

**BEFORE THE PUBLIC UTILITY COMMISSION****OF OREGON**

UE 314

In the Matter of

IDAHO POWER COMPANY

2017 Annual Power Cost Update.

ORDER

DISPOSITION: STIPULATION ADOPTED; ANNUAL POWER COST UPDATE APPROVED

In this order, we adopt the stipulation of the parties and approve Idaho Power Company's Annual Power Cost Update (APCU). The APCU updates the company's net power supply expenses and results in new rates to go into effect June 1, 2017.

**I. INTRODUCTION**

In Order No. 08-238, we approved an automatic adjustment clause for Idaho Power that allows the company to annually update its net power supply expense included in rates. The APCU is comprised of two components: an October Update and a March Forecast. The October Update contains the company's forecasted net power supply expense reflected on a normalized and unit basis for an April through March test period. The March Forecast contains the company's net power supply expenses based on updated actual forecast conditions. The APCU mechanism allows for the rates from the October Update and March Forecast to become effective on June 1 of each year.

**II. PROCEDURAL HISTORY**

On October 28, 2016, Idaho Power filed testimony and exhibits for its 2017 APCU, including the October Update which estimated what the normal power supply expenses would be for the 12-month test year, April 2017 through March 2018.<sup>1</sup> As more fully discussed below, Staff filed opening testimony on January 31, 2017 and Idaho Power filed reply testimony on March 3, 2017. The company subsequently filed the March Forecast on March 24, 2017.

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<sup>1</sup> Idaho Power/100-108 (Oct 28, 2016).

Following discovery, the filing of testimony and settlement discussions, on April 28, 2017, the company, the Oregon Citizens' Utility Board (CUB) and the Commission Staff filed a stipulation, attached as Appendix A, settling all of the outstanding issues between the parties.

### III. THE 2017 APCU

#### A. The October Update

Idaho Power's 2017 October Update addressed the following variables: (1) changes in natural gas and coal prices and transportation costs, (2) generation and expenses related to contracts entered into pursuant to the Public Utility Regulatory Policies Act of 1978 (PURPA)<sup>2</sup>, (3) normalized load and normalized sales,<sup>3</sup> (5) forward price curve, (6) heat rates, (7) planned outages and forced outage rates, and (8) Oregon state allocation factor.<sup>4</sup>

Idaho Power's calculations resulted in a cost per unit of \$26.06 per megawatt-hour (MWh), an increase of \$2.13 per MWh over the previous year's update.<sup>5</sup> The 2017 October Update also included a proposed allocation method, which the company represented as being consistent with the revenue spread methodology we approved in Order No. 10-191.<sup>6</sup>

On January 31, 2017, Commission Staff filed opening testimony and exhibits and stated that, in its view, the 2017 October Update followed all applicable rules and prior orders.<sup>7</sup> However, Staff testimony raised concerns with respect to (1) the forecast of oil, handling, administrative and general expenses (OHAG), (2) the jurisdictional allocation of net power supply expense (NPSE), (3) the company's review of the Bridger plant fuel supply, (4) Bridger Coal Company (BCC) coal costs, (5) the company's review of BCC depreciation policy and (6) supporting workpapers.<sup>8</sup>

On March 3, 2017, Idaho Power filed reply testimony addressing the issues raised by Staff. The company accepted a Staff proposed adjustment affecting OHAG expenses at Idaho Power's coal-fired facilities, but disputed Staff's positions regarding Bridger's fuel supply, BCC coal costs, and the BCC depreciation policy. The company agreed to work with Staff and CUB collaboratively regarding the provision of workpapers and concerns regarding the jurisdictional allocation of NPSE.

#### B. The 2017 March Forecast

On March 24, 2017, Idaho Power filed the 2017 March Forecast component of the APCU. The March Forecast consisted of direct testimony with respect to the company's estimate of the expected NPSE for the April 2017—March 2018 water year.<sup>9</sup>

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<sup>2</sup> Idaho Power/100, Blackwell/5, 10-11.

<sup>3</sup> *Id.* at 5, 11.

<sup>4</sup> *Id.* at 4-5.

<sup>5</sup> *Id.* at 14.

<sup>6</sup> *Id.* at 17-18; Idaho Power/107.

<sup>7</sup> Staff/100, Gibbens/2, Staff/200; Staff/300 (Jan 31, 2017).

<sup>8</sup> Staff/100; Staff/200; Staff/300.

<sup>9</sup> Idaho Power/300-305 (Mar 24, 2017).

In its March Forecast, the company noted that the only factors that had changed since the October 2016 Update were: (1) fuel prices, (2) planned outage schedule, (3) heat rates, (4) forecast of hydro generation from stream flow conditions using the recent water supply forecast from the Northwest River Forecast Center and current reservoir levels, (5) known power purchases and surplus sales made in compliance with the company's energy risk management policy, (6) forward price curve and (7) PURPA contract expenses.<sup>10</sup>

Among the more significant factors the 2017 March Forecast addressed were the following:

- Fuel prices were updated to reflect changes in forecast natural gas and coal costs.<sup>11</sup> The decrease in per-unit generation costs for the Boardman and North Valmy power plants were attributed to lower coal costs. The increase in the per-unit cost of generation for the Bridger plant was driven by an increase in coal costs and lower production volumes.<sup>12</sup>
- Pursuant to the stipulation in docket UE 301, Order No. 16-206, entered May 31, 2016, the company included the per-MWh OHAG expenses driven by Idaho Power's dispatch of each coal plant, within the AURORA model.
- Idaho Power accepted Staff's proposed methodology for forecasting OHAG expenses, applying it to the March Forecast.
- Forecast natural gas prices increased as a result of higher demand and lower gas supply nationally.<sup>13</sup>
- In the company's updated hydro forecast, expected streamflows into Brownlee Reservoir were 64 percent higher than last year's levels and 39 percent higher than the 30-year average.<sup>14</sup>
- PURPA expenses decreased from the October Update due primarily to the expiration of the Magic Valley Energy Sales Agreement in November 2016 and a reduction in forecast generation of three wind projects.<sup>15</sup>
- Idaho Power adopted the Staff proposed means to calculate the Oregon jurisdictional revenue requirement. Rather than allocating incremental NPSE from one year to the next, the company will calculate the Oregon jurisdictional share of the APCU revenue requirement by multiplying the system NPSE total per-unit cost by the forecasted Oregon jurisdictional loss-adjusted normalized sales for the April through March test period.<sup>16</sup>

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<sup>10</sup> Idaho Power/300, Blackwell/4.

<sup>11</sup> *Id.* at 4-7.

<sup>12</sup> *Id.* at 5.

<sup>13</sup> *Id.* at 6.

<sup>14</sup> *Id.* at 8-9. The increase in generation was not as substantial as the increase in streamflows due to the impact of flood control operations at the reservoir and capacity limitations of generation units which, at times, cause excess water to be spilled rather than used for generation. *Id.* at 9-10.

<sup>15</sup> *Id.* at 7.

<sup>16</sup> *See* Staff/200, Kaufman/4.

The company calculated a 2017 March Forecast rate of \$0.24 per MWh, which is \$1.10 per MWh less than last year's March Forecast rate of \$1.34 per MWh.<sup>17</sup> The overall proposed revenue impact of the combined October and March rates was an increase of approximately 1.27 percent or \$0.7 million.<sup>18</sup> The March Forecast also included the company's proposed rate spread which the company represented spread the revenue requirement to the various customers classes in conformance with Order No. 10-191.<sup>19</sup>

#### IV. THE STIPULATION

The parties agree that the Commission should adopt the APCU for Idaho Power subject to certain changes in the current filing as agreed upon by the parties to the stipulation. The parties agree that the results are in conformance with the methodology set forth in Order No. 08-328 and Order No. 10-191, and that rates produced are fair, just, and reasonable. They ask that the terms of the stipulation should be made effective on June 1, 2017, as permitted by the APCU mechanism, with a revenue requirement increase of \$700,164.

The key provisions of the stipulation are as follows:

1. Idaho Power will adopt Staff's proposed methodology for forecasting OHAG expenses for the 2017 March Forecast and all future APCU filings. The OHAG forecast will be based on a three-year historical average of actual OHAG costs, with a growth or reduction rate equal to the five-year historical average growth or reduction rate. The OHAG forecast will be updated annually as part of the March Forecast of the APCU.
2. Idaho Power will track revenues associated with usage charges paid to the company by NV Energy, its ownership partner in the Valmy coal-fired generating plant, for its dispatch of Idaho Power's unused capacity. The company will also track any usage charges paid by Idaho Power to NV Energy for the dispatch of NV Energy's unused capacity. Idaho Power will include the three-year historical average of actual net balances as an offset or expense to total NPSE, as determined in the APCU, beginning with the 2017 APCU filing. For the 2017 APCU, the three-year historical average net balance was \$23,870, or \$1,113 on an Oregon jurisdictional basis \* \* \*. The three-year historical average of actual net balances will be updated annually as part of the March Forecast of the APCU.

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<sup>17</sup> Idaho Power/300, Blackwell/14.

<sup>18</sup> Corrected Idaho Power/300, Blackwell/17; Corrected Idaho Power/304; Corrected Idaho Power/305 (Apr 21, 2017 errata filings).

<sup>19</sup> Idaho Power/300, Blackwell/15-16; Idaho Power/304.

3. Idaho Power's 2018 APCU filing will include Staff's proposed methodology regarding the revenue spread. Under Staff's proposed methodology, the APCU revenue requirement will be allocated to individual customer classes on the basis of normalized jurisdictional forecasted sales at the generation level for the test period. The methodology will be implemented with the 2018 APCU filing to allow adequate time for further investigation of the methodology.
4. Idaho Power will provide its supporting workpapers to Staff and CUB as part of the 2018 APCU filing. The stipulating parties will continue to work together to determine the types of workpapers to be included with all future APCU filings, as well as the timeline and process for providing workpapers. The parties intend to memorialize an agreement to establish a prescribed process for submitting workpapers in all future APCU filings.

## V. DISCUSSION

Before we may adopt a stipulation, we must find that it is supported by competent evidence in the record, appropriately resolves the issues in the case, and results in just and reasonable rates.<sup>22</sup> Both Staff and CUB conducted a thorough investigation of the company's testimony and exhibits, served numerous data requests, and participated in settlement conferences. Staff filed responsive testimony, to which Idaho Power replied, leading to the modifications to its March Forecast and the subsequent stipulation. Staff and all parties entered into the stipulation that resolves all relevant issues in this proceeding and have each executed the joint explanatory brief. No person has filed an objection to the stipulation. We therefore find that the record in the case is sufficient to conclude that the company's calculations as modified by the stipulation are correct and conform to Commission precedent.

We have examined the stipulation, the joint explanatory brief, and the pertinent record in the case. We find that the stipulation is supported by the record, which includes the company's testimony and exhibits describing the detailed calculations supporting both the 2016 October Update and the 2017 March Forecast, Staff testimony thereon, and the stipulated modifications to the March Forecast. We therefore conclude that the resulting rates are just and reasonable for resolution of the issues in this docket. The stipulation should be adopted in its entirety.

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<sup>22</sup> See, e.g., *In the Matter of PacifiCorp, dba Pacific Power 2010 Transition Adjustment Mechanism*, Docket No. UE 207, Order No. 09-432 at 6 (Oct 30, 2009).


VI. ORDER

IT IS ORDERED that:

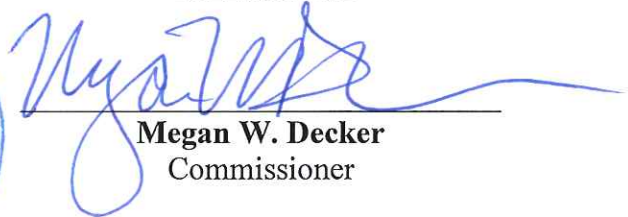
1. The stipulation between Idaho Power Company, the Staff of the Public Utility Commission of Oregon, and the Oregon Citizens' Utility Board, attached as Appendix A, is adopted.
2. Idaho Power Company must file revised rate schedules consistent with this order to be effective no earlier than June 1, 2017.

Made, entered, and effective MAY 16 2017.

  
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**Lisa D. Hardie**  
 Chair

  
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**Stephen M. Bloom**  
 Commissioner



  
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**Megan W. Decker**  
 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 314

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In the Matter of  
IDAHO POWER COMPANY  
2017 ANNUAL POWER COST UPDATE

STIPULATION

This Stipulation resolves all issues among the parties to Idaho Power Company's ("Idaho Power" or "Company") 2017 Annual Power Cost Update ("APCU") filed pursuant to Order No. 08-238.<sup>1</sup> The APCU updates the Company's net power supply expense ("NPSE") and results in new rates, which the mechanism permits to go into effect June 1, 2017.

PARTIES

1. The parties to this Stipulation are Staff of the Public Utility Commission of Oregon ("Staff"), the Oregon Citizens' Utility Board ("CUB"), and Idaho Power (together, the "Stipulating Parties").

BACKGROUND

2. Pursuant to Order No. 08-238, Idaho Power annually updates its NPSE included in rates through an automatic adjustment clause, the APCU. The APCU is comprised of two components—an "October Update" and a "March Forecast." The October Update contains the Company's forecasted NPSE reflected on a normalized per unit basis for an April through March test period. The March Forecast contains the Company's net power supply expense based upon updated actual forecasted conditions. Pursuant to Order No. 10-191 the Company allocates the APCU revenue requirement to individual customer classes on the basis of the total

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

1 generation-related revenue requirement approved in the Company's last general rate case,  
2 instead of the previous equal cents per kilowatt-hour approved in Order No. 08-238.<sup>2</sup> Order No.  
3 10-191 also directs the Company to adjust its base rates to reflect changes in revenue  
4 requirement related to the October Update, while the rates resulting from the March Forecast  
5 are listed on Schedule 55. The rates associated with the October Update and the March  
6 Forecast mechanisms are intended, under the mechanisms, to become effective on June 1 of  
7 each year.

8         3. On October 28, 2016, Idaho Power filed testimony and exhibits for the 2017  
9 October Update component of the APCU ("2017 October Update").<sup>3</sup> Pursuant to Order No. 08-  
10 238, Idaho Power reviewed all the inputs and provided the changes in the 2017 October Update  
11 for the following variables: (1) fuel prices and transportation costs, (2) Public Utility Regulatory  
12 Policies Act of 1978 ("PURPA") expenses, (3) normalized load and normalized sales, (4)  
13 contracts for wholesale power and power purchases and sales, (5) forward price curve, (6) heat  
14 rates, (7) planned outages and forced outage rates, and (8) the Oregon state allocation factor.<sup>4</sup>

15         4. The test period for the 2017 October Update was April 2017 through March 2018  
16 and included updates to the above referenced variables for all Company-owned resources and  
17 updated sales and load forecasts.<sup>5</sup> The 2017 October Update specifically accounted for  
18 changes in natural gas and coal prices, and generation and expenses related to contracts  
19 entered into pursuant to PURPA.<sup>6</sup>

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22         <sup>2</sup> *Re Idaho Power Company's 2010 Annual Power Cost Update*, Docket No. UE 214, Order No.  
10-191 (May 24, 2010).

23         <sup>3</sup> See Idaho Power/100-108.

24         <sup>4</sup> Idaho Power/100, Blackwell/4-5.

25         <sup>5</sup> Idaho Power/100, Blackwell/2 and 5.

26         <sup>6</sup> Idaho Power/100, Blackwell/5-11.



1           5.    The filed 2017 October Update resulted in a cost per unit of \$26.06 per megawatt-  
2 hour ("MWh"), representing an increase of \$2.13 per MWh over last year's October Update.<sup>7</sup>

3           6.    The 2017 October Update also included the Company's proposed method of  
4 allocation, which was consistent with the revenue spread methodology approved by the  
5 Commission in Order No. 10-191.<sup>8</sup>

6           7.    On November 2, 2016, CUB filed its Notice of Intervention.

7           8.    On December 1, 2016, Administrative Law Judge ("ALJ") Allan Arlow held a  
8 prehearing conference at which the parties to docket UE 314 agreed upon a procedural  
9 schedule that would allow the Public Utility Commission of Oregon ("Commission") to issue an  
10 order on Idaho Power's 2017 APCU prior to June 1, 2017.<sup>9</sup>

11          9.    Staff and CUB served discovery on Idaho Power and conducted a thorough  
12 investigation of the 2017 October Update. On January 31, 2017, Staff filed Opening Testimony  
13 and found that Idaho Power's filing followed all of the applicable rules and orders.<sup>10</sup> Staff's  
14 testimony, however, raised concerns related to the following: (1) the forecast of oil, handling,  
15 administrative and general ("OHAG") expenses, (2) the jurisdictional allocation of NPSE, (3)  
16 Idaho Power's review of the Jim Bridger Plant's ("Bridger") fuel supply, (4) Bridger Coal  
17 Company ("BCC") coal costs, (5) Idaho Power's review of the depreciation policy for BCC, and  
18 (6) supporting workpapers.<sup>11</sup>

19          10.   CUB did not file Opening Testimony.<sup>12</sup>

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21           <sup>7</sup> Idaho Power/100, Blackwell/14.

22           <sup>8</sup> Idaho Power/100, Blackwell/17-18; Idaho Power/107.

23           <sup>9</sup> *Re Idaho Power Company's 2017 Annual Power Cost Update*, Docket No. UE 314, Prehearing  
24 Conference Memorandum at 1 (Dec. 1, 2016).

25           <sup>10</sup> Staff/100, Gibbens/2; Staff/200; Staff/300.

26           <sup>11</sup> Staff/100; Staff/200; Staff/300

<sup>12</sup> *See Re Idaho Power Company's 2017 Annual Power Cost Update*, Docket No. UE 314, CUB's  
Letter (Jan. 31, 2017).

1           11. Idaho Power filed Reply Testimony on March 3, 2017, in which the Company  
2 responded to the issues raised in Staff's opening testimony.<sup>13</sup> The Company accepted one of  
3 Staff's proposed adjustments related to the forecast of OHAG expenses at the Company's coal-  
4 fired facilities. The Company disputed Staff's concerns related to Bridger's fuel supply, BCC  
5 coal costs and the depreciation policy for BCC. Also, the Company agreed to work  
6 collaboratively with Staff and CUB regarding the provision of workpapers and the concern  
7 related to the jurisdictional allocation of NPSE.

8           12. On March 24, 2017, Idaho Power filed the 2017 March Forecast component of the  
9 APCU ("2017 March Forecast"). The 2017 March Forecast consisted of direct testimony  
10 describing the Company's estimate of the expected NPSE for the upcoming water year—April  
11 2017 through March 2018.<sup>14</sup> Order No. 08-238 calls for the March Forecast to update the  
12 following variables: fuel prices, transportation costs, wheeling expenses, planned and forced  
13 outages, heat rates, forecast of normalized sales and loads updated for significant changes  
14 since the October Update, forecast hydro generation, wholesale power purchase and sale  
15 contracts, forward price curve, PURPA expenses, and the Oregon state allocation factor. Idaho  
16 Power reviewed all the variables for the March Forecast and the following variables changed  
17 since the 2017 October Update: (1) fuel prices, (2) planned outage schedule, (3) heat rates, (4)  
18 forecast of hydro generation from stream flow conditions using the most recent water supply  
19 forecast from the Northwest River Forecast Center ("NRFC") and current reservoir levels, (5)  
20 known power purchases and surplus sales made in compliance with the Company's Energy  
21 Risk Management Policy, (6) forward price curve, and (7) PURPA contract expenses.<sup>15</sup>

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24           <sup>13</sup> See Idaho Power/200.

25           <sup>14</sup> Idaho Power/300-305.

26           <sup>15</sup> Idaho Power/300, Blackwell/4.

1           13. The fuel prices were updated to reflect changes in forecast natural gas and coal  
2 costs.<sup>16</sup> The decrease in the per-unit costs of generation for the Boardman and North Valmy  
3 power plants ("Boardman") and ("Valmy") were attributed to lower coal costs, and the increase  
4 in the per-unit cost of generation for Bridger was driven by an increase in coal costs and lower  
5 production volumes.<sup>17</sup> Pursuant to the 2016 APCU stipulation, the Company included within  
6 the AURORA model the per-MWh OHAG expense driven by Idaho Power's dispatch of each  
7 coal plant. The Company separately accounted for its fixed proportional share of the total OHAG  
8 expenses incurred at each of the coal plants.<sup>18</sup> As mentioned previously, in Reply Testimony,  
9 the Company accepted Staff's proposed methodology for forecasting OHAG expenses, and  
10 applied this methodology in the March Forecast. Forecast natural gas prices increased as a  
11 result of higher demand and lower gas supply nationally.<sup>19</sup>

12           14. The Company updated the hydro forecast.<sup>20</sup> Expected streamflows into Brownlee  
13 Reservoir were 64 percent higher than last year's levels and 39 percent higher than the 30-year  
14 average.<sup>21</sup> Hydro generation was greater than last year's modeled generation, but the increase  
15 was not more substantial because of the impact of flood control operations for Brownlee  
16 Reservoir and the capacity limitations of generation units, which at times, causes excess water  
17 to be spilled rather than used for generation.<sup>22</sup>

18           15. The 2017 March Forecast also included decreased PURPA expenses compared  
19 to the October Update. This is due primarily to the expiration of the Magic Valley Energy Sales  
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21           <sup>16</sup> Idaho Power/300, Blackwell/4-7.

22           <sup>17</sup> Idaho Power/300, Blackwell/5.

23           <sup>18</sup> Idaho Power/300, Blackwell/5-6.

24           <sup>19</sup> Idaho Power/300, Blackwell/6.

25           <sup>20</sup> Idaho Power/300, Blackwell/8.

26           <sup>21</sup> Idaho Power/300, Blackwell/8-9.

<sup>22</sup> Idaho Power/300, Blackwell/9-10.

1 Agreement in November 2016 and also to a reduction in forecast generation of three wind  
2 projects.<sup>23</sup>

3 16. For the March Forecast, the Company calculated the Oregon jurisdictional revenue  
4 requirement using the system NPSE total per-unit cost for the test period, rather than the  
5 incremental per-unit cost, as proposed by Staff in Opening Testimony.<sup>24</sup>

6 17. The Company calculated a March Forecast rate of \$0.24 per MWh, which is \$1.10  
7 per MWh less than last year's March Forecast rate of \$1.34 per MWh.<sup>25</sup>

8 18. The overall proposed revenue impact of the combined October and March rates  
9 was an increase of approximately 1.27 percent, or \$0.7 million.<sup>26</sup>

10 19. The 2017 March Forecast also included the Company's proposed rate spread used  
11 to spread the revenue requirement to the various customer classes. The Company's proposed  
12 allocation conformed to the methodology approved by the Commission in Order No. 10-191.<sup>27</sup>

13 20. Staff and CUB conducted a thorough investigation of the March forecast.

14 21. Settlement conferences and workshops were held on January 12, February 16,  
15 March 6, and April 10, 2017. Ultimately the Stipulating Parties resolved all the issues in this  
16 case through these discussions. Thereafter, Idaho Power moved to suspend the schedule, and  
17 ALJ Arlow granted the motion.<sup>28</sup>

18 22. During the April 10, 2017 settlement conference, Staff identified a hardcoded  
19 number within Idaho Power/304 to the March Forecast Testimony of Nicole A. Blackwell, and  
20 asked the Company to follow up with the calculation used to produce this figure. Upon further

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22 <sup>23</sup> Idaho Power/300, Blackwell/7.

23 <sup>24</sup> Staff/200, Kaufman/4

24 <sup>25</sup> Idaho Power/300, Blackwell/14.

25 <sup>26</sup> CORRECTED Idaho Power/300, Blackwell/17.

26 <sup>27</sup> Idaho Power/300, Blackwell/15-16; Idaho Power/304.

<sup>28</sup> *Re Idaho Power Company's 2017 Annual Power Cost Update*, Docket No. UE 314, Ruling  
(Apr. 12, 2017).

1 investigation, Idaho Power discovered that its modeling of the agreed upon revenue  
2 requirement determination method, discussed in Paragraph 16, did not correctly implement the  
3 intended methodology result. Correctly implementing the agreed upon change to the revenue  
4 requirement methodology addressed in Paragraph 16 resulted in a change to the revenue  
5 requirement increase requested in the March Forecast, from \$592,982 to \$700,164, an increase  
6 of \$107,182. Idaho Power contacted Staff on April 19, 2017 and CUB on April 21, 2017 to  
7 discuss the corrections. Staff communicated to Idaho Power that it understood the reasoning  
8 behind these changes and would not dispute the revision to the numbers. Staff also requested  
9 that Idaho Power file errata exhibits. CUB indicated it was comfortable with the changes. On  
10 April 21, 2017, Idaho Power filed errata exhibits Idaho Power/304 and Idaho Power/305, along  
11 with corrected pages of the March Forecast Testimony of Nicole A. Blackwell. The corrected  
12 Idaho Power/305 reflects a requested revenue requirement increase of \$700,164, or 1.27  
13 percent, as accepted by Staff and CUB.

#### 14 AGREEMENT

15 23. The Stipulating Parties agree that Idaho Power will adopt Staff's proposed  
16 methodology for forecasting OHAG expenses for the 2017 March Forecast and all future APCU  
17 filings. The OHAG forecast will be based on a three-year historical average of actual OHAG  
18 costs, with a growth (reduction) rate equal to the five-year historical average growth (reduction)  
19 rate. The OHAG forecast will be updated annually as part of the March Forecast of the APCU.

20 24. The Stipulating Parties agree that Idaho Power will track revenues associated with  
21 usage charges paid to the Company by NV Energy, its ownership partner in the Valmy coal-  
22 fired generating plant, for its dispatch of Idaho Power's unused capacity. The Company will also  
23 track any usage charges paid by Idaho Power to NV Energy for the dispatch of NV Energy's  
24 unused capacity. Idaho Power will include the three-year historical average of actual net  
25 balances as an offset or expense to total NPSE, as determined in the APCU, beginning with the  
26 2017 APCU filing. For the 2017 APCU, the three-year historical average net balance was

1 \$23,870, or \$1,113 on an Oregon jurisdictional basis, representing a de minimis decrease to  
2 total NPSE. The three-year historical average of actual net balances will be updated annually  
3 as part of the March Forecast of the APCU.

4 25. The Stipulating Parties agree that Idaho Power will adopt Staff's proposed  
5 methodology regarding the jurisdictional allocation of NPSE for the 2017 APCU and all future  
6 APCU filings. In all prior APCU filings, Idaho Power used the Commission-approved APCU  
7 methodology, which allocates NPSE incremental to the previous year. Under Staff's proposed  
8 methodology, Idaho Power will allocate total NPSE, and will reset total NPSE each year, rather  
9 than allocating incremental NPSE from one year to the next. More specifically, Idaho Power  
10 will calculate the Oregon jurisdictional share of the APCU revenue requirement by multiplying  
11 the system NPSE total per-unit cost by the forecasted Oregon jurisdictional loss-adjusted  
12 normalized sales for the April through March test period.

13 26. The Stipulating Parties agree that Idaho Power's 2018 APCU filing will include  
14 Staff's proposed methodology regarding the revenue spread. Under Staff's proposed  
15 methodology, the APCU revenue requirement will be allocated to individual customer classes  
16 on the basis of normalized jurisdictional forecasted sales at the generation level for the test  
17 period. Parties agree to implement this methodology with the 2018 APCU filing to allow  
18 adequate time for further investigation of the methodology.

19 27. The Stipulating Parties agree that Idaho Power will provide its supporting  
20 workpapers to Staff and CUB as part of the 2018 APCU filing. The Stipulating Parties will  
21 continue to work together to determine the types of workpapers to be included with all future  
22 APCU filings, as well as the timeline and process for providing workpapers. Ultimately, the  
23 parties intend to memorialize an agreement in order to establish a prescribed process for  
24 submitting workpapers in all future APCU filings.

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1           28. The Stipulating Parties agree that prior to Idaho Power's 2018 APCU filing, the  
2 Company will host a conference call with parties to discuss workpapers specific to the  
3 Company's sales and load forecast.

4           29. Based on the foregoing agreements, the Stipulating Parties agree to Idaho Power's  
5 requested revenue requirement increase of \$700,164.

6           30. The Stipulating Parties agree that rates agreed to by the terms of this Stipulation  
7 should be made effective on June 1, 2017, as permitted by the APCU mechanism.

8           31. The Stipulating Parties agree the result is in conformance with the methodology  
9 adopted by the Commission in Order No. 08-238 and Order No. 10-191.

10          32. The Stipulating Parties agree that the rate increase resulting from the Stipulation  
11 results in rates that are fair, just, and reasonable.

12          33. The Stipulating Parties agree to submit this Stipulation to the Commission and  
13 request that the Commission approve the Stipulation as presented.

14          34. This Stipulation will be offered into the record of this proceeding as evidence  
15 pursuant to OAR 860-001-0350(7). The Stipulating Parties agree to support this Stipulation  
16 throughout this proceeding and any appeal, (if necessary) provide witnesses to sponsor this  
17 Stipulation at the hearing, and recommend that the Commission issue an order adopting the  
18 settlements contained herein.

19          35. If this Stipulation is challenged, the Stipulating Parties agree that they will continue  
20 to support the Commission's adoption of the terms of this Stipulation. The Stipulating Parties  
21 agree to cooperate in cross-examination and put on such a case as they deem appropriate to  
22 respond fully to the issues presented, which may include raising issues that are incorporated in  
23 the settlements embodied in this Stipulation.

24          36. The Stipulating Parties have negotiated this Stipulation as an integrated document.  
25 If the Commission rejects all or any material part of this Stipulation, or adds any material  
26 condition to any final order that is not consistent with this Stipulation, each Stipulating Party

1 reserves its right, pursuant to OAR 860-001-0350(9), to present evidence and argument on the  
2 record in support of the Stipulation or to withdraw from the Stipulation. Stipulating Parties shall  
3 be entitled to seek rehearing or reconsideration pursuant to OAR 860-001-0720 in any manner  
4 that is consistent with the agreement embodied in this Stipulation.

5 37. By entering into this Stipulation, no Stipulating Party shall be deemed to have  
6 approved, admitted, or consented to the facts, principles, methods, or theories employed by any  
7 other Stipulating Party in arriving at the terms of this Stipulation, other than those specifically  
8 identified in the body of this Stipulation. No Stipulating Party shall be deemed to have agreed  
9 that any provision of this Stipulation is appropriate for resolving issues in any other proceeding,  
10 except as specifically identified in this Stipulation.

11 38. This Stipulation may be executed in counterparts and each signed counterpart  
12 shall constitute an original document.

13 39. This Stipulation is entered into by each Stipulating Party on the date entered below  
14 such Stipulating Party's signature.

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STAFF

By: \_\_\_\_\_

Date: \_\_\_\_\_

IDAHO POWER

By: *[Signature]*  
Date: 4/28/17

OREGON CITIZENS' UTILITY BOARD

By: \_\_\_\_\_

Date: \_\_\_\_\_



1 STAFF

2 By: Mike

3 Date: 4/27/17

4  
5 IDAHO POWER

OREGON CITIZENS' UTILITY BOARD

6 By: \_\_\_\_\_

By: \_\_\_\_\_

7 Date: \_\_\_\_\_

Date: \_\_\_\_\_

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1 STAFF

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OREGON CITIZENS' UTILITY BOARD

By: William A. Smith

Date: 4/27/17