

ORDER NO. 11 310

ENTERED AUG 15 2011

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 226

In the Matter of

IDAHO POWER COMPANY

2010 Annual Power Supply Expense
True-Up.

ORDER

DISPOSITION: STIPULATION ADOPTED

In this order, we adopt a stipulation signed by all parties in this docket: Staff of the Public Utility Commission of Oregon (Staff), the Citizens' Utility Board of Oregon (CUB), and Idaho Power Company (Idaho Power). The stipulation implements Idaho Power's annual true-up filing required under its Commission-approved Power Cost Adjustment Mechanism (PCAM). The parties agree that the difference between the company's net power supply expenses (NPSE) and expenses collected through the company's "Combined Rate" fall within the deadband incorporated into the PCAM, and that, as a result, no amounts should be added to Idaho Power's true-up balancing account this year.

I. INTRODUCTION

As part of Idaho Power's annual PCAM, Idaho Power files an annual true-up of its power supply expenses. Idaho Power calculates the difference between its actual NPSE and the expenses recovered from ratepayers through its "Combined Rate."¹ Once this power cost adjustment (PCA) is quantified, eligible NPSE deviations² are added to Idaho Power's annual power supply expense true-up balancing account at the end of each 12-month period ending in December, along with 50 percent of the annual interest calculated at the company's authorized cost of capital.

¹ The Combined Rate is derived from the company's annual October cost update and its annual March forecast, *see* Order No. 08-238 at Appendix A, pages 2-7, and is calculated in the company's Annual Power Cost Update proceeding.

² Whether an expense is eligible for recovery is determined by the terms of Order No. 08-238.

The PCA to be included in the account is calculated as 90 percent of the amount that Idaho Power's Oregon-allocated NPSE deviation is above or below an established power supply expense deadband. Recovery of the PCA is also subject to an earnings test.

Idaho Power made its true-up filing on February 28, 2011, reflecting the NPSE deviation for calendar year 2010. In its initial filing, Idaho Power used its 2009 results of operations (ROO) report, the most recent report available at the time. It also incorporated into its initial calculations a modification of the deadband approved in the company's 2010 annual power cost update docket.³ Once the company's 2010 ROO report became available, Idaho Power recalculated the deadband with information from the latest ROO report and filed supplemental testimony on May 3, 2011.⁴

Under the calculations in both the initial and supplemental filings, Idaho Power's Oregon-allocated NPSE deviation was within the calculated deadband. As a result, all parties agree that \$0.00 should be added to the company's true-up balancing account this year.

II. STIPULATION

The parties to the stipulation agree that Idaho Power has correctly calculated the amount for later inclusion in rates as \$0.00. They also agree that Idaho Power correctly calculated the one-time modification to the deadband required by Order No. 10-191. As a result, Idaho Power will not add any amounts to its true-up balancing account for 2010. The stipulating parties agree that the rates resulting from the stipulation are fair, just, and reasonable.

III. CONCLUSION

We have reviewed the stipulation, together with the supporting testimony and exhibits filed. We conclude that the stipulation is in the public interest and results in fair, just, and reasonable rates. The stipulation is attached to this order as Appendix A and incorporated into this order by reference.


³ See *In re Idaho Power Co. 2010 Annual power Cost Update*, Docket UE 214, Order No. 10-191. The company also modified its methodology from its last true-up filing to ensure that its accounting for the sale of certain RECs comported with Order No. 11-086.

⁴ This update is anticipated and required by Order No. 09-373.

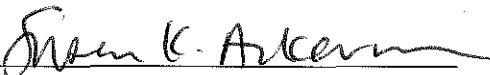
IV. ORDER

IT IS ORDERED that the stipulation by Idaho Power Company, the Citizens' Utility Board of Oregon, and Staff of the Public Utility Commission, attached to this order as Appendix A, is adopted.

Made, entered and effective AUG 15 2011



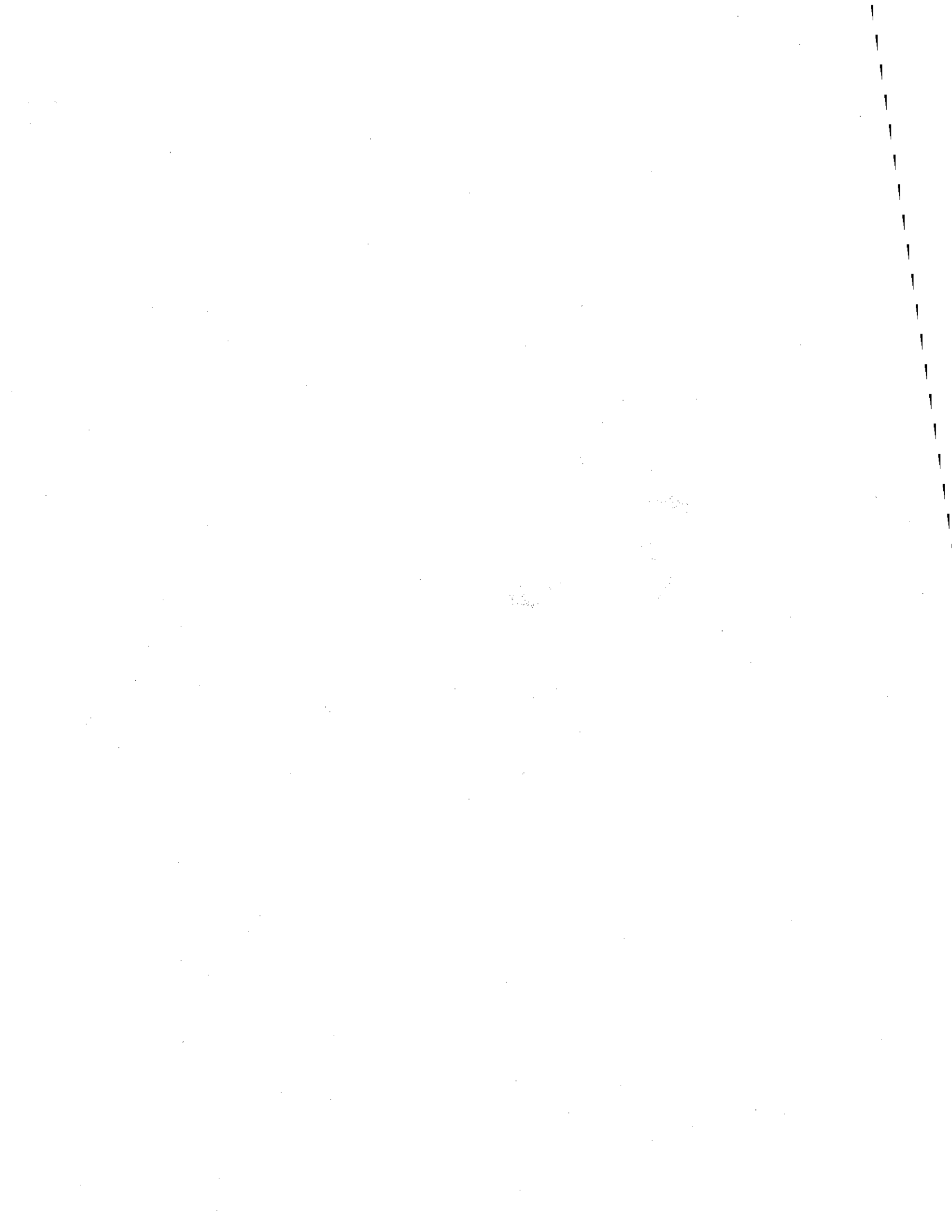
John Savage
Commissioner



Susan K. Ackerman
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 226

In The Matter of

STIPULATION

IDAHO POWER COMPANY

2010 Annual Power Supply Expense True-Up.

This Stipulation resolves all issues between the parties related to Idaho Power Company's ("Idaho Power" or "Company") 2010 Annual Power Supply Expense True-Up ("True-Up") filed pursuant to Order No. 08-238,¹ as amended by Order No. 09-373.² This True-Up implements the Company's Power Cost Adjustment Mechanism ("PCAM") by calculating the deviation between actual net power supply expenses ("NPSE") and those expenses recovered through the Combined Rate.

PARTIES

1. The parties to this Stipulation are Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board of Oregon ("CUB"), and Idaho Power (together, the "Stipulating Parties"). No other party intervened in this docket.

BACKGROUND

2. As part of the Commission-approved PCAM, each February Idaho Power must file a True-Up that calculates the difference between the actual NPSE incurred by the Company in the relevant PCAM year (January through December) and the expenses recovered for that period through the Combined Rate.³ NPSE deviations that are eligible, as

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

² *Re Idaho Power Company's Application for Authority to Implement a Power Cost Adjustment Mechanism*, Docket UE 195, Order No. 09-373 (Sept. 18, 2009).

³ Order No. 08-238 at 3.

1 determined by the terms of Order No. 08-238, are added to the Annual Power Supply
 2 Expense True-Up Balancing Account ("True-Up Balancing Account") at the end of each 12
 3 month period ending in December along with 50 percent of the annual interest calculated at
 4 the Company's authorized cost of capital.⁴ As relevant here, to be eligible for inclusion in the
 5 True-Up Balancing Account, the NPSE deviation must fall outside the dead band described in
 6 Order No. 08-238.⁵

7 3. On February 28, 2011, Idaho Power filed its True-Up reflecting the NPSE
 8 deviation for calendar year 2010. The Company's initial filing used the most recent Oregon
 9 Results of Operations ("ROO") report available at the time of the filing—the ROO for 2009.
 10 This filing also accounted for the one-time modification to the power supply expense dead
 11 bands approved by the Commission in Order No. 10-191.⁶ The Company's initial filing
 12 determined that \$0.00 should be added to the True-Up Balancing Account because the
 13 Oregon-allocated NPSE deviation was within the dead bands calculated using the 2009 ROO.

14 4. As required by Order No. 09-373, on May 3, 2011, the Company filed
 15 supplemental testimony that calculated the dead band using the Company's 2010 ROO
 16 report, which was finalized subsequent to the initial February filing. The use of the 2010 ROO
 17 resulted in changes to the upper and lower dead band values as well as changes to the
 18 Oregon allocation percentages. These changes did not affect the amount proposed to be
 19 included in the True-Up Balancing Account because the NPSE deviation was still within the
 20 dead band. Thus, after updating the analysis using the 2010 ROO the Company determined
 21 that \$0.00 should be added to the True-Up Balancing Account.

22

23 _____
⁴ *Id.*

24 ⁵ *Id.* at 3. The NPSE deviation is also subject to an earnings test and other adjustments as described in
 25 detail in the Stipulation attached as Exhibit A to Order No. 08-238. Here, the earnings test was not used
 because the NPSE deviation never fell outside the dead band.

26 ⁶ *Re Idaho Power Company 2010 Annual Power Cost Update*, Docket UE 214, Order No. 10-191 (May
 24, 2010).

1 5. The supplemental testimony also discussed the impact of Order No. 11-086,⁷
 2 issued after the February 28th filing, which addressed the appropriate treatment of proceeds
 3 from the sale of Renewable Energy Credits ("REC"). Pursuant to that order these proceeds
 4 are applied to the power cost deferral currently in amortization.

5 6. On April 4, 2010, Administrative Law Judge Lisa D. Hardie held a prehearing
 6 conference at which the parties to this docket agreed upon a procedural schedule. Pursuant
 7 to that agreed upon schedule Staff, CUB, and the Company participated in a workshop on
 8 May 10, 2011. The Stipulating Parties also participated in a settlement conference on June 9,
 9 2011. As a result of the settlement discussions, the Stipulating Parties have agreed as
 10 follows:

11 **AGREEMENT**

12 7. The Stipulating Parties agree that the Company has correctly calculated the
 13 amount of the True-Up for later inclusion in rates as \$0.00 and that this calculation complies
 14 with the terms of Order Nos. 08-238 and 09-373. The Stipulating Parties also agree that the
 15 Company correctly calculated the one-time modification to the dead bands required by Order
 16 No. 10-191. Thus, the Stipulating Parties agree that the Company will not add any amounts to
 17 the True-Up Balancing Account for 2010.

18 8. The Stipulating Parties agree to submit this Stipulation to the Commission and
 19 request that the Commission approve the Stipulation as presented. The Stipulating Parties
 20 agree that the adjustments and the rates resulting from the Stipulation are fair, just, and
 21 reasonable.

22 9. This Stipulation will be offered into the record of this proceeding as evidence
 23 pursuant to OAR 860-001-0350(7). The Stipulating Parties agree to support this Stipulation
 24 throughout this proceeding and any appeal, (if necessary) provide witnesses to sponsor this
 25 _____

26 ⁷ *Re Application of Idaho Power Company to Sell RECs, Docket UP 269, Order No. 11-086 (Mar. 17, 2011).*

1 Stipulation at the hearing, and recommend that the Commission issue an order adopting the
2 settlements contained herein.

3 10. If this Stipulation is challenged by any other party to this proceeding, the
4 Stipulating Parties agree that they will continue to support the Commission's adoption of the
5 terms of this Stipulation. The Stipulating Parties agree to cooperate in cross-examination and
6 put on such a case as they deem appropriate to respond fully to the issues presented, which
7 may include raising issues that are incorporated in the settlements embodied in this
8 Stipulation.

9 11. The Stipulating Parties have negotiated this Stipulation as an integrated
10 document. If the Commission rejects all or any material part of this Stipulation, or adds any
11 material condition to any final order that is not consistent with this Stipulation, each Stipulating
12 Party reserves its right, pursuant to OAR 860-001-0350(9), to present evidence and argument
13 on the record in support of the Stipulation or to withdraw from the Stipulation. Stipulating
14 Parties shall be entitled to seek rehearing or reconsideration pursuant to OAR 860-001-0720
15 in any manner that is consistent with the agreement embodied in this Stipulation.

16 12. By entering into this Stipulation, no Stipulating Party shall be deemed to have
17 approved, admitted, or consented to the facts, principles, methods, or theories employed by
18 any other Stipulating Party in arriving at the terms of this Stipulation, other than those
19 specifically identified in the body of this Stipulation. No Stipulating Party shall be deemed to
20 have agreed that any provision of this Stipulation is appropriate for resolving issues in any
21 other proceeding, except as specifically identified in this Stipulation.

22 13. This Stipulation may be executed in counterparts and each signed counterpart
23 shall constitute an original document.

24 This Stipulation is entered into by each Stipulating Party on the date entered below such
25 Stipulating Party's signature.

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STAFF

CITIZENS' UTILITY BOARD

By: [Signature]

By: _____

Date: June 28, 2011

Date: _____

IDAHO POWER

By: _____


Date: _____

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STAFF

CITIZENS' UTILITY BOARD

By: _____

By:  _____

Date: _____

Date: 6-28-11 _____

IDAHO POWER

General Counsel
Regulatory Program Director

By: _____

Date: _____

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STAFF

CITIZENS' UTILITY BOARD

By: _____

By: _____

Date: _____

Date: _____

IDAHO POWER

By: *[Signature]*

Date: 6/29/11