of a settlement agreement entered into by the parties to Idaho Power's 2011 rate case, Docket UE 233. In that case the settling parties entered a Partial Stipulation that resolved all but one of the issues in the docket. The unresolved issue relates to the prudence of the costs associated with the Jim Bridger pollution control investments.

The Partial Stipulation requested a rate effective March 1, 2012. The parties agreed that even if the issue of the prudence of the Jim Bridger pollution control investments was not resolved by March 1, 2012, the rates implemented on March 1, 2012, would include the Company's pollution control investments as filed. However, the Partial Stipulation requires the Company to request to defer the variance between revenues resulting from rates that include the pollution control investments and revenues resulting from rates without the pollution control investments.

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This application is made pursuant to the terms of the Partial Stipulation and Staff recommends its adoption. The Citizens' Utility Board has intervened in this docket. They have reviewed this memo and do not have any issues with the recommendation.

**PROPOSED COMMISSION MOTION:**

Idaho Power Company's application be approved for accounting purposes only, with ratemaking treatment to be considered at the conclusion of Docket No. UE 233.

IPCO 1583 Bridger pollution control variance deferral