

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1464(15)

In the Matter of

IDAHO POWER COMPANY,

Application for Reauthorization to Defer  
Net Variable Power Cost Variances.

ORDER

**DISPOSITION: STAFF'S RECOMMENDATION ADOPTED**

At its public meeting on May 27, 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.

ITEM NO. CA7

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: May 13, 2025**

**REGULAR** \_\_\_\_\_ **CONSENT**   X   **EFFECTIVE DATE** \_\_\_\_\_ **N/A**

**DATE:** April 24, 2025

**TO:** Public Utility Commission

**FROM:** Kathy Zarate

**THROUGH:** Scott Gibbens and Michelle Scala **SIGNED**

**SUBJECT:** IDAHO POWER:  
(Docket No. UM 1464(15))  
Idaho Power Company's Deferred Accounting of Net Variable Power Cost  
Variances.

**STAFF RECOMMENDATION:**

Staff recommends the Commission approve Idaho Power Company's (Idaho Power, IPC, or Company) request to defer the difference between actual annual net variable power costs and the annual net variable power costs recovered pursuant to Tariff Schedule 55, in accordance with Order No. 08-238, for the 12-month period beginning January 1, 2025.

**DISCUSSION:**

Issue

Whether Idaho Power should be allowed to continue to defer costs for variances in the annual NVPC pursuant to Commission Order No. 08-238 and Idaho Power Tariff Schedule 56.

Applicable Law

In accordance with ORS 757.259, utilities may seek approval to defer amounts for later inclusion in rates to minimize the frequency of rate changes or to appropriately match customer benefits and costs. The Commission's final determination on the amount of deferrals allowable in the rates of the utility is subject to a finding by the Commission that the amount was prudently incurred by the utility.

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OAR 860-027-0300 is the Commission's rule governing the use of deferred accounting by energy and large telecommunications utilities and requires the utility to provide certain information in an application to defer, such as the reason for the deferral and the estimated amount of the deferral.

In support this application Idaho Power 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".

### Analysis

#### *Background*

In Order No. 08-238, the Commission ordered the adoption of a power cost adjustment mechanism for Idaho Power that contains both an Annual Power Cost Update ("APCU") and Power Cost Adjustment Mechanism ("PCAM").

Idaho Power Schedule 55 contains the terms of the APCU while Schedule 56 contains the terms of the PCAM. The PCAM provides for recognition in rates of the difference, for a given year, between the actual annual net variable power costs incurred by Idaho Power and the net annual variable power costs recovered pursuant to Idaho Power Schedule 55.

This deferral is intended to capture the net annual variable power cost difference that will be amortized in rates and is filed pursuant to Order No. 08-238 and ORS 757.259(2)(e).

Thus, the Company seeks reauthorization from the Commission to accrue, for future amortization, the difference between actual annual net variable power costs and the annual net variable power costs recovered pursuant to Tariff Schedule 55, in accordance with Order No. 08-238. The annual variance will be determined pursuant to the terms of Schedule 56, which includes a Power Supply Expense Deadband and Earnings Test. This annual power cost accrual may also include any variances in the revenues received.

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*Description of the Expenses*

The expense is related with revenues and expenses associated with net annual variable power costs.

*Proposed Accounting*

The Company records revenues and expenses associated with net annual variable power costs that would be subject to the deferral order in accordance with the Code of Federal Regulations (“CFR”) to the Federal Energy Regulatory Commission (“FERC”) Account 501 (Fuel), FERC Account 547 (Fuel), FERC Account 447 (Sales for Resale), and FERC 555 (Purchased Power). Upon receiving approval of a deferral, Idaho Power proposes to record the deferred amount by debiting FERC Account 182.3 (Regulatory Assets) and crediting FERC Account 557 (Other Expenses) if there is an amount to collect from customers. If there is a refund to customers, Idaho Power would record the accrued amount in FERC Account 254 (Regulatory Liabilities) and debit FERC Account 557 (Other Expenses).

*Estimate of Amounts*

The deferred amount is a function of several unknown and unpredictable factors including customer usage, the wholesale market price for electricity, and the wholesale market price for natural gas.

Because the deferred amount is dependent on factors that cannot be precisely forecast, the Company cannot provide an estimate of the deferred amount.

*Reasons for Deferral*

The Commission ordered the adoption of a power cost adjustment mechanism for Idaho Power that contains both an APCU and PCAM<sup>1</sup>. This deferral allows Idaho Power to match appropriately the costs borne by, and benefits received by customers.

*Information Related to Future Amortization*

- Earnings Review – Schedule 56 requires an earnings review.
- Prudence Review – A prudence review is a required component of an earnings review and should include a verification of the accounting methodology used to determine the final amortization balance.
- Sharing – Sharing is subject to the terms of Schedule 56.

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<sup>1</sup> See Order No. 08-238.

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- Rate Spread/Design – The net variable power cost deferral amortization amount will be spread on an equal cents per kWh basis, as specified in Schedule 56.
- 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 (exceptions at ORS 757.259(7) and (8)) 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. Because Idaho Power is an electric utility, ORS 757.259(8) allows the Commission to consider up to a six percent limit.

### Conclusion

The Company's application should be approved since the Company's application meets the requirements of ORS 757.259 and OAR 860-027-0300 and is consistent with operation of Idaho Power's Power Cost Adjustment Mechanism authorized in Order No. 08-238.

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

### **PROPOSED COMMISSION MOTION:**

Approve Idaho Power Company's request to defer the difference between actual annual net variable power costs and the annual net variable power costs recovered pursuant to Tariff Schedule 55, in accordance with Order No. 08-238, for the 12-month period beginning January 1, 2025.

Idaho Power UM 1464