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February 22, 2019

**VIA ELECTRONIC FILING**

Attention: Filing Center  
Public Utility Commission of Oregon  
201 High Street SE, Suite 100  
P.O. Box 1088  
Salem, Oregon 97308-1088

**Re: Docket UE \_\_\_ – Idaho Power Company’s 2018 Annual Power Supply Expense True-Up**

Attention Filing Center:

Enclosed in the above-referenced docket are an original and five copies of Idaho Power Company's 2018 Annual Power Supply Expense True-Up and Direct Testimony and Exhibits of Courtney Waites.

A copy of this filing has been served on all parties to the 2017 Annual Power Supply Expense True-Up, Docket UE 336, via electronic mail as indicated on the attached certificate of service.

Please contact me with any questions

Sincerely,

A handwritten signature in blue ink that reads "Alisha Till".

Alisha Till  
Paralegal

Attachments

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**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE** \_\_\_\_\_

In the Matter of the Application of IDAHO  
POWER COMPANY for Amortization in Rates  
of the Power Cost Adjustment Mechanism and  
Intervenor Funding Amounts.

**2018 ANNUAL POWER SUPPLY  
EXPENSE TRUE-UP**

In compliance with Order No. 08-238, as amended by Order No. 09-373 (hereinafter “Order No. 08-238”), Idaho Power Company (“Idaho Power” or “Company”) hereby files its 2018 Annual Power Supply Expense True-Up (“True-Up”), which implements the power cost adjustment mechanism (“PCAM”) by calculating the deviation between actual net power supply expenses (“NPSE”) and those expenses recovered through rates. Accordingly, Idaho Power requests that the Public Utility Commission of Oregon (“Commission”) issue an order confirming that the Company has correctly calculated the amount of the True-Up for later inclusion in rates as \$0.00 and confirming that the Company will add \$129,102 of Oregon jurisdictional net proceeds from the sale of Renewable Energy Credits (“RECs”) as a credit to the Annual Power Supply Expense True-Up Balancing Account (“True-Up Balancing Account”) for 2018. In addition, the Company requests authorization to amortize intervenor funding amounts deferred since the Company’s last request to amortize intervenor funding amounts commenced on June 1, 2018. This filing is based upon the following:

1. In Order No. 08-238, the Commission approved a PCAM for Idaho Power that requires the Company to file, in February of each year, a True-Up that will implement the PCAM by calculating the deviation between actual NPSE and those expenses recovered through rates. Order No. 08-238 further requires that eligible power supply expense deviations be added to the True-Up Balancing Account at the end of each 12-month period ending December, along with 50 percent of the annual interest calculated at the Company’s

1 authorized cost of capital. The required calculations are detailed in the Stipulation attached  
2 as Exhibit A to Order No. 08-238.

3 2. As described in the Direct Testimony of Courtney Waites filed herewith, Idaho  
4 Power has calculated its True-Up in accordance with the methodology approved by the  
5 Commission in Order No. 08-238, and has determined that the amount of \$0.00 should be  
6 added to the True-Up Balancing Account because the Oregon Allocated Power Cost  
7 Deviation is within the deadbands as calculated using the Company's 2017 Results of  
8 Operations ("ROO") report. Consistent with Order No. 09-373, the Company will recalculate  
9 the deadbands in April 2018 using the 2018 ROO and will make any appropriate  
10 supplemental filings. Idaho Power will apply the net proceeds from the sale of RECs as a  
11 credit to the True-Up Balancing Account in compliance with Order Nos. 11-086 and 17-185.  
12 In addition, Idaho Power requests approval to amortize approximately \$52,000 in intervenor  
13 funding amounts effective June 1, 2019.

14 3. Idaho Power wishes to waive paper service in this docket. Communications  
15 regarding this Application should be addressed to:

16 Lisa D. Nordstrom  
17 Idaho Power Company  
18 1221 West Idaho Street (83702)  
19 P.O. Box 70  
20 Boise, Idaho 83707  
21 [lnordstrom@idahopower.com](mailto:lnordstrom@idahopower.com)

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23 For all of the above reasons, Idaho Power requests the Commission issue its order  
24 confirming that the Company has correctly calculated the amount of the PCAM True-Up,  
25 confirm that \$129,102 be applied as a credit to the True-Up Balancing Account, and authorize  
26 the amortization in rates of deferred intervenor funding amounts.

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Respectfully submitted this 22<sup>nd</sup> day of February 2019.

McDOWELL RACKNER GIBSON PC



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Attorneys for Idaho Power Company

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UE \_\_\_\_\_**

IN THE MATTER OF THE APPLICATION )  
OF IDAHO POWER COMPANY FOR )  
AMORTIZATION IN RATES OF THE POWER )  
COST ADJUSTMENT MECHANISM AND )  
INTERVENOR FUNDING AMOUNTS. )  
\_\_\_\_\_ )

**IDAHO POWER COMPANY**

**DIRECT TESTIMONY**

**OF**

**COURTNEY WAITES**

**February 22, 2019**

1 **Q. Please state your name, business address, and present position with Idaho**  
2 **Power Company (“Idaho Power” or “Company”).**

3 A. My name is Courtney Waites. I am employed by Idaho Power as a Senior Regulatory  
4 Analyst in the Regulatory Affairs Department. My business address is 1221 West  
5 Idaho Street, Boise, Idaho 83702.

6 **Q. Please describe your educational background.**

7 A. In December of 1998, I received a Bachelor of Arts degree in Accounting from the  
8 University of Alaska in Anchorage, Alaska. In 2000, I earned a Master of Business  
9 Administration degree from Alaska Pacific University. I have attended New Mexico  
10 State University’s Center for Public Utilities and the National Association of Regulatory  
11 Utility Commissioners “Practical Skills for the Changing Electric Industry” conference,  
12 the Electric Utility Consultants, Inc.’s “Introduction to Rate Design and Cost of Service  
13 Concepts and Techniques for Electric Utilities” conference, Edison Electric Institute’s  
14 “Introduction to Public Utility Accounting” course, Edison Electric Institute’s “Electric  
15 Rates Advanced” course, SNL Knowledge Center’s “Essentials of Regulatory Finance”  
16 course, and the Financial Accounting Institute’s “Utility Finance and Accounting”  
17 seminar.

18 **Q. Please describe your work experience.**

19 A. I began my employment with Idaho Power in December 2004 in the Accounts Payable  
20 Department. In 2005, I accepted a Regulatory Accountant position in the Finance  
21 Department where one of my tasks was to assist in responding to regulatory data  
22 requests pertaining to financial issues. In 2006, I accepted my current position,  
23 Regulatory Analyst, in the Regulatory Affairs Department. My duties as a Regulatory  
24 Analyst include providing support for the Company’s various regulatory activities,  
25 including tariff administration, regulatory ratemaking, and compliance filings, and the  
26 development of various pricing strategies and policies.

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is to describe the quantification of the Company's Annual  
3 Power Supply Expense True-Up ("True-Up Rate"), consistent with the methodology  
4 approved in Order Nos. 08-238 and 09-373. In order to determine the True-Up Rate,  
5 I will first describe the quantification of the dollar balance in the Annual Power Supply  
6 Expense True-Up Balancing Account ("True-Up Balancing Account"), including the  
7 credit for the sale of SO2 Allowances and Renewable Energy Credits ("REC" or  
8 "RECs") made during the 2018 deferral year.

9 **Q. What is the True-Up Balancing Account?**

10 A. As described in Schedule 56, the True-Up Balancing Account is a Company account  
11 where the power cost adjustment mechanism ("PCAM") is quantified at the end of each  
12 12-month period ending December, along with 50 percent of the annual interest  
13 calculated at the Company's authorized cost of capital. Subject to an earnings test,  
14 the PCAM is 90 percent of the amount that the Oregon Allocated Power Cost Deviation  
15 is above or below the Power Supply Expense Deadband.

16 **Q. How does Order No. 09-373 impact the Annual Power Supply Expense True-Up  
17 Balancing Account?**

18 A. Order No. 09-373 approved an amendment to Order No. 08-238 clarifying which year's  
19 Results of Operations ("ROO") should be relied upon in calculating the deferral  
20 deadbands and the earnings test components of the PCAM. Idaho Power, the Oregon  
21 Citizens' Utility Board, and the Staff of the Public Utility Commission of Oregon  
22 ("Commission") agreed that for the initial calculation of the Annual Power Supply  
23 Expense True-Up filed in February each year, the Company will use the most recent  
24 ROO report available, the ROO for the year preceding the deferral period. Once the  
25 ROO report for the year of the deferral period becomes available, the Company will  
26

1 file an updated calculation of the Annual Power Supply Expense True-Up. The  
2 updated calculation is expected to occur in April of each year.

3 **Q. Have you prepared an exhibit that quantifies the initial estimate of the amount**  
4 **to be added to the True-Up Balancing Account for 2018?**

5 A. Yes. Exhibit 101 is the Company's quantification of the net power supply expenses to  
6 be reviewed for inclusion in the True-up Balancing Account for 2018.

7 **Q. Has the Company received authorization to defer amounts to the True-Up**  
8 **Balancing Account for 2018?**

9 A. No. Idaho Power has not yet received authorization from the Commission to defer  
10 amounts to the True-Up Balancing Account for 2018 because the Company's deferral  
11 request filed on December 27, 2017, in Docket No. UM 1464(8) also contained a  
12 request to defer variances in costs related to Idaho Power's participation in the Energy  
13 Imbalance Market ("EIM"). Because these EIM costs contain capital investments, the  
14 Company's request was subject to the policy decision in Order No. 18-423<sup>1</sup> regarding  
15 the Commission's authority to defer capital costs under ORS 757.259, which  
16 determined that the Commission cannot legally authorize full revenue requirement  
17 deferrals. Following the issuance of Order No. 18-423, the Company and other  
18 investor-owned utilities jointly filed a motion requesting reconsideration, rehearing,  
19 clarification, and stay of the order,<sup>2</sup> further extending the uncertainty surrounding the  
20 Company's deferral request.

21 **Q. Has a final determination been made in Docket No. UM 1909?**

22 A. Yes. On February 19, 2019, the Commission issued Order No. 19-053, denying the  
23 request of the joint utilities, affirming the Commission's conclusion that the deferral

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24 <sup>1</sup> *Re Investigation of the Scope of the Commission's Authority to Defer Capital Costs*, Docket  
25 No. UM 1909.

26 <sup>2</sup> *Id.*

1 statute language deprives the Commission of the ability to authorize deferrals of costs  
2 related to capital investments. Therefore, the Commission will now have the  
3 information necessary to make a decision regarding the Company's request in Docket  
4 No. UM 1464(8), though that decision is still pending.

5 **Q. Does Idaho Power believe the lack of a final Commission decision regarding the**  
6 **Company's request to defer net variable power cost variances in Docket No. UM**  
7 **1464(8) prevents it from implementing the proposed rates in this docket?**

8 A. No. The proposed rate changes in this docket are solely associated with REC sales  
9 and intervenor funding amounts, and not the amounts subject to the Company's  
10 deferral request in Docket No, UM 1464(8). As I will discuss in detail, for 2018, net  
11 variable power cost variances were well within the deadbands, thus resulting in no  
12 deferral amount. Likewise, with the outcome of Docket No. UM 1909, if the  
13 Commission authorizes the Company to defer variances in operations and  
14 maintenance ("O&M") expenses related to Idaho Power's participation in the EIM as  
15 part of Docket No. UM 1464(8), the EIM-related expense variance would not bring total  
16 net power cost variances outside of the deadbands. Therefore, the Company believes  
17 the Commission has sufficient information to make a determination in this docket.

18 **Q. Please describe Exhibit 101 and the Company's quantification of the estimated**  
19 **amount to be included in the True-Up Balancing Account.**

20 A. In Exhibit 101, the columns detail the monthly and year-to-date deviations between  
21 actual net power supply expenses incurred and the power costs collected through  
22 rates. The last column represents the annual amounts considered in determining the  
23 amount to be included in the True-Up Balancing Account.

24 **Q. Please provide a general description of the calculations used to determine the**  
25 **amount to be included in the True-Up Balancing Account.**

26

1 A. First, the Actual Unit Cost is compared to the Combined Rate to determine the per unit  
2 power cost deviation. The per unit power cost deviation is then multiplied by total  
3 system actual energy sales to determine the power cost deviation on a total system  
4 basis. Next, the Oregon allocation factor is applied to the total system power cost  
5 deviation to compute the Oregon Allocated Power Cost Deviation. Then, Power  
6 Supply Expense Deadbands are applied and, if necessary, an earnings test is  
7 performed. The resulting eligible deferral is the amount proposed to be added to the  
8 True-Up Balancing Account.

9 **Q. How is the Actual Unit Cost calculated?**

10 A. The Actual Unit Cost for net power supply expenses incurred is the total Actual Net  
11 Power Supply Expense ("Actual NPSE") incurred divided by the Actual Sales. The  
12 Actual NPSE is determined on a system-wide basis and includes amounts booked to  
13 Federal Energy Regulatory Commission Accounts 501 (Fuel-Coal), 547 (Fuel-Gas),  
14 555 (Purchased Power), and 447 (Sales for Resale). In short, Actual NPSE is  
15 calculated by adding fuel plus purchased power less off-system sales. The Actual  
16 NPSE for 2018 was \$370,174,340.43. Actual Sales for 2018 were 14,586,521  
17 megawatt-hours ("MWh"). Dividing Actual NPSE by Actual Sales results in the Actual  
18 Unit Cost of \$25.38 per MWh ( $\$370,174,340.43 \div 14,586,521 \text{ MWh} = \$25.38 \text{ per}$   
19 MWh).

20 **Q. What is the next step in the true-up calculation?**

21 A. The next step in the true-up calculation is to compare the Actual Unit Cost to the  
22 Combined Rate. The Combined Rate is comprised of two components: (1) The  
23 October Power Cost Update and (2) the March Power Cost Forecast. The Combined  
24 Rate in effect from January through May 2018 was \$26.22/MWh and the Combined  
25 Rate in effect from June through December 2018 was \$25.67/MWh. The Combined  
26 Rate reflects the Commission-approved amounts reflected in rates during the months

1 of the true-up period. The Annual Combined Rate, which is based on the five months  
2 of \$26.22/MWh and the seven months of \$25.67/MWh, is \$25.93/MWh.

3 **Q. What is the deviation between the Actual Unit Cost and the Combined Rate for**  
4 **2018?**

5 A. For 2018, the deviation between the Actual Unit Cost (\$25.38/MWh) and the Combined  
6 Rate (\$25.93/MWh) is negative \$0.55 per MWh ( $\$25.38 - \$25.93 = (\$0.55)$ ). This  
7 amount is multiplied by the Actual Sales (14,586,521 MWh) to determine the deviation  
8 from the forecast on a system-wide basis, or negative \$8,061,146.91.

9 **Q. How is the Oregon jurisdictional portion of the deviation from the forecast on a**  
10 **system-wide basis calculated?**

11 A. The Oregon Allocated Power Cost Deviation is calculated by multiplying the system-  
12 wide deviation from the forecast by the Oregon allocation factor. The Oregon  
13 allocation factor is the energy allocator used in the ROO. Currently, using the 2017  
14 ROO, the Oregon allocation factor is 4.64 percent. This results in an Oregon Allocated  
15 Power Cost Deviation of negative \$374,037.22, meaning the amount of the Oregon  
16 allocated power supply costs recovered in rates was more than the actual Oregon  
17 allocated power supply costs ( $(\$8,061,146.91) \times 4.64 \text{ percent} = (\$374,037.22)$ ).

18 **Q. You stated earlier that as a result of Order No. 09-373 you will use the previous**  
19 **year's ROO to calculate the Annual Power Supply Expense True-Up filed in**  
20 **February and once the ROO for the year of the deferral is available, you will**  
21 **update the calculation of the Annual Power Supply Expense True-Up. Will the**  
22 **Oregon Allocated Power Cost Deviation change?**

23 A. If the Oregon allocation factor in the 2018 ROO is different than the Oregon allocation  
24 factor from the 2017 ROO, then the Oregon Allocated Power Cost Deviation will  
25 change.

26

1 **Q. Is the Oregon Allocated Power Cost Deviation of negative \$374,037.22 the**  
2 **amount of dollars to be added to the True-Up Balancing Account?**

3 A. No. Once the Oregon Allocated Power Cost Deviation is calculated, a Power Supply  
4 Expense Deadband is applied.

5 **Q. Please explain how the Power Supply Expense Deadband is applied.**

6 A. The Power Supply Expense Deadband is based on the Company's capital structure  
7 and rate base measured on an Oregon basis from the most recent Oregon ROO  
8 report. The Oregon Allocated Power Cost Deviation is compared to the positive and/or  
9 negative deadbands. A positive deviation (Actual NPSE greater than those recovered  
10 through the Combined Rate) constitutes an excess power supply expense. This  
11 expense is first reduced by a deadband that is the dollar equivalent of 250 basis points  
12 of return on equity ("ROE") (Oregon basis). A negative deviation (Actual NPSE less  
13 than those recovered through the Combined Rate) is a power supply expense savings.  
14 This savings is reduced by a deadband that is the dollar equivalent of 125 basis points  
15 of ROE (Oregon basis).

16 **Q. What are the deadbands used for the calendar year 2017?**

17 A. Using the Company's Oregon rate base of \$142,328,822 and the percentage of equity  
18 in the capital structure as of December 31, 2017, 53.382 percent, the Upper Deadband  
19 of 250 Basis Points equals \$3,118,896 and the Lower Deadband of 125 Basis Points  
20 equals negative \$1,559,448. See Exhibit 102.

21 **Q. Will the deadbands change as a result of the 2018 ROO?**

22 A. Yes, they will. A final determination of the deadbands will be made once the 2018  
23 ROO is available in April 2019.

24 **Q. The calculation of the deadbands includes the application of a net-to-gross**  
25 **factor. Do the provisions of the U.S. Tax Cuts and Jobs Act ("Tax Act") impact**  
26 **Idaho Power's net-to-gross factor?**

1 A. Yes. The provision of the Tax Act that reduced the federal corporate income tax rate  
2 from 35 percent to 21 percent, thus reducing Idaho Power's net-to-gross factor,  
3 became effective January 1, 2018, and therefore will be used to compute the  
4 deadbands when the 2018 ROO is available.

5 **Q. Based upon the initial estimate of deadbands, what is the amount of the net**  
6 **power supply expense deviation proposed to be added to the True-Up Balancing**  
7 **Account for the calendar year 2018 should the Company receive authorization**  
8 **to do so in Docket No. UM 1464(8)?**

9 A. The amount of the Oregon Allocated Power Cost Deviation, negative \$374,037.22, is  
10 greater than the Lower Deadband of negative \$1,559,448. Therefore, the dollar  
11 amount to be considered to be added to the True-Up Balancing Account is zero.

12 **Q. What was the 2018 variance between actual EIM-related O&M expenses and**  
13 **those included in customer rates?**

14 A. Order No. 18-170 in Docket No. UE 333, Idaho Power's 2018 Annual Power Cost  
15 Update, approved an Oregon jurisdictional EIM-related revenue requirement of  
16 \$113,268 which included \$59,425 in O&M expenses. Actual EIM-related O&M  
17 expenses incurred in 2018 were \$57,086, reflecting a total Oregon jurisdictional  
18 variance of \$2,339.

19 **Q. Did Idaho Power track the variance between actual EIM-related O&M expenses**  
20 **and those included in customer rates on Exhibit 101 as part of the estimate of**  
21 **amounts to be added to the True-Up Balancing Account for 2018?**

22 A. No. Because the Company has not yet received authorization to defer any amounts  
23 as part of the request in Docket No. UM 1464(8), no variances of EIM-related O&M  
24 expenses were tracked as part of the estimate to the True-Up Balancing Account.

25 **Q. Would the inclusion of EIM-related O&M cost variances have impacted the**  
26 **deferral amount had they been included in the calculations on Exhibit 101?**

1 A. No. Adding the EIM-related O&M expenses to the power cost deviation would reduce  
2 the Oregon Allocated Power Cost Deviation by \$2,339, resulting in a deviation from  
3 forecast of negative \$371,699, an amount that is still greater than the Lower Deadband  
4 of negative \$1,559,448. Therefore, inclusion of these amounts would have had no  
5 impact on the Company's request in this case.

6 **Q. Once the deferral is calculated, an earnings test must be applied. Has the**  
7 **Company performed the earnings test described above?**

8 A. No.

9 **Q. Why was an earnings test not performed?**

10 A. Order No. 08-238 states that before any amounts of a deferral are approved for  
11 inclusion in the Annual Power Supply Expense True-Up Balancing Account for  
12 subsequent recovery or refund, the Commission will apply an earnings test. Because  
13 the Company is not proposing any deferral amounts be added to the Annual Power  
14 Supply Expenses True-Up Balancing Account, the Company was not required to  
15 perform an earnings test.

16 **Q. In previous years the Company has proposed to offset its Oregon Allocated**  
17 **Power Cost Deviation by the sale of SO<sub>2</sub> Allowances made during the deferral**  
18 **year. Were any sales of SO<sub>2</sub> Allowances made during the calendar year 2018?**

19 A. Yes. The total Oregon jurisdictional customer benefit of SO<sub>2</sub> Allowance sales made in  
20 2018 was \$0.67. Subtracting this customer benefit from the Oregon Allocated Power  
21 Cost Deviation of negative \$374,037.22 creates a deviation of negative \$374,036.55.  
22 This amount is still greater than the Lower Deadband of negative \$1,559,448;  
23 therefore, the amount to be added to the True-Up Balancing Account is still zero.  
24 Again, no earnings test is required.

25

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1 **Q. Order No. 11-086 requires Idaho Power to apply the net proceeds from the sale**  
2 **of RECs as a credit to the True-Up Balancing Account. Were any sales of RECs**  
3 **made during the calendar year 2018?**

4 A. Yes. The total Oregon jurisdictional customer benefit of REC sales made in 2018 is  
5 \$129,102.47 (see Exhibit 103). Consistent with Order Nos. 11-086 and 17-185, the  
6 customer benefit of \$129,102.47 from the sale of RECs will be applied as a credit to  
7 the True-Up Balancing Account.

8 **Q. Are there any other amounts the Company is proposing to add to the True-Up**  
9 **Balancing Account?**

10 A. No. However, as part of this request, Idaho Power is also proposing to update the  
11 level of amortization associated with the collection of intervenor funding deferrals  
12 approved in Order No. 18-173.

13 **Q. Please describe the intervenor funding deferral amortization approved in Order**  
14 **No. 18-173.**

15 A. Order No. 18-173 issued in Docket No. UE 336 approved the amortization and  
16 collection through Schedule 56 of \$61,183 in deferred intervenor funding amounts for  
17 the period beginning June 1, 2018, through May 31, 2019. All intervenor funding  
18 amounts approved for amortization in Order No. 18-173 were associated with  
19 intervenors acting on behalf of the residential customer class and are therefore  
20 collected only from residential customers.

21 **Q. Please describe Idaho Power's proposal to update the level of amortization**  
22 **collection associated with intervenor funding amounts.**

23 A. Full amortization of the \$61,183 in deferred intervenor funding amounts will occur on  
24 May 31, 2018. Idaho Power is proposing to begin amortization and collection in rates  
25 of \$52,240 in intervenor funding amounts accrued since the Company's last request,  
26 beginning June 1, 2019.

1 **Q. Please explain what makes up the balances of the \$52,240 in intervenor funding**  
2 **deferrals.**

3 A. Since the Company's last request to begin amortization of intervenor funding amounts,  
4 Idaho Power has recorded \$46,997 in deferrals associated with payments made to  
5 intervenors. In addition, Idaho Power has deferred \$5,243 in interest accrued on  
6 current deferrals. Exhibit 104 details the intervenor funding deferrals by docket and  
7 order number and interest amounts accrued.

8 **Q. The deferred accounting statute (ORS 757.259) allows the Company to recover**  
9 **6 percent of Idaho Power's gross revenue in Oregon for the preceding calendar**  
10 **year. Has Idaho Power calculated the amount the Company is eligible to recover**  
11 **annually?**

12 A. Yes. As detailed in Exhibit 105, for the 12-months ended December 31, 2018, the  
13 Company received \$55.2 million in gross revenues from its Oregon customers and is  
14 therefore eligible to recover up to \$3,309,626 per year. Because the deferred amounts  
15 are well below the amount the Company is eligible to collect per year, Idaho Power is  
16 proposing to collect the entire amount of the intervenor funding deferrals over the June  
17 1, 2019, to May 31, 2020, time period.

18 **Q. Section 5 of the deferral statute (ORS 757.259(5)) requires an earnings review**  
19 **prior to amortization of a deferral. Has Idaho Power performed an earnings test**  
20 **regarding these amounts?**

21 A. No. Section 4 of the deferral statute explicitly exempts intervenor funding expenses  
22 from the earnings review requirement.<sup>3</sup> Accordingly, the 2016-2020 Intervenor  
23 Funding Agreement between Idaho Power and the Oregon Citizens' Utility Board

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24 <sup>3</sup> Section 3 of the deferral statute allows for the deferral of amounts provided as financial  
25 assistance under the intervenor funding statute (ORS 757.072). Section 4 of the deferral statute  
26 provides that amounts deferred under Section 3 are not subject to the earnings test contained in  
Section 5.

1 approved by the Commission in Order No. 16-028, provides that deferred amounts  
2 associated with intervenor funding will not be subject to earnings reviews.

3 **Q. What is the impact on rates based on the credit in the True-Up Balancing**  
4 **Account and the updated level of amortization collection associated with**  
5 **intervenor funding amounts?**

6 A. The Company is currently providing 2017 REC sales proceeds to all customers and  
7 collecting amortization associated with intervenor funding deferrals from residential  
8 customers through Schedule 56. Using the forecasted June 1, 2019, to May 31, 2020,  
9 normalized Oregon jurisdictional sales of 681,774,381 for all customer classes, the  
10 resulting rate associated with the credit in the True-Up Balancing Account is (0.0189)  
11 cents per kilowatt-hour (“kWh”). The same test period includes a total of 182,789,533  
12 in Oregon residential jurisdictional sales, resulting in a rate associated with the  
13 intervenor funding deferrals of 0.0286 cents per kWh. The detailed calculations of the  
14 rate impact can be found in Exhibit 105. Table 1 summarizes the impact on the rates  
15 associated with Idaho Power’s proposal.

16 **Table 1**

| 17 <b>Customer Class</b> | <b>Current (cents per kWh)</b> | <b>Proposed (cents per kWh)</b> |
|--------------------------|--------------------------------|---------------------------------|
| 18 Residential service   | 0.0172                         | 0.0096                          |
| 19 All other             | (0.0146)                       | (0.0189)                        |

20 **Q. Has Idaho Power updated Schedule 56 with the proposed rates?**

21 A. No. Because the Oregon allocation factor in the 2018 ROO may be different than the  
22 Oregon allocation factor from the 2017 ROO, the total Oregon jurisdictional customer  
23 benefit of REC sales made in 2018 may change. Idaho Power will file an update to  
24 Schedule 56 when it files its 2018 ROO in April 2019.

25 **Q. Does this conclude your testimony?**

26 A. Yes, it does.

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UE \_\_\_\_\_

IDAHO POWER COMPANY

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Exhibit 101  
2018 PCAM

February 2019





BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UE \_\_\_\_\_

IDAHO POWER COMPANY

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Exhibit 102  
PCAM Deadband Calculation

February 2019

**Determination of Oregon PCAM Deadbands  
 Based on Idaho Power 2017 Results of Operations**

|                                       | (A)                    | (B)                  |
|---------------------------------------|------------------------|----------------------|
|                                       | <b>Total System</b>    | <b>Oregon</b>        |
| (1) Rate Base                         | <b>\$3,284,204,938</b> | <b>\$142,328,822</b> |
| (2) % Equity in cap structure         | <b>53.382%</b>         | <b>53.382%</b>       |
| (3) Equity in rate base               | \$1,753,174,280        | \$75,977,972         |
| (4) 100 basis points                  | 1.000%                 | 1.000%               |
| (5) Resulting return (NOI Effect)     | \$17,531,743           | \$759,780            |
| (6) Net-to Gross Factor               | <b>1.64200</b>         | <b>1.64200</b>       |
| (7) Revenue requirement               | \$28,787,122           | <b>\$ 1,247,558</b>  |
| <br>                                  |                        |                      |
| (8) <b>Upper Band of Basis Points</b> | <b>250</b>             | \$3,118,895.74       |
| (9) <b>Lower Band of Basis Points</b> | <b>125</b>             | (\$1,559,447.87)     |

Idaho Power/103  
Witness: Courtney Waites

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UE \_\_\_\_\_

IDAHO POWER COMPANY

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Exhibit 103  
2018 REC Sales

February 2019



BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

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IDAHO POWER COMPANY

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Exhibit 104  
Intervenor Funding Deferrals

February 2019

| <b>IDAHO POWER COMPANY</b> |            |               |            |        |           |
|----------------------------|------------|---------------|------------|--------|-----------|
| Docket/Order No.           | Order Date | Recorded Date | Fund Type  | Amount |           |
| AR 600/18-048              | 2/7/2018   | 2/20/2018     | Issue Fund | \$     | 3,000.00  |
| LC 68/18-211               | 6/6/2018   | 6/11/2018     | Issue Fund |        | 4,510.00  |
| UE 333/18-218              | 6/13/2018  | 6/19/2018     | Issue Fund |        | 3,920.00  |
| UM 1909/18-287             | 8/8/2018   | 8/13/2018     | Issue Fund |        | 2,000.00  |
| UM 1716/18-406             | 10/22/2018 | 11/6/2018     | Issue Fund |        | 457.00    |
| UM 1911/18-436             | 11/15/2018 | 11/20/2018    | Issue Fund |        | 1,610.00  |
| UM 1757(4)/19-003          | 1/10/2019  | 1/15/2019     | Fund Grant |        | 31,500.00 |
| CARRYING CHARGES           |            |               |            |        | 5,243.27  |
| BALANCE                    |            |               |            | \$     | 52,240.27 |

Idaho Power/105  
Witness: Courtney Waites

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UE \_\_\_\_\_

IDAHO POWER COMPANY

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Exhibit 105  
Schedule 56 Rates

February 2019

**Oregon**

12 MOS ENDED DEC 2018

|                           |    |            |
|---------------------------|----|------------|
| Total Revenues            | \$ | 55,160,426 |
|                           |    | 6%         |
| Deferral Revenues Allowed | \$ | 3,309,626  |

*True-Up Balancing Account*

|                                  |    |                  |
|----------------------------------|----|------------------|
| Oregon kWh Forecast <sup>1</sup> |    | 681,774,381      |
| Rate (cents per kWh)             |    | (0.0189)         |
| Estimated Collection (Refund)    | \$ | <b>(129,102)</b> |

*Intervenor Funding deferrals*

|  |    |               |
|--|----|---------------|
| Oregon Residential kWh Forecast <sup>1</sup> |    | 182,789,533   |
| Rate (cents per kWh)                         |    | 0.0286        |
| Estimated Collection (Refund)                | \$ | <b>52,240</b> |

|  |  |          |
|--|--|----------|
| Total Rate - Residential Service (cents per kWh) |  | 0.0096   |
| Total Rate - All Other (cents per kWh)           |  | (0.0189) |

1. June 1, 2019 - May, 31, 2020 test year.

## CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document in UE \_\_\_\_\_ on the following named person(s) on the date indicated below by email addressed to said person(s) at his or her last-known address(es) indicated below.

Oregon Citizens' Utility Board  
dockets@oregoncub.org

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Citizens' Utility Board of Oregon  
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Citizens' Utility Board of Oregon  
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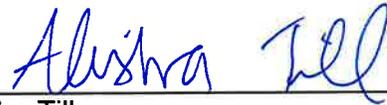
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lisa@mrg-law.com

DATED: February 22, 2019



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Alisha Till  
Paralegal