

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 265

In the Matter of

IDAHO POWER COMPANY

2012 Annual Power Supply Expense
True-Up.

ORDER

DISPOSITION: STIPULATION ADOPTED

In this order, we adopt a stipulation signed by Idaho Power Company; the Citizens' Utility Board of Oregon (CUB); and Commission Staff. The stipulation implements Idaho Power's 2012 true-up filing required under its Power Cost Adjustment Mechanism (PCAM). The parties agree that the difference between the company's net power supply expenses (NPSE) and expenses collected through the company's "Combined Rate" fall within the deadband incorporated into the PCAM, and, as a result, no amounts should be added to Idaho Power's true-up balancing account this year.

I. INTRODUCTION

As part of Idaho Power's PCAM, Idaho Power files an annual true-up of its power supply expenses. Idaho Power calculates the difference between its actual NPSE and the expenses recovered from ratepayers through its "Combined Rate."¹ Once this power cost adjustment (PCA) is quantified, eligible NPSE deviations² are added to Idaho Power's annual power supply expense true-up balancing account at the end of each 12-month period ending in December, along with 50 percent of the annual interest calculated at the company's authorized cost of capital.

The PCA to be included in the account is calculated as 90 percent of the amount that Idaho Power's Oregon-allocated NPSE deviation is above or below an established power supply expense deadband. Recovery of the PCA is also subject to an earnings test.

Idaho Power made its true-up filing on February 25, 2013, reflecting the NPSE deviation for calendar year 2012. In its initial filing, Idaho Power used its 2011 results of operations (ROO) report. On April 15, 2013, Idaho Power filed supplemental testimony using the company's recently available 2012 ROO report.

¹ The Combined Rate is derived from the company's annual October cost update and its annual March forecast, see Order No. 08-238 at Appendix A, pages 2-7, and is calculated in the company's Annual Power Cost Update proceeding.

² Whether an expense is eligible for recovery is determined by the terms of Order No. 08-238.

Under the calculations in both the initial and supplemental filings, Idaho Power's Oregon-allocated NPSE deviation was within the calculated deadband. As a result, all parties agree that \$0.00 should be added to the company's true-up balancing account this year.

II. STIPULATION

The parties to the stipulation agree that Idaho Power has correctly calculated the amount for later inclusion in rates as \$0.00. As a result, Idaho Power will not add any amounts to its true-up balancing account for 2012. The stipulating parties agree that the rates resulting from the stipulation are fair, just, and reasonable.

III. CONCLUSION

We have reviewed the stipulation, together with the supporting testimony and exhibits filed. We conclude that the stipulation is in the public interest and results in fair, just, and reasonable rates. The stipulation is attached to this order as Appendix A and incorporated into this order by reference.

IV. ORDER

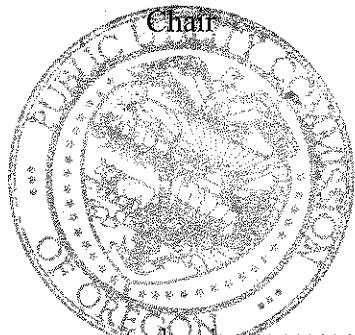
IT IS ORDERED that the stipulation by Idaho Power Company, the Citizens' Utility Board of Oregon, Commission Staff, attached to this order as Appendix A, is adopted.

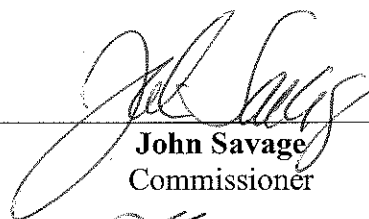
Made, entered and effective MAY 29 2013.



Susan K. Ackerman

Chair





John Savage
Commissioner



Stephen M. Bloom
Commissioner

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.

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 265

In The Matter of

IDAHO POWER COMPANY

2012 Annual Power Supply Expense True-Up.

STIPULATION

This Stipulation resolves all issues between the parties related to Idaho Power Company's ("Idaho Power" or "Company") 2012 Annual Power Supply Expense True-Up ("True-Up") filed pursuant to Order No. 08-238,¹ as amended by Order No. 09-373.² This True-Up implements the Company's Power Cost Adjustment Mechanism ("PCAM") by calculating the deviation between actual net power supply expenses ("NPSE") and those expenses recovered through the Combined Rate.

PARTIES

1. The parties to this Stipulation are Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board of Oregon ("CUB"), and Idaho Power (together, the "Stipulating Parties"). No other party intervened in this docket.

BACKGROUND

2. As part of the Public Utility Commission of Oregon ("Commission") approved PCAM, each February Idaho Power must file a True-Up that calculates the difference between the actual NPSE incurred by the Company in the relevant PCAM year (January through December) and the expenses recovered for that period through the Combined Rate.³ NPSE

¹ *Re Idaho Power Company's Application for Authority to Implement a Power Cost Adjustment Mechanism*, Docket UE 195, Order No. 08-238 (Apr. 28, 2008).

² *Re Idaho Power Company's Application for Authority to Implement a Power Cost Adjustment Mechanism*, Docket UE 195, Order No. 09-373 (Sept. 18, 2009).

³ Order No. 08-238 at 3.

1 deviations that are eligible, as determined by the terms of Order No. 08-238, are added to the
2 Annual Power Supply Expense True-Up Balancing Account ("True-Up Balancing Account") at
3 the end of each 12 month period ending in December along with 50 percent of the annual
4 interest calculated at the Company's authorized cost of capital.⁴ As relevant here, to be
5 eligible for inclusion in the True-Up Balancing Account, the NPSE deviation must fall outside
6 the NPSE deadband⁵ and pass the earnings test described in Order No. 08-238.⁶

7 3. On February 25, 2013, Idaho Power filed its True-Up reflecting the NPSE
8 deviation for calendar year 2012. The Company's initial filing used the most recent Oregon
9 Results of Operations ("ROO") report available at the time of the filing—the ROO for 2011.
10 The Company's initial filing determined that \$0.00 should be added to the True-Up Balancing
11 Account because the Oregon-allocated NPSE deviation was within the NPSE deadbands
12 calculated using the 2011 ROO.

13 4. This initial filing also discussed the impact of Order No. 11-086, which addressed
14 the appropriate treatment of proceeds from the sale of Renewable Energy Credits ("REC").⁷
15 Pursuant to that order these proceeds are applied to the power cost deferral currently in
16 amortization.

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⁴ *Id.*

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20 ⁵ The NPSE deadband is based upon the Company's authorized Return on Equity ("ROE") from its last
21 general rate case and the rate base measured on an Oregon basis from the most recent Oregon ROO
22 report. The Oregon Allocated Power Cost Deviation is compared to the positive and/or negative
23 deadbands. A positive deviation (actual NPSE greater than those recovered through the Combined
24 Rate) constitutes an excess power supply expense. This expense is first reduced by a deadband that
25 is the dollar equivalent of 250 basis points of ROE (Oregon basis). A negative deviation (actual NPSE
26 less than those recovered through the Combined Rate) is a power supply expense savings. This
savings is reduced by a deadband that is the dollar equivalent of 125 basis points of ROE (Oregon
basis).

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⁶ *Id.* at 3. If the Company's earnings are within 100 basis points of its authorized ROE for the previous
year ending December 31, then no amounts will be added to the True-Up Balancing Account even if the
NPSE deviation falls outside the NPSE deadbands.

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⁷ *Re Application of Idaho Power Company to Sell RECs*, Docket UP 269, Order No. 11-086 (Mar. 17,
2011).

1 5. On March 25, 2013, Administrative Law Judge Patrick Power held a prehearing
2 conference at which the parties to this docket agreed upon a procedural schedule.

3 6. As required by Order No. 09-373, on April 15, 2013, the Company filed
4 supplemental testimony that calculated the NPSE deadband using the Company's 2012 ROO
5 report, which was finalized subsequent to the initial February filing. The use of the 2012 ROO
6 resulted in changes to the upper and lower power supply expense deadband values.
7 However, this change did not affect the amount proposed to be included in the True-Up
8 Balancing Account because the Oregon-allocated NPSE deviation was still within the NPSE
9 deadbands calculated using the 2012 ROO. Thus, after updating the analysis using the 2012
10 ROO the Company determined that \$0.00 should be added to the True-Up Balancing
11 Account.

12 7. Pursuant to the agreed upon schedule Staff, CUB, and the Company participated
13 in a settlement conference on April 29, 2013. As a result of the settlement discussions, the
14 Stipulating Parties have agreed as follows:

15 **AGREEMENT**

16 8. The Stipulating Parties agree that the Company has correctly calculated the
17 amount of the True-Up for later inclusion in rates as \$0.00 and that this calculation complies
18 with the terms of Orders Nos. 08-238 and 09-373. Thus, the Stipulating Parties agree that the
19 Company will not add any amounts to the True-Up Balancing Account for 2012.

20 9. The Stipulating Parties agree to submit this Stipulation to the Commission and
21 request that the Commission approve the Stipulation as presented. The Stipulating Parties
22 agree that the adjustments and the rates resulting from the Stipulation are fair, just, and
23 reasonable.

24 10. This Stipulation will be offered into the record of this proceeding as evidence
25 pursuant to OAR 860-001-0350(7). The Stipulating Parties agree to support this Stipulation
26 throughout this proceeding and any appeal, (if necessary) provide witnesses to sponsor this

1 Stipulation at the hearing, and recommend that the Commission issue an order adopting the
2 settlements contained herein.

3 11. If this Stipulation is challenged by any other party to this proceeding, the
4 Stipulating Parties agree that they will continue to support the Commission's adoption of the
5 terms of this Stipulation. The Stipulating Parties agree to cooperate in cross-examination and
6 put on such a case as they deem appropriate to respond fully to the issues presented, which
7 may include raising issues that are incorporated in the settlements embodied in this
8 Stipulation.

9 12. The Stipulating Parties have negotiated this Stipulation as an integrated
10 document. If the Commission rejects all or any material part of this Stipulation, or adds any
11 material condition to any final order that is not consistent with this Stipulation, each Stipulating
12 Party reserves its right, pursuant to OAR 860-001-0350(9), to present evidence and argument
13 on the record in support of the Stipulation or to withdraw from the Stipulation. Stipulating
14 Parties shall be entitled to seek rehearing or reconsideration pursuant to OAR 860-001-0720
15 in any manner that is consistent with the agreement embodied in this Stipulation.

16 13. By entering into this Stipulation, no Stipulating Party shall be deemed to have
17 approved, admitted, or consented to the facts, principles, methods, or theories employed by
18 any other Stipulating Party in arriving at the terms of this Stipulation, other than those
19 specifically identified in the body of this Stipulation. No Stipulating Party shall be deemed to
20 have agreed that any provision of this Stipulation is appropriate for resolving issues in any
21 other proceeding, except as specifically identified in this Stipulation.

22 14. This Stipulation may be executed in counterparts and each signed counterpart
23 shall constitute an original document.

24 This Stipulation is entered into by each Stipulating Party on the date entered below such
25 Stipulating Party's signature.

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STAFF

CITIZENS' UTILITY BOARD

By: Mike

By: _____

Date: 5/8/13

Date: _____

IDAHO POWER

By: _____

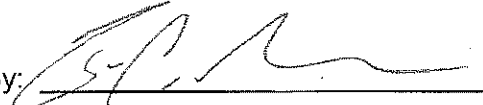
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STAFF

CITIZENS' UTILITY BOARD

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Date: 5-9-13 _____

IDAHO POWER

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Date: _____

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STAFF

CITIZENS' UTILITY BOARD

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IDAHO POWER

By:  _____

Date: 5-10-13 _____