

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1853(8)

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 November 25, 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: November 25, 2025**

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

DATE: November 7, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

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

SUBJECT: IDAHO POWER:
(Docket No. UM 1853(8))
Application to Reauthorize Deferred Accounting of Certain Costs
Associated with the North Valmy Power Plant.

STAFF RECOMMENDATION:

The Public Utility Commission of Oregon (Commission) should approve Idaho Power Company's (Idaho Power or Company) application for reauthorization to defer decommissioning revenues collected and decommissioning costs incurred associated with the North Valmy power plant, for the 12-month period beginning June 1, 2025.

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).

Applicable Law

Under ORS 757.259, the Commission may authorize deferred accounting for later incorporation in rates. In OAR 860-027-0300(3) the Commission has set forth the requirements for the contents of deferred accounting applications. Applications for reauthorization must include that information along with a description and explanation of the entries in the deferred account to the date of the application for reauthorization and

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the reason for continuation of deferred accounting. OAR 860-027-0300(4). Notice of the application must be provided pursuant to OAR 860-027-0300(6).

Amounts deferred under ORS 757.259(5) and OAR 860-027-0300 are allowed in rates only to the extent authorized by the Commission in a proceeding under ORS 757.210 to change rates and upon a prudence review. A review of the utility's earnings is required, unless subject to an automatic adjustment clause.

In Docket No. UE 316, with Order No. 17-235, the Commission adopted a stipulation providing for an automatic adjustment clause and a deferral with a balancing account allowing Idaho Power to recover certain decommissioning costs associated with the North Valmy Power Plant ("Valmy").

Analysis

Background

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 cessation of coal-fired operations of both units by 2025, and further requested authority to recover all Valmy coal-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 plant¹.

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:

1. The accelerated depreciation associated with the existing Valmy coal-related investments through May 31, 2017,
2. The return on undepreciated existing coal-related capital investments at Valmy until December 31, 2025, based upon the then authorized rate of return, and
3. Estimated future decommissioning expenses.

In Docket No. UE 345/Advice No. 18-02, the Commission issued Order No. 18-199, approving the accelerated depreciation associated with Idaho Power's exit from coal-fired operations of Valmy Unit 1 by December 31, 2019. And, in Docket No. UE 363, Order No. 19-341, the Commission removed the accelerated depreciation from customer rates associated with coal-related investments as a result of the cessation of Valmy Unit 1, effective January 1, 2020.

¹ See Order No. UE 316.

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Proposed Accounting

The Company 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 Accounts).

Also, the Company 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.

Reasons for Deferral

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

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

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 the cessation of Valmy Unit 1 and full collection of the associated investments.

The Company estimates the deferral account will contain the Oregon jurisdictional share of decommissioning costs, approximately \$1.87 million, at December 31, 2025. Because deferred amounts associated with decommissioning revenues collected and decommissioning costs incurred are dependent on factors that cannot be precisely forecasted, The Company cannot provide a precise estimate of the total deferred amount at the moment.

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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) 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.
- 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 deferral of the costs and revenues related to decommissioning North Valmy is consistent with ORS 757.259 and should be approved by the Commission.

PROPOSED COMMISSION MOTION:

Approve Idaho Power Company's application for reauthorization to defer decommissioning revenues collected and decommissioning costs incurred associated with the North Valmy power plant, for the 12-month period beginning June 1, 2025.