

ORDER NO. 25-012

ENTERED Jan 21 2025

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1843(7)

In the Matter of

IDAHO POWER COMPANY,

Application for Reauthorization to Defer
Costs Associated with Boardman
Operating Life Adjustment Variances.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on January 21, 2025, 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.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 21, 2025**

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

DATE: January 9, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Caroline Moore, Scott Gibbens, and Michelle Scala **SIGNED**

SUBJECT: IDAHO POWER:
(Docket No. UM 1843(7))
Application for Reauthorization to Defer Costs Associated with Boardman Operating Life Adjustment Variances.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Idaho Power Company's (Idaho Power, IPC, or Company) request for reauthorization to defer costs and revenues related to its Boardman Operating Life Adjustment variances for the 12-month period beginning June 1, 2024.

DISCUSSION:

Issue

Whether the Commission should approve IPC's reauthorization request to defer, for future true-up, the decommissioning revenues collected, and decommissioning costs incurred, as a result of the early retirement of the Boardman power plant (Boardman).

Applicable Law

Pursuant to ORS 757.210, ORS 757.259, and OAR 860-027-0300, Idaho Power hereby requests an accounting order reauthorizing Idaho Power to defer decommissioning revenues collected and decommissioning costs incurred pursuant to Order No. 12-235 and Idaho Power Tariff Schedule 92. Schedule 92 is an automatic adjustment clause as defined in ORS 757.210(b).

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Analysis

Background

On September 26, 2011, Idaho Power filed an application with the Commission requesting approval of the establishment of Schedule 92, the balancing account whereby incremental costs and benefits associated with the early shutdown of the Boardman power plant will be tracked and recovered from Oregon customers (Docket No. UE 239).

In June 2012, the Commission issued Order No. 12-235, approving the Company's proposed balancing account and method for recovering costs associated with the shutdown of Boardman.

On May 12, 2017, Idaho Power filed revisions to Schedule 92, adding language indicating the Boardman Operating Life Adjustment is an automatic adjustment clause (AAC) to promote consistency among similar AACs.

The most recent Commission action on this matter was Order No. 23-254, which approved UM 1843(6), dated July 13, 2023.

The deferral is intended to provide for the deferral and tracking of decommissioning revenues collected and decommissioning costs incurred until decommissioning activities are concluded and are filed pursuant to Order No. 12-235 and ORS 757.259(2)(e).

Reason for Deferral

The Company is intending to capture decommissioning revenues collected and decommissioning costs incurred, pursuant to Tariff Schedule 92, in accordance with Order No. 12-235.

This deferral also will match appropriately the costs borne by and benefits received by customers.

Description of Expense

1. A return on undepreciated existing Boardman capital investments,
2. The accelerated depreciation of existing Boardman investments, and
3. Decommissioning costs related to the Boardman shutdown through Schedule 92, smoothing revenue requirement impacts of the early Boardman retirement over

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the remaining years of the plant's life and allowing for full recovery of Boardman-related costs by Boardman life end.

Proposed Accounting

Idaho Power accounts for estimated decommissioning costs as an Asset Retirement Obligation (ARO) under Accounting Standards Codification (ASC) 410.

The Company records, as a regulatory asset, the cumulative financial statement impact resulting from the Company's implementation of ASC 410 with respect to Boardman-related ARO's, and the ongoing annual differences between the ASC 410 depreciation and accretion expenses and the annual decommissioning revenues that were authorized by the Commission in Docket No. UE 239.

Upon receiving approval of a deferral, the Company proposes to continue recording the revenues collected to cover these ARO related liabilities to the balancing account, Federal Energy Regulatory Commission Account 182 (Regulatory Assets), until decommissioning activities are concluded.

The Amount Deferred Last Year

Decommissioning activities commenced, and expenditures have been incurred, requiring the continued tracking in the Boardman balancing account, which is shown below for calendar 2023.¹

2023	182494	3/31/2023	SALVAGE CREDIT	BOARDMAN ID-OR DECOMM	(15,002.30)
2023	182496	3/31/2023	ARO-ACCRUAL	BOARDMAN ID-OR DECOMM	166.32
2023	182494	6/30/2023	SALVAGE ADJ OR	BOARDMAN ID-OR DECOMM	103.46
2023	182496	6/30/2023	ARO-ACCRUAL OR	BOARDMAN ID-OR DECOMM	132.17
2023	182494	9/30/2023	SALVAGE ADJ OR	BOARDMAN ID-OR DECOMM	(7,662.00)
2023	182494	9/30/2023	SEVERANCE OR	BOARDMAN ID-OR DECOMM	900.20
2023	182496	9/30/2023	ARO-ACCRUAL OR	BOARDMAN ID-OR DECOMM	111.18
2023	182494	12/31/2023	SALVAGE ADJ OR	BOARDMAN ID-OR DECOMM	(5,181.89)
2023	182496	12/31/2023	ARO-ACCRUAL OR	BOARDMAN ID-OR DECOMM	99.72
2023 Total					(26,333.14)

Estime of Amounts

Idaho Power is currently not collecting any monies from customers associated with Boardman decommissioning. However, with the approval of Docket No. UP 419 on December 19, 2024 through Order No. 24-451, the request for authorization of the purchase by Portland General Electric (PGE) of certain Boardman property from Idaho Power, and the purchase by Idaho Power of certain Boardman property from PGE, results in a gain to the Company's customers, which will be recorded in the Boardman balancing account. Therefore, continued tracking of Boardman-related revenues in the balancing account is requested in order to share that benefit with customers.

¹ See Idaho Power Application, Attachment B (available at: <https://edocs.puc.state.or.us/efdocs/HAQ/um1843haq328968024.pdf>).

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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). Recovery of amounts will not be subject to an earnings test given that has been the Staff-recommended proposal for several years.
- Prudence Review - For amortization, a prudence review should be completed to verify prudence of the costs.
- Sharing - Staff does not recommend any sharing of the cost be considered for this deferral.
- Rate Spread/Design - The incremental revenue requirement was recovered based on the marginal cost of generation approved in the Company's last general rate case. Demand and energy revenue was 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

As the Company's application meets the requirements of ORS 757.259 and OAR 860-027-0300, Staff recommends the Commission approve Idaho Power's application.

Staff further notes that the Company's request is expected to benefit customers.

The Company has reviewed this memo and agrees with its content.

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PROPOSED COMMISSION MOTION:

Approve Idaho Power's application for the reauthorization to defer costs and revenues related to Boardman Operating Life Adjustment variances for the twelve-month period beginning June 1, 2024.

IPC UM 1843(7) Boardman Deferral