

ORDER NO. 24-183

ENTERED Jun 12 2024

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1853(4)(5)(6)

In the Matter of

IDAHO POWER COMPANY,

Application for Reauthorization to Defer
Certain Costs Associated with the North
Valmy Power Plant.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on June 11, 2024, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



Alison Lackey
Chief Administrative Law Judge



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 Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA4

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 11, 2024**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ **N/A**

DATE: June 1, 2024

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway and Russell Beitzel **SIGNED**

SUBJECT: IDAHO POWER COMPANY:
(Dockets No. UM 1853(4), (5), and (6))
Requests reauthorization of deferred accounting for costs related to the North Valmy Power Plant.

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (Commission) should approve Idaho Power Company's (Idaho Power or Company) three separate applications for reauthorization to defer decommissioning revenues collected and decommissioning costs incurred associated with the North Valmy power plant pursuant to Order No. 17-235, for the 12-month periods beginning June 1, 2021 (UM 1853(4)), June 1, 2022 (UM 1853(5)), and June 1, 2023 (UM 1853(6)) respectively.

DISCUSSION:

Issue

Whether the Commission should reauthorize Idaho Power to defer, for future true-up, the decommissioning revenues collected and decommissioning costs incurred associated with the early retirement of Idaho Power's North Valmy Power Plant (North Valmy) pursuant to Order No. 17-235.

Applicable Law

Idaho Power submitted its initial deferral application on May 25, 2021, pursuant to ORS 757.210, ORS 757.259, OAR 860-027-0300, and Order No. 17-235. ORS 757.259 provides the Commission with authority to authorize the deferral of utility revenues and

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expenses for later inclusion in rates only to the extent authorized by the Commission in a proceeding under ORS 757.210. ORS 757.210 sets forth the law regarding utility filings of any rate or schedule of rates stating or establishing a new rate or schedule of rates that are fair, just, and reasonable.

Order No. 17-235, issued by the Commission in Docket No. UE 316, approves the Company's initial request for authorization for deferred accounting of future decommissioning revenues and decommissioning costs incurred related to its North Valmy plant.¹

OAR 860-027-0300 is the Commission's rule governing the use of deferred accounting by energy and large telecommunications utilities.

Analysis

Background

Pursuant to ORS 757.210, ORS 757.259, and OAR 860-027-0300, the Company hereby requests an accounting order reauthorizing Idaho Power to defer decommissioning revenues collected and decommissioning costs incurred pursuant to Order No. 17-235.

The stipulation approved by Order No. 17-235 includes the collection of the North Valmy Power Plant ("Valmy") amounts and is an "automatic adjustment clause" ("AAC") as defined in ORS 757.210.

The Company request reauthorization for those deferrals.

In addition, the Company states:

1. Idaho Power is a public utility in the state of Oregon and its rates, services, and accounting practices are subject to the regulation of the Public Utility Commission of Oregon ("Commission").
2. This Application is filed pursuant to ORS 757.259, which allows the Commission, upon application, to authorize the deferral of certain items for later inclusion in rates.

¹ See Order No. 17-235, Page 9.

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Those deferrals are intended to provide for the deferral and tracking of decommissioning revenues collected and decommissioning costs incurred until decommissioning activities are concluded.

Reason for Deferral

On November 2, 2016, Idaho Power filed an application with the Commission requesting approval to update costs associated with Valmy Units 1 and 2 to reflect an end-of-life for those units of 2025, and further requested authority to recover all Valmy-related costs by 2025 to align the expected remaining operating life of the plant with cost recovery, resulting in cost recovery from customers who are served by the plant (Docket No. UE 316).

In June 2017, the Commission issued Order No. 17-235, approving the recovery of the following expenses and investment associated with Valmy through an AAC:

- The accelerated depreciation associated with the existing Valmy plant investments through May 31, 2017;
- The return on undepreciated existing capital investments at Valmy until its end-of-life based upon the then currently authorized rate of return; and
- Estimated future decommissioning expenses. In UE 345/Advice No. 18-02, the Commission issued Order No. 18-199, approving the accelerated depreciation associated with Idaho Power's exit from operations of Valmy Unit 1 by December 31, 2019.

Due to cessation of Valmy Unit 1, Order No. 19-341 authorized the removal from customer rates of the accelerated depreciation associated with those investments effective January 1, 2020.

In addition, pursuant to Order No. 17-235 and ORS 757.259(2)(e), the AAC requires Idaho Power to file a deferral request.

Therefore, this deferral will allow Idaho Power to appropriately match the costs borne by and benefits received by customers.

Proposed Accounting

Idaho Power records revenues and expenses that would be subject to the deferral order in accordance with the Code of Federal Regulations to the Federal Energy Regulatory Commission ("FERC") Accounts 440–444 (Operating Revenues), FERC Account 557 (Other Expenses), and FERC Accounts 500–598 (Operations and Maintenance

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Accounts). Upon receiving approval of a deferral, Idaho Power proposes to record the deferred amounts to FERC Account 182 (Regulatory Assets) until decommissioning activities are concluded. After decommissioning activities are concluded, amounts in the deferral account, either positive or negative, will be recovered or refunded in customer rates through a surcharge or credit, as appropriate.

Estimate of Amounts

Order No. 17-235 approved an Oregon jurisdictional revenue requirement increase of \$1.06 million associated with the recovery of the annual incremental return on and accelerated depreciation of existing Valmy investments, and decommissioning costs related to the Valmy shutdown. In addition, Order No. 18-199 approved an Oregon jurisdictional revenue requirement increase of \$2.50 million associated with the recovery of the accelerated depreciation of existing Valmy Unit 1 investments by year-end 2019. The Oregon jurisdictional revenue requirement decreased \$3.17 million with Order No. 19-341 as a result of cessation of Valmy Unit 1 and full collection of the associated investments. Idaho Power estimates the deferral account will contain the Oregon jurisdictional share of decommissioning costs, approximately \$1.87 million on December 31, 2025. Because deferred amounts associated with decommissioning costs are dependent on factors that cannot be precisely forecasted, Idaho Power cannot provide a precise estimate of the total deferred amount.

Description of Expense

Details regarding the deferred amounts are provided in the table on the following pages.²

² Attachment B, of Idaho Power's filing UM 1853(6), dated May 22, 2023.

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Year	Account	DATE	DISTDESC	Descr	Sum TOTAMT
2017	182436	7/31/2017	RECORD COMBINED REVENUE	VALMY OR DECOMM ENTRIES	(13,425.31)
2017	182436	8/31/2017	RECORD COMBINED REVENUE	VALMY OR DECOMM ENTRIES	(6,768.64)
2017	182436	9/30/2017	RECORD COMBINED REVENUE	VALMY OR DECOMM ENTRIES	(6,806.19)
2017	182436	10/31/2017	RECORD COMBINED REVENUE	VALMY OR DECOMM ENTRIES	(6,843.94)
2017	182436	11/30/2017	RECORD COMBINED REVENUE	VALMY OR DECOMM ENTRIES	(6,881.90)
2017	182436	12/31/2017	RECORD COMBINED REVENUE	VALMY OR DECOMM	(6,920.07)
2017 Total					(47,646.04)
2018	182436	1/31/2018	RECORD COMBINED REVENUE	VALMY OR DECOMM	(6,958.45)
2018	182436	2/28/2018	RECORD COMBINED REVENUE	VALMY OREGON DECOMM ENTRY	(6,997.04)
2018	182436	3/31/2018	LEVELIZED REVENUE	VALMY OREGON DECOMM	(7,035.85)
2018	182436	4/30/2018	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,074.88)
2018	182436	5/31/2018	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,114.12)
2018	182436	6/30/2018	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,153.57)
2018	182436	7/31/2018	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,193.25)
2018	182436	8/31/2018	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,233.15)
2018	182436	9/30/2018	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,273.27)
2018	182436	10/31/2018	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,313.61)
2018	182436	11/30/2018	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,354.17)
2018	182436	12/31/2018	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,394.96)
2018 Total					(86,096.30)
2019	182436	1/31/2019	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,435.98)
2019	182436	2/28/2019	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,477.22)
2019	182436	3/31/2019	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,518.69)
2019	182436	4/30/2019	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,560.39)
2019	182436	5/31/2019	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,602.33)
2019	182436	6/30/2019	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,644.49)
2019	182436	7/31/2019	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,686.89)
2019	182436	8/31/2019	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,729.53)
2019	182436	9/30/2019	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,772.40)
2019	182436	10/31/2019	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,815.51)
2019	182436	11/30/2019	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,858.86)
2019	182436	12/31/2019	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,902.44)
2019 Total					(92,004.72)
2020	182436	1/31/2020	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,946.27)
2020	182436	2/29/2020	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(7,990.35)
2020	182436	3/31/2020	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(8,034.67)
2020	182436	4/30/2020	LEVELIZED REVENUE	VALMY OR DECOMM ENTRIES	(8,079.23)
2020	182436	5/31/2020	LEVELIZED REVENUE	VALMY OR DECOMM	(8,124.04)
2020	182436	6/30/2020	LEVELIZED REVENUE	VALMY OR DECOMM	(8,169.10)
2020	182436	7/31/2020	LEVELIZED REVENUE	VALMY OR DECOMM	(8,214.41)
2020	182436	8/31/2020	LEVELIZED REVENUE	VALMY DECOMM	(8,259.97)
2020	182436	9/30/2020	LEVELIZED REVENUE	VALMY DECOMM	(8,305.78)
2020	182436	10/31/2020	LEVELIZED REVENUE	VALMY DECOMM	(8,351.85)
2020	182436	11/30/2020	LEVELIZED REVENUE	VALMY ID-OR DECOMM	(8,398.17)
2020	182436	12/31/2020	LEVELIZED REVENUE	VALMY ID-OR DECOMM	(8,444.75)
2020 Total					(98,318.60)

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2021	182436	1/31/2021	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(8,491.59)
2021	182436	2/28/2021	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(8,538.69)
2021	182436	3/31/2021	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(8,586.05)
2021	182436	4/30/2021	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(8,633.67)
2021	182436	5/31/2021	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(8,681.56)
2021	182436	6/30/2021	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(8,729.71)
2021	182436	7/31/2021	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(8,778.13)
2021	182436	8/31/2021	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(8,826.82)
2021	182436	9/30/2021	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(8,875.77)
2021	182436	10/31/2021	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(8,925.00)
2021	182436	11/30/2021	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(8,974.50)
2021	182436	12/31/2021	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(9,024.28)
2021 Total					(105,065.78)
2022	182436	1/31/2022	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(9,074.33)
2022	182436	2/28/2022	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(9,124.66)
2022	182436	3/31/2022	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(9,175.27)
2022	182436	4/30/2022	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(9,226.16)
2022	182436	5/31/2022	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(9,277.34)
2022	182436	6/30/2022	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(9,328.79)
2022	182436	7/31/2022	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(9,380.53)
2022	182436	8/31/2022	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(9,432.56)
2022	182436	9/30/2022	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(9,484.88)
2022	182436	10/31/2022	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(9,537.49)
2022	182436	11/30/2022	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(9,590.39)
2022	182436	12/31/2022	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(9,643.58)
2022 Total					(112,275.99)
2023	182436	1/31/2023	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(9,697.07)
2023	182436	2/28/2023	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(9,750.85)
2023	182436	3/31/2023	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(9,804.93)
2023	182436	4/30/2023	LEVELIZED REVENUE	VALMY DECOMM ID-OR	(9,859.31)
2023 Total					(39,112.16)
Grand Total					(580,519.60)

Information Related to Future Amortization

- Earnings Review – ORS 757 .259(5) requires the Commission to review the utility's earnings at the time of application to amortize the deferral for amounts deferred pursuant to ORS 757.259(2)(e) unless subject to an automatic adjustment clause. Recovery of amounts are not proposed to be subject to an earnings test given the terms of Order No. 17-235.
- Prudence Review – For amortization, a prudence review should be completed to verify prudence of the costs.
- Sharing – Commission Order No. 17-235 did not mandate any sharing. Therefore, Staff does not recommend any sharing of the cost being considered for deferral.

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- Rate Spread/Design – The incremental revenue requirement will be recovered based on the marginal cost of generation approved in the Company's last general rate case. Demand and energy revenue will be increased by an equal percentage.
- 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 limits the aggregated deferral amortizations during a 12-month period to no more than three percent of the utility's gross revenues for the preceding year. Subsection (8) permits the Commission to allow an overall average rate impact greater than three percent for an electric utility upon an earnings review that includes an estimate of the utility's cost of capital for the deferral period. The Commission also has the discretion to consider estimated changes in the electric utility's costs and revenues during the deferral period.

Conclusion

Staff concludes that the Company's application to reauthorize the request for three deferrals meets the costs and revenues related to decommissioning North Valmy, is consistent with ORS 757.259, and should be approved by the Commission.

The Company has reviewed this memo and voiced no concerns.

PROPOSED COMMISSION MOTION:

Approve Idaho Power Company's three applications for reauthorization to defer decommissioning revenues collected and decommissioning costs incurred associated with the North Valmy power plant pursuant to Order No. 17-235, for the 12-month periods beginning June 1, 2021 (UM 1853(4)), June 1, 2022 (UM 1853(5)), and June 1, 2023 (UM 1853(6)) respectively.

Idaho Power UM 1853(4)(5)(6) Valmy Deferral