McDowell Rackner & Gibson PC

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February 28, 2012

VIA ELECTRONIC AND U.S. MAIL

PUC Filing Center
Public Utility Commission of Oregon
PO Box 2148
Salem, OR 97308-2148

Re: UE ___ – Idaho Power Company's 2011 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 2011 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 this proceeding as indicated on the attached certificate of service. Please contact me with any questions..

Very truly yours,

Wendy McIndoo

Wendy McIndoo
Office Manager

cc: Service List

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 and first-class mail addressed to said person(s) at his or her last-known address(es) indicated below.

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DATED: February 28, 2012

Wendy McIndoo

Wendy McIndoo
Office Manager

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE ___

In The Matter of the Application of IDAHO POWER COMPANY for Authority to Implement a Power Cost Adjustment Tariff Schedule for Electric Service to Customers in the State of Oregon.	**2011 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 2011 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 the Combined Rate. 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 not add any amounts to the Annual Power Supply Expense True-Up Balancing Account ("True-Up Balancing Account") for 2011. 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 the Combined Rate. Order No. 08-238 further requires that eligible power supply expense deviations will 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 authorized cost of capital. The required calculations are detailed in the Stipulation attached as Exhibit A to Order No. 08-238.

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419 SW Eleventh Avenue, Suite 400
Portland, OR 97205

2. As described in the Testimony of Courtney Waites filed herewith, Idaho Power has calculated its True-Up in accordance with methodology approved by the Commission in Order No. 08-238, and has determined that the amount of $0.00 should be added to the True-Up Balancing Account. The deferral amount of negative $1,384,997.86 is not eligible to be added to the True-Up Balancing Account because the Company's earnings are more than 100 basis points below its authorized Return on Equity. Consistent with Order No. 09-373, the Company will recalculate the deadbands using the 2011 Results of Operations as required under Order No. 09-373, and will make any appropriate supplemental filings.

For all of the above reasons, Idaho Power requests that the Commission issue its order confirming that the Company has correctly calculated the amount of the True-Up and confirming that the Power Cost Adjustment amount of $0.00 requires no adjustment to the True-Up Balancing Account.

Respectfully submitted this 28 day of February 2012.

McDOWELL & RACKNER PC

Lisa F. Rackner

IDAHO POWER COMPANY

Lisa D. Nordstrom
Lead Counsel
PO Box 70
Boise, ID 83707

Attorneys for Idaho Power Company

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE _______

IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY FOR AUTHORITY TO IMPLEMENT A POWER COST ADJUSTMENT TARIFF SCHEDULE FOR ELECTRIC SERVICE TO CUSTOMERS IN THE STATE OF OREGON.	)
ANNUAL POWER SUPPLY EXPENSE TRUE-UP	)

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

COURTNEY WAITES

February 28, 2011

Q. Please state your name, business address, and present position with Idaho Power Company ("Idaho Power" or the "Company").

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

Q. Please describe your educational background.

A. In December of 1998, I received a Bachelor of Arts degree in Accounting from the University of Alaska in Anchorage, Alaska. In 2000, I earned a Master of Business Administration degree from Alaska Pacific University. I have attended New Mexico State University's Center for Public Utilities and the National Association of Regulatory Utility Commissioners "Practical Skills for the Changing Electric Industry" conference, the Electric Utility Consultants, Inc., "Introduction to Rate Design and Cost of Service Concepts and Techniques for Electric Utilities" conference and Edison Electric Institute's "Introduction to Public Utility Accounting" course.

Q. Please describe your work experience.

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

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to describe the quantification of the Company's Annual Power Supply Expense True-Up ("True-Up Rate"), which is detailed in Order

Nos. 08-238 and 09-373. In order to determine the True-Up Rate, I will first describe the quantification of the dollar balance in the Annual Power Supply Expense True-Up Balancing Account ("True-Up Balancing Account"), including the credit for the sale of SO_2 Allowances and Renewable Energy Credits ("RECs") made during the deferral year.

Q. What is the True-Up Balancing Account?

A. The True-Up Balancing Account is a Company account where the Power Cost Adjustment ("PCA") is quantified at the end of each 12-month period ending December, along with 50 percent of the annual interest calculated at the Company's authorized cost of capital. Subject to an Earnings Test, the PCA is 90 percent of the amount that the Oregon Allocated Power Cost Deviation is above or below the Power Supply Expense Deadband.

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

A. Order No. 09-373 clarifies which year's Results of Operations ("ROO") should be relied upon in calculating the deferral deadbands and the Earnings Test components of the Power Cost Adjustment mechanism. Idaho Power, the Citizens' Utility Board of Oregon, and the Staff of the Public Utility Commission of Oregon ("Commission") agreed that for its initial calculation of the Annual Power Supply Expense True-Up filed in February each year, the Company will use the most recent ROO report available, the ROO for the year preceding the deferral period. Once the ROO report for the year of the deferral period becomes available, the Company will file an updated calculation of the Annual Power Supply Expense True-Up. The updated calculation is expected to occur in May of each year.

Q. Have you prepared an exhibit that quantifies the initial estimate of the amount to be added to the True-Up Balancing Account for 2011?

A. Yes. Exhibit 101 is the Company's quantification of the net power supply expenses to be trued-up for 2011.

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

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

Q. Please describe the calculations used to determine the amount to be included in the True-Up Balancing Account.

A. First, the Actual Unit Cost is calculated.

Q. How is the Actual Unit Cost calculated?

A. The Actual Unit Cost for net power supply expenses incurred is the total Actual Net Power Supply Expense ("Actual NPSE") incurred divided by the Actual Sales. The Actual NPSE is determined on a system-wide basis and includes amounts booked to FERC Accounts 501 (Fuel-Coal), 547 (Fuel-Gas), 555 (Purchased Power), 442.3 (Hoku 1st Block Energy Sales), and 447 (Sales for Resale). In short, Actual NPSE is calculated by adding fuel plus purchased power less off-system sales. The Actual NPSE for 2011 was $194,019,151.53. Actual Sales for 2011 were 13,734,221 MWh. Dividing Actual NPSE by Actual Sales results in the Actual Unit Cost of $14.13 per MWh ($194,019,151.53 ÷ 13,734,221 MWh = $14.13 per MWh).

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

A. The next step in the true-up calculation is to compare the Actual Unit Cost to the Combined Rate. The Combined Rate is comprised of two components: (1) The

October Power Cost Update, and (2) the March Power Cost Forecast. The Combined Rate in effect from January through May 2011 was $19.38/MWh and the Combined Rate in effect from June through December 2011 was $17.98/MWh. The Combined Rate reflects the Commission-approved amounts reflected in rates during the months of the true-up period. The Annual Combined Rate, which is based on the five months of $19.38/MWh and the seven months of $17.98/MWh, is $18.31/MWh.

Q. What is the deviation between the Actual Unit Cost and the Combined Rate for 2010?

A. For 2011, the deviation between the Actual Unit Cost ($14.13/MWh) and the Combined Rate ($18.31/MWh) is negative $4.18 per MWh ($14.13 - $18.31 = ($4.18)). This amount is multiplied by the Actual Sales (13,734,221 MWh) to determine the deviation from the forecast on a system-wide basis, or negative $57,412,202.55.

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

A. The Oregon Allocated Power Cost Deviation is calculated by multiplying the system-wide deviation from the forecast by the Oregon allocation factor. The Oregon allocation factor is the energy allocator used in the ROO. Currently, using the 2010 ROO, the Oregon allocation factor is 4.60 percent. This results in an Oregon Allocated Power Cost Deviation of negative $2,640,961.32, meaning the amount of the Oregon allocated power supply costs recovered in rates was greater than the actual Oregon allocated power supply costs (($57,412,202.55) X 4.60 percent = ($2,640,961.32)).

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

A. If the Oregon allocation factor in the 2011 ROO is different than the Oregon allocation factor in the 2010 ROO, then the Oregon Allocated Power Cost Deviation will change.

Q. Is the Oregon Allocated Power Cost Deviation of negative $2,640,961.32 the amount of dollars to be added to the True-Up Balancing Account?

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

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

A. The Power Supply Expense Deadband is based upon the Company's authorized Return on Equity ("ROE") from its last general rate case and the rate base measured on an Oregon basis from the most recent Oregon ROO report. The Oregon Allocated Power Cost Deviation is compared to the positive and/or negative deadbands. A positive deviation (Actual NPSE greater than those recovered through the Combined Rate) constitutes an excess power supply expense. This expense is first reduced by a deadband that is the dollar equivalent of 250 basis points of ROE (Oregon basis). A negative deviation (Actual NPSE less than those recovered through the Combined Rate) is a power supply expense savings. This savings is reduced by a deadband that is the dollar equivalent of 125 basis points of ROE (Oregon basis).

Q. What are the deadbands used for the calendar year 2010?

A. Using the Company's authorized ROE from its last general rate case and the Company's Oregon rate base of $114,274,727, the Upper Deadband of 250 Basis Points equals $2,204,149.62 and the Lower Band of 125 Basis Points equals negative $1,102,074.81. See Exhibit 102.

Q. Will the deadbands change as a result of the 2011 ROO?

A. Yes, they will. A final determination of the deadbands will be made once the 2011 ROO is available.

Q. Based upon the initial estimate of deadbands, what is the amount of the net power supply expense deviation to be added to the True-Up Balancing Account for the calendar year 2010?

A. When the deadbands are applied to the Oregon Allocated Power Cost Deviation excess net power supply expenses of negative $1,538,886.51 still exist. Therefore, the 90 percent sharing factor is applied and the deferral amounts to negative $1,384,997.86.

Q. Once the deferral is calculated, an Earnings Test must be applied. Please describe the application of the Earnings Test.

A. Before any amounts of a deferral are approved for inclusion in the Annual Power Supply Expense True-up Balancing Account for subsequent recovery or refund, the Commission will apply an earnings test. If Idaho Power's earnings are within plus or minus 100 basis points of its authorized ROE, as measured from an Oregon Results of Operations report for the twelve months ended December 31 of the previous year, excluding amounts that would be added to the True-Up Balancing Account, no amounts will be added to the True-Up Balancing Account for that year. If the Company's current earnings are more than 100 basis points below its authorized ROE (Oregon Basis), the Company will be allowed to add the deferral to the True-Up

Balancing Account, up to an earnings level that is 100 basis points less than its authorized ROE. If the Company's earnings are more than 100 basis points above its authorized ROE (Oregon Basis), it will be required to include the amount in the True-Up Balancing Account as a credit, down to the authorized ROE plus 100 basis points threshold.

Q. Has the Company performed the Earnings Test described above?

A. Yes. The Company has performed an Earnings Test (see Exhibit 103) based on the 2010 Oregon Results of Operations, which was prepared as directed by the Commission Staff in its letter dated March 2, 2011 (See Exhibit 104). Because the Company's earnings are below the earnings test threshold for providing a refund to customers, the deferral amount of negative $1,384,997.86 is not eligible to be added to the Annual Power Supply Expense True-Up Balancing Account. Adding a deferral of negative $1,384,997.86 to the Annual Power Supply Expense True-Up Balancing Account would only further reduce the Company's earnings.

Q. Will the outcome of the Earnings Test change as a result of the 2011 ROO?

A. Yes. The Company's earnings will change based on the 2011 ROO. A final Earnings Test will be performed once the 2011 ROO is available.

Q. In previous years the Company has proposed to offset its Oregon Allocated Power Cost Deviation by the sale of SO_2 Allowances made during the deferral year. Were any sales of SO_2 Allowances made during the calendar year 2011?

A. Yes. The total customer benefit of SO_2 Allowance sales made in 2011 was $930.95 (see Exhibit 105). Adding this amount to the Oregon Allocated Power Cost Deviation of negative $1,538,886.51 creates a deviation of negative $1,539,817.46, further reducing the Company's earnings. Therefore, the amount to be added to the True-Up Balancing Account is still zero.

Q. Order No. 11-086 requires Idaho Power to apply the net proceeds from the sale of RECs as a credit to the power cost deferral currently in amortization. Were any sales of RECs made during the calendar year 2011?

A. Yes. The total customer benefit of REC sales made in 2011 was $279,605.17 (see Exhibit 106).

Q. Does the customer benefit of $279,605.17 from the sale of RECs change the amount you propose to be added to the True-Up Balancing Account?

A. No. The customer benefit of $279,605.17 from the sale of RECs will be applied as a credit to the power cost deferral currently in amortization. As a result, there will be no impact to the amount proposed to be added to the True-Up Balancing Account. By offsetting the 2007 excess power cost deferral currently in amortization, customers will receive the benefits of 2011 REC sales immediately in the form of a reduced amortization period.

Q. Does this conclude your testimony?

A. Yes, it does.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

IDAHO POWER COMPANY

UE ____

Exhibit Accompanying Testimony of Courtney Waites

Oregon PCAM Quantification
January 2011 through December 2012

February 28, 2012

2011 PCAM
Twelve Months Ended December 31, 2011

OREGON PCAM (Schedule 56)		January	January YTD	February	February YTD	March	March YTD	April	April YTD
ACTUAL POWER COSTS									
Actual NPSE Costs									
Actual Sales - Includes Unbilled	MWh	1,174,512	1,174,512	1,027,094	2,201,606	1,039,313	3,240,919	927,956	4,168,875
Fuel	$	13,106,421.83	13,106,421.83	9,169,230.28	22,275,652.11	7,471,279.33	29,746,931.44	7,122,623.28	36,869,554.72
Purchased Power	$	5,217,582.43	5,217,582.43	2,410,479.42	7,628,061.85	2,419,871.62	10,047,933.47	(11,747.44)	10,036,186.03
Avoided Energy-Oregon Solar Pilot		81.78	81.78	77.08	158.86	132.93	291.79	95.11	386.90
Surplus Sales	$	(12,245,789.97)	(12,245,789.97)	(7,129,493.70)	(19,375,283.67)	(9,558,816.59)	(28,934,100.26)	(6,221,929.22)	(35,156,029.48)
Total Non-QF	$	6,078,296.07	6,078,296.07	4,450,293.08	10,528,589.15	332,467.29	10,861,056.44	889,041.73	11,750,098.17
QF - Includes Net Metering	$	4,906,459.09	4,906,459.09	5,405,989.82	10,312,448.91	5,322,390.69	15,634,839.60	8,011,433.22	23,646,272.82
Total Actual Power Costs Incurred	$	10,984,755.16	10,984,755.16	9,856,282.90	20,841,038.06	5,654,857.98	26,495,896.04	8,900,474.95	35,396,370.99
Actual Power Cost per Unit	$/MWh	$9.35	$9.35	$9.60	$9.47	$5.44	$8.18	$9.59	$8.49
POWER COSTS COLLECTED IN RATES									
Actual Sales	MWh	1,174,512	1,174,512	1,027,094	2,201,606	1,039,313	3,240,919	927,956	4,168,875
Combined Rate (Recoverd in Rates)	$/MWh	$ 18.63	$18.63	$ 18.54	$18.59	$ 18.88	$18.68	$ 18.29	$18.59
Total Power Costs Collected in Rates	$	21,881,158.56	21,881,158.56	19,042,322.76	40,923,481.32	19,622,229.44	60,545,710.76	16,972,315.24	77,518,026.00
CHANGE FROM FORECAST									
Actual Power Cost per Unit	$/MWh	$9.35	$9.35	$9.60	$9.47	$5.44	$8.18	$9.59	$8.49
Combined Rate (Recoverd in Rates)	$/MWh	$18.63	$18.63	$18.54	$18.59	$18.88	$18.68	$18.29	$18.59
Actual Increase (Decrease) Over Forecast Rate	$/MWh	($9.28)	($9.28)	($8.94)	($9.12)	($13.44)	($10.51)	($8.70)	($10.10)
Deviation from Forecast	$	(10,896,403.40)	(10,896,403.40)	(9,186,039.86)	(20,082,443.26)	(13,967,371.46)	(34,049,814.72)	(8,071,840.29)	(42,121,655.01)
Oregon Allocation	%		4.60%		4.60%		4.60%		4.60%
Oregon Allocated Power Cost Deviation (before DB)	$		(501,234.56)		(923,792.39)		(1,566,291.48)		(1,937,596.13)
Deadband - Over 250 Basis Points	$		2,204,149.62		2,204,149.62		2,204,149.62		2,204,149.62
Deadband - Under 125 Basis Points	$		(1,102,074.81)		(1,102,074.81)		(1,102,074.81)		(1,102,074.81)
True-Up (+)	$		0.00		0.00		0.00		0.00
True-Up (-)	$		0.00		0.00		(464,216.67)		(835,521.32)
OREGON DEFERRAL before sharing	$		0.00		0.00		(464,216.67)		(835,521.32)
Portion of True-up Change Allowed	%		90%		90%		90%		90%
OREGON DEFERRAL w/ SHARING (90/10)	$		0.00		0.00		(417,795.00)		(751,969.19)
Interest Rate	%		8.061%		8.061%		8.061%		8.061%
Interest Accrued to date	$		0.00		0.00		(4,209.81)		(10,102.71)
Total Deferred Balance	$		0.00		0.00		(422,004.81)		(762,071.89)

2011 PCAM
Twelve Months Ended December 31, 2011

OREGON PCAM (Schedule 56)		May	May YTD	June	June YTD	July	July YTD	August	August YTD
ACTUAL POWER COSTS									
Actual NPSE Costs									
Actual Sales - Includes Unbilled	MWh	996,407	5,165,282	1,120,231	6,285,513	1,544,602	7,830,115	1,476,175	9,306,290
Fuel	$	5,250,791.48	42,120,346.20	7,193,463.35	49,313,809.55	11,771,209.24	61,085,018.79	17,047,588.15	78,132,606.94
Purchased Power	$	1,713,885.74	11,750,071.77	8,344,454.40	20,094,526.17	15,116,432.84	35,210,959.01	15,606,936.21	50,817,895.22
Avoided Energy-Oregon Solar Pilot		107.66	494.56	149.31	643.87	430.93	1,074.80	568.26	1,643.06
Surplus Sales	$	(7,849,904.52)	(43,005,934.00)	(8,903,298.52)	(51,909,232.52)	(5,967,177.90)	(57,876,410.42)	(8,673,802.31)	(66,550,212.73)
Total Non-QF	$	(885,119.64)	10,864,978.53	6,634,768.54	17,499,747.07	20,920,895.11	38,420,642.18	23,981,290.31	62,401,932.49
QF - Includes Net Metering	$	11,380,851.50	35,027,124.32	12,518,091.26	47,545,215.58	12,713,812.29	60,259,027.87	11,163,108.81	71,422,136.68
Total Actual Power Costs Incurred	$	10,495,731.86	45,892,102.85	19,152,859.80	65,044,962.65	33,634,707.40	98,679,670.05	35,144,399.12	133,824,069.17
Actual Power Cost per Unit	**$/MWh**	**$10.53**	**$8.88**	**$17.10**	**$10.35**	**$21.78**	**$12.60**	**$23.81**	**$14.38**
POWER COSTS COLLECTED IN RATES									
Actual Sales	MWh	996,407	5,165,282	1,120,231	6,285,513	1,544,602	7,830,115	1,476,175	9,306,290
Combined Rate (Recoverd in Rates)	**$/MWh**	**$ 18.75**	**$18.62**	**$ 18.09**	**$18.53**	**$ 18.75**	**$18.57**	**$ 19.08**	**$18.65**
Total Power Costs Collected in Rates	$	18,682,631.25	96,200,657.25	20,264,978.79	116,465,636.04	28,954,556.47	145,420,192.51	28,163,290.50	173,583,483.01
CHANGE FROM FORECAST									
Actual Power Cost per Unit	$/MWh	$10.53	$8.88	$17.10	$10.35	$21.78	$12.60	$23.81	$14.38
Combined Rate (Recoverd in Rates)	$/MWh	$18.75	$18.62	$18.09	$18.53	$18.75	$18.57	$19.08	$18.65
Actual Increase (Decrease) Over Forecast Rate	**$/MWh**	**($8.22)**	**($9.74)**	**($0.99)**	**($8.18)**	**$3.03**	**($5.97)**	**$4.73**	**($4.27)**
Deviation from Forecast	$	(8,186,899.39)	(50,308,554.40)	(1,112,118.99)	(51,420,673.39)	4,680,150.93	(46,740,522.46)	6,981,108.62	(39,759,413.84)
Oregon Allocation	**%**		**4.60%**		**4.60%**		**4.60%**		**4.60%**
Oregon Allocated Power Cost Deviation (before DB)	**$**		**(2,314,193.50)**		**(2,365,350.98)**		**(2,150,064.03)**		**(1,828,933.04)**
Deadband - Over 250 Basis Points	$		**2,204,149.62**		**2,204,149.62**		**2,204,149.62**		**2,204,149.62**
Deadband - Under 125 Basis Points	$		**(1,102,074.81)**		**(1,102,074.81)**		**(1,102,074.81)**		**(1,102,074.81)**
True-Up (+)	$		0.00		0.00		0.00		0.00
True-Up (-)	$		(1,212,118.69)		(1,263,276.17)		(1,047,989.22)		(726,858.23)
OREGON DEFERRAL before sharing	$		(1,212,118.69)		(1,263,276.17)		(1,047,989.22)		(726,858.23)
Portion of True-up Change Allowed	%		90%		90%		90%		90%
OREGON DEFERRAL w/ SHARING (90/10)	**$**		(1,090,906.82)		(1,136,948.55)		(943,190.30)		(654,172.40)
Interest Rate	%		8.061%		8.061%		8.061%		8.061%
Interest Accrued to date	$		(18,320.42)		(22,912.36)		(22,175.58)		(17,577.61)
Total Deferred Balance	**$**		(1,109,227.24)		(1,159,860.90)		(965,365.88)		(671,750.02)

Idaho Power/101
Waites/2

2011 PCAM
Twelve Months Ended December 31, 2011

OREGON PCAM (Schedule 56)		September	September YTD	October	October YTD	November	November YTD	December	December YTD	Annual
ACTUAL POWER COSTS										
Actual NPSE Costs										
Actual Sales - Includes Unbilled	MWh	1,218,037	10,524,327	982,164	11,506,491	1,059,904	12,566,395	1,167,826	13,734,221	13,734,221
Fuel	$	12,225,420.93	90,358,027.87	11,651,680.49	102,009,708.36	12,898,354.39	114,908,062.75	16,037,612.88	130,945,675.63	130,945,675.63
Purchased Power	$	5,028,770.99	55,846,666.21	2,739,114.08	58,585,780.29	3,764,827.49	62,350,607.78	4,217,595.83	66,568,203.61	66,568,203.61
Avoided Energy-Oregon Solar Pilot		529.34	2,172.40	415.13	2,587.53	352.37	2,939.90	434.84	3,374.74	3,374.74
Surplus Sales	$	(12,578,011.86)	(79,128,224.59)	(13,511,423.02)	(92,639,647.61)	(8,805,796.15)	(101,445,443.76)	(9,436,885.77)	(110,882,329.53)	(110,882,329.53)
Total Non-QF	$	4,676,709.40	67,078,641.89	879,786.68	67,958,428.57	7,857,738.10	75,816,166.67	10,818,757.78	86,634,924.45	86,634,924.45
QF - Includes Net Metering	$	10,036,174.13	81,458,310.81	9,251,097.53	90,709,408.34	9,844,976.65	100,554,384.99	6,829,842.09	107,384,227.08	107,384,227.08
Total Actual Power Costs Incurred	$	14,712,883.53	148,536,952.70	10,130,884.21	158,667,836.91	17,702,714.75	176,370,551.66	17,648,599.87	194,019,151.53	194,019,151.53
Actual Power Cost per Unit	**$/MWh**	**$12.08**	**$14.11**	**$10.31**	**$13.79**	**$16.70**	**$14.04**	**$15.11**	**$14.13**	**$14.13**
POWER COSTS COLLECTED IN RATES										
Actual Sales	MWh	1,218,037	10,524,327	982,164	11,506,491	1,059,904	12,566,395	1,167,826	13,734,221	13,734,221
Combined Rate (Recoverd in Rates)	**$/MWh**	**$ 19.34**	**$18.73**	**$ 18.16**	**$18.68**	**$ 17.23**	**$18.56**	**$ 15.57**	**$18.31**	**$18.31**
Total Power Costs Collected in Rates	$	23,559,904.20	197,143,387.21	17,837,111.67	214,980,498.88	18,266,067.67	233,246,566.55	18,184,787.53	251,431,354.08	251,431,354.08
CHANGE FROM FORECAST										
Actual Power Cost per Unit	$/MWh	$12.08	$14.11	$10.31	$13.79	$16.70	$14.04	$15.11	$14.13	$14.13
Combined Rate (Recoverd in Rates)	$/MWh	$19.34	$18.73	$18.16	$18.68	$17.23	$18.56	$15.57	$18.31	$18.31
Actual Increase (Decrease) Over Forecast Rate	**$/MWh**	($7.26)	($4.62)	($7.85)	($4.89)	($0.53)	($4.53)	($0.46)	($4.18)	($4.18)
Deviation from Forecast	$	(8,847,020.67)	(48,606,434.51)	(7,706,227.46)	(56,312,661.97)	(563,352.92)	(56,876,014.89)	(536,187.66)	(57,412,202.55)	(57,412,202.55)
Oregon Allocation	**%**		**4.60%**		**4.60%**		**4.60%**		**4.60%**	**4.60%**
Oregon Allocated Power Cost Deviation (before DB)	**$**		(2,235,895.99)		(2,590,382.45)		(2,616,296.68)		(2,640,961.32)	(2,640,961.32)
Deadband - Over 250 Basis Points	$		**2,204,149.62**		**2,204,149.62**		**2,204,149.62**		**2,204,149.62**	**2,204,149.62**
Deadband - Under 125 Basis Points	$		(1,102,074.81)		(1,102,074.81)		(1,102,074.81)		(1,102,074.81)	(1,102,074.81)
True-Up (+)	$		0.00		0.00		0.00		0.00	0.00
True-Up (-)	$		(1,133,821.18)		(1,488,307.64)		(1,514,221.87)		(1,538,886.51)	(1,538,886.51)
OREGON DEFERRAL before sharing	$		(1,133,321.18)		(1,488,307.64)		(1,514,221.87)		(1,538,886.51)	(1,538,886.51)
Portion of True-up Change Allowed	%		90%		90%		90%		90%	90%
OREGON DEFERRAL w/ SHARING (90/10)	**$**		(1,020,439.06)		(1,339,476.88)		(1,362,799.69)		(1,384,997.86)	(1,384,997.86)
Interest Rate	%		8.061%		8.061%		8.061%		8.061%	8.061%
Interest Accrued to date	$		(30,846.60)		(44,989.68)		(50,350.34)		(55,822.34)	(55,822.34)
Total Deferred Balance	**$**		(1,051,285.66)		(1,384,466.56)		(1,413,150.03)		(1,440,820.20)	(1,440,820.20)

Idaho Power/101
Waites/3

Idaho Power/102
Witness: Courtney Waites

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

IDAHO POWER COMPANY

UE ____

Exhibit Accompanying Testimony of Courtney Waites

Determination of Oregon PCAM Deadbands
Based on Idaho Power 2010 Results of Operation

February 28, 2012

Determination of Oregon PCAM Deadbands
Based on Idaho Power 2010 Results of Operations

		(A)	(B)
		Total System	**Oregon**
(1)	Rate Base	**$2,403,751,574**	**$114,274,727**
(2)	% Equity in cap structure	**46.987%**	**46.987%**
(3)	Equity in rate base	$1,129,450,752	$53,694,266
(4)	100 basis points	1.000%	1.000%
(5)	Resulting return (NOI Effect)	$11,294,508	$536,943
(6)	Net-to Gross Factor	**1.64200**	**1.64200**
(7)	Revenue requirement	$18,545,581	**$ 881,660**
(8)	**Upper Band of Basis Points**	**250**	$2,204,149.62
(9)	**Lower Band of Basis Points**	**125**	($1,102,074.81)

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

IDAHO POWER COMPANY

UE ____

Exhibit Accompanying Testimony of Courtney Waites

Statement of Operations
January 2010 through December 2010

February 28, 2012

IDAHO POWER COMPANY
STATEMENT OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010

OPUC JURISDICTION

DESCRIPTION	ACTUAL ALLOCATION	TYPE I ADJUSTMENTS	ADJUSTED TOTAL - TYPE I	TYPE II ADJUSTMENTS	ADJUSTED TOTAL - TYPE I & II
OPERATING REVENUES					
Retail Sales Revenues	40,111,052	0	40,111,052	(2,393,239)	37,717,813
Sales for Resale	0	0	0	0	0
Opportunity Sales	3,463,778	0	3,463,778	(115,820)	3,347,958
Other Operating Revenues	3,293,292	(1,668,137)	1,625,155	2,930	1,628,085
Total Operating Revenue	46,868,122	(1,668,137)	45,199,985	(2,506,129)	42,693,856
OPERATING EXPENSES					
Operation & Maintenance Expense	30,985,663	(1,095,123)	29,890,540	(1,979,377)	27,911,163
Depreciation Expense	4,988,187	0	4,988,187	107,748	5,095,935
Amortization Expense	288,386	18,954	307,340	7,621	314,961
Taxes Other Than Income Taxes	1,819,817	0	1,819,817	(18,995)	1,800,822
Regulatory Debits/Credits	21,955	0	21,955	0	21,955
Provision for Deferred Income Taxes	113,958	29,593	143,551	(49,133)	94,418
Investment Tax Credit Adjustment	(72,148)	0	(72,148)	(85)	(72,233)
Federal Income Tax	47,869	1,424,322	1,472,191	(656,241)	815,950
State Income Taxes	122,954	(54,642)	68,312	(65,016)	3,296
Total Operating Expenses	38,316,641	323,105	38,639,746	(2,653,478)	35,986,268
OPERATING NET INCOME	8,551,481	(1,991,241)	6,560,240	147,349	6,707,588
Add: IERCO Operating Income	349,431	0	349,431	9	349,440
CONSOLIDATED OPERATING INCOME	8,900,912	(1,991,241)	6,909,671	147,358	7,057,029
RATE OF RETURN EARNED	7.772%		6.047%		6.175%
IMPLIED RETURN ON EQUITY	9.988%		6.316%		6.589%

COST OF CAPITAL - DEC 31, 2010	ACTUAL STRUCTURE	EMBEDDED COST	WEIGHTED COST
Long Term Debt	53.013%	5.808%	3.079%
Preferred Stock	0.000%	0.000%	0.000%
Common Equity	46.987%	10.175%	4.781%
Total	100.000%		7.860%

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

IDAHO POWER COMPANY

UE ____

Exhibit Accompanying Testimony of Courtney Waites

Commission Staff Letter

February 28, 2012

Oregon

John A. Kitzhaber, MD, Governor

Public Utility Commission
550 Capitol St NE, Suite 215
Mailing Address: PO Box 2148
Salem, OR 97308-2148
Consumer Services
1-800-522-2404
Local: 503-378-6600
Administrative Services
503-373-7394

March 2, 2011

Greg Said
Lisa Nordstrom
Mike Youngblood
Idaho Power Company
PO Box 70
Boise, Idaho 83707

Lisa Rackner
McDowell & Rackner PC
419 SW 11th Ave, Suite 400
Portland, OR 97205

RE Agreements related to the Results of Operations Report

On December 8, 2010, Staff issued a letter to Idaho Power Company proposing the Company change the methodology used in the preparation of the Results of Operations report, which impacts the earnings test used in determining Idaho Power's power cost adjustment mechanism (PCAM) amounts. Staff proposed to meet with the Company to discuss the revisions and the merits of Staff's proposal. In response, Idaho Power met with Staff on January 4, 2011

As a result of the January 4th meeting, Staff and the Company agree to the following provisions as they pertain to the Results of Operations report beginning with the 2010 report, which is filed in May 2011, and continuing for an indefinite time period

Idaho Power Company's PCAM is a true-up mechanism that determines the difference between actual net variable power costs incurred by the Company and the actual amounts collected in rates. Before any amounts of net variable power supply true-up amounts outside of the deadbands are approved for subsequent recovery or refund, the Commission applies an earnings test as follows.

- If Idaho Power's earnings are within 100 basis points of its authorized ROE, no true-up amounts are eligible for amortization into rates.
- If earnings are more than 100 basis points below its authorized ROE, the Company will be allowed to add 90 percent of the eligible recovery amounts to a balancing account, up to an earnings level that is 100 basis points less than its authorized ROE
- If earnings are more than 100 basis points above its authorized ROE, the Company must include 90 percent of the eligible refund amounts as a

REC'D MAR 4 2011

credit to the balancing account, down to an earnings level that is 100 basis points above its authorized ROE (OPUC Order No. 08-238 at 3-4.)

Currently, the first stage in the preparation of the Results of Operations report includes "Type I" adjustments. Type I adjustments are certain normalizing and rate-making adjustments such as.

1. normalizing weather, normalizing power costs, etc.,
2. adjustments to reflect significant changes in the most recent rate order,
3. removing entries related to out-of-period transactions, and
4. correcting estimates or errors.

At the January 4, 2011, meeting, Staff suggested that the normalization of revenues and power costs results in an earnings test that does not give an accurate picture of actual revenues and expenses for the period covered by the Results of Operations report. The Company agreed The Company will now include normalization adjustments as part of the Type II adjustments in the second stage of the Results of Operations report.

Specific to Idaho Power's Results of Operations report are on-going, out-of-period revenues and expenses that relate to the amortization of excess power costs from previous years. Historically these specific out-of-period revenues and expenses have been removed as Type I adjustments. Staff and the Company agree that these specific out-of-period revenues and expenses should have no effect on the determination of an ROE to be used in an earnings test.

The revenues collected as a result of the amortization of out-of-period expenses will be perfectly offset by the corresponding amortization expense making the net effect zero; ultimately having no impact on the earnings test results. Therefore, Staff and the Company agreed that Idaho Power will no longer adjust actual revenues to remove collection associated with these specific out-of-period expenses, nor will it remove the associated amortization expense from total power supply costs

All other out-of-period transactions, including the current reporting year's deferral amount, if any exists, will continue to be removed from power supply revenues and expenses, as it has in past editions of the Results of Operations Report, to reflect expenses for the period in which they were recognized

In the second stage of the Results of Operations report, Idaho Power will make all normalization adjustments previously categorized as Type I, in addition to all other Type II adjustments as executed in previous Results of Operations Reports. This second stage is intended to provide a forward-looking basis by reflecting the full effect of known and measurable changes occurring before the end of the 12-month reporting period.

Type II adjustments include adjustments to show end of period customer counts, tariff rates, employee levels, wage rates, tax rates, rate base, etc. Including these adjustments in the second stage of the preparation of the Results of Operations report will provide an indication of Idaho Power's earnings on a proforma basis.

The Commission requires each utility to file an annual financial Results of Operations report by May 1st reporting the results of operating income and rate base for the prior period

Maury Galbraith
Division Administrator
Electric and Natural Gas
Rates and Tariffs
Telephone: 503-378-8718
Email: Maury Galbraith@state.or.us

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

IDAHO POWER COMPANY

UE ____

Exhibit Accompanying Testimony of Courtney Waites

Oregon Emission Sales
January 2011 through December 2011

February 28, 2012

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1															
2	Oregon Emission Sales:														
3	January 2011 thru December 2011								2011						
4			January	February	March	April	May	June	July	August	September	October	November	December	Totals
5	Prior Month Sale(s)	$	-	-	0.00	0.00	0.00	0.00	23,310.00	0.00	0.00	0.00	0.00	0.00	23,310.00
6	Brokerage Fee's Paid in Prior Month	$	0.00	0.00	0.00	0.00	0.00	0.00	(1,554.00)	0.00	0.00	0.00	0.00	0.00	(1,554.00)
7	Net Proceeds	$	0.00	0.00	0.00	0.00	0.00	0.00	21,756.00	0.00	0.00	0.00	0.00	0.00	21,756.00
8														0.00	
9	Oregon Allocation		4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%
10	Sharing Percentage		90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
11															
12	Total Customer Benefit	$	-	-	-	-	-	-	900.70	-	-	-	-	-	900.70
13															
14															
15															
16	**Principle**														
17	Beginning Balance	$	-	-	-	-	-	-	-	900.70	900.70	900.70	900.70	900.70	-
18															
19	Amount Deferred		-	-	-	-	-	-	900.70	-	-	-	-	-	900.70
20															
21	Ending Balance	$	-	-	-	-	-	-	900.70	900.70	900.70	900.70	900.70	900.70	900.70
22															
23															
24	**Interest**														
25	Beginning Balance	$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.05	12.10	18.15	24.20	$0.00
26															
27	Monthly Interest Rate		7.830%	7.830%	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%
28															
29	Monthly Interest	$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.05	6.05	6.05	6.05	6.05	30.25
30															
31	Interest Accrued to Date	$	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.05	12.10	18.15	24.20	30.25	$30.25
32															
33	Deferral Balance Including Interest	$	-	-	-	-	-	-	900.70	906.75	912.80	918.85	924.90	930.95	930.95
34															
35															
36	Total Customer Benefit														930.95
37															
38															
39															

Idaho Power/105
Waites/1

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

IDAHO POWER COMPANY

UE ____

Exhibit Accompanying Testimony of Courtney Waites

Oregon Renewable Energy Credit Sales
January 2011 through December 2011

February 28, 2012

Oregon Renewable Energy Credit Sales
January 2011 thru December 2011

		2011												
		January	February	March	April	May	June	July	August	September	October	November	December	Totals
Prior Month Sale(s)	$	616,857.50	503,817.50	751,220.00	1,004,095.00	308,840.00	264,477.50	623,520.00	553,057.50	411,180.00	404,040.00	691,762.50	384,965.00	6,517,832.50
Brokerage Fee's Paid in Prior Month	$	(2,299.91)	(3,125.00)	0.00	(5,145.84)	(941.51)	0.00	0.00	(1,818.75)	0.00	0.00	(1,171.88)	0.00	(14,502.89)
Western Electric Coordinating Council Fees		(353.74)	(573.91)	(558.08)	(577.54)	0.00	(305.89)	(505.67)	(416.44)	(537.26)	(337.73)	(1,880.11)	(728.67)	(6,775.04)
Net Proceeds	$	614,203.85	500,118.59	750,661.92	998,371.62	307,898.49	264,171.61	623,014.33	550,822.31	410,642.74	403,702.27	688,710.51	384,236.33	6,496,554.57
Oregon Allocation		4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%
Sharing Percentage		90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Total Customer Benefit	$	25,428.04	20,704.91	31,077.40	41,332.59	12,747.00	10,936.70	25,792.79	22,804.04	17,000.61	16,713.27	28,512.62	15,907.38	268,957.36
Principle														
Beginning Balance	$	-	25,428.04	46,132.95	77,210.35	118,542.94	131,289.94	142,226.64	168,019.43	190,823.48	207,824.09	224,537.36	253,049.98	-
Amount Deferred		25,428.04	20,704.91	31,077.40	41,332.59	12,747.00	10,936.70	25,792.79	22,804.04	17,000.61	16,713.27	28,512.62	15,907.38	268,957.36
Ending Balance	$	25,428.04	46,132.95	77,210.35	118,542.94	131,289.94	142,226.64	168,019.43	190,823.48	207,824.09	224,537.36	253,049.98	268,957.36	268,957.36
Interest														
Beginning Balance	$	0.00	0.00	170.81	480.71	999.37	1,795.68	2,677.62	3,633.03	4,761.70	6,043.56	7,439.62	8,947.95	$0.00
Monthly Interest Rate		8.061%	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%	8.061%
Monthly Interest	$	0.00	170.81	309.90	518.66	796.31	881.94	955.41	1,128.67	1,281.86	1,396.06	1,508.33	1,699.86	10,647.81
Interest Accrued to Date	$	0.00	170.81	480.71	999.37	1,795.68	2,677.62	3,633.03	4,761.70	6,043.56	7,439.62	8,947.95	10,647.81	$10,647.81
Deferral Balance Including Interest	$	25,428.04	46,303.76	77,691.06	119,542.31	133,085.62	144,904.26	171,652.46	195,585.18	213,867.65	231,976.98	261,997.93	279,605.17	279,605.17
Total Customer Benefit														279,605.17