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**VIA ELECTRONIC FILING**

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Public Utility Commission of Oregon
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Re: AR 676 – Multi-Year Framework (HB 3179 & SB 688)
Comments on Workshop #4 – Exploration of MRP and PBR Design

Attention Filing Center:

Idaho Power Company ("Idaho Power" or "Company") respectfully submits these comments in response to the Oregon Public Utility Commission ("Commission") Staff's ("Staff") request for comments in response to Workshop #4: *Exploration of MRP and PBR Design for Oregon* held on April 15, 2026.

Idaho Power appreciates the opportunity to provide input on key ratemaking framework decision points intended to inform Phase 1 of this proceeding. The Company's responses are provided in the attached Decision Points Table.

At a high level, Idaho Power's comments are focused on making sure any MRP framework is workable in practice. That means a structure that maintains financial stability for the utility and allocates risk in a way that reflects what the Company can and cannot reasonably control. It also means avoiding unnecessary complexity, particularly in the early stages of implementation.

The Company's positions in the attachment reflect a few consistent themes. First, flexibility matters. Different MRP structures may make sense under different conditions, particularly as the system experiences varying levels of capital investment and cost volatility. Second, this should be an iterative process. Starting with a more limited, practical design will allow the Commission and stakeholders to gain experience before layering in additional complexity. Third, core safeguards such as reopeners, off-ramps, and earnings sharing need to be clearly defined so the framework remains stable but can respond to material changes when necessary.

Idaho Power also emphasizes the importance of keeping the MRP framework aligned with existing planning processes. Planning should continue to drive what investments are needed and when, while the MRP determines how those costs are recovered and how performance is evaluated.

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Overall, Idaho Power supports a framework that is transparent, predictable, and grounded in real-world application, while still allowing the Commission flexibility to refine the approach over time.

Idaho Power appreciates the opportunity to provide input and looks forward to continued engagement as AR 676 moves forward. Please contact Regulatory Consultant Kelley Noe at knoe@idahopower.com with any questions regarding this filing.

Sincerely,

Connie Aschenbrenner

CA:sg

Attachment

## Ratemaking Framework Decision Points

Idaho Power has organized its comments within the framework presented by Staff in its April 15, 2026, workshop # 4 materials.

| Ratemaking Component | Options or Considerations | Idaho Power's Comments |
|---|---|---|
| **Principles, Goals, and Outcomes** | See April 8 pre-read filed in AR 676 | Idaho Power supports an MRP framework grounded in rate stability, utility financial integrity, and balanced risk allocation, consistent with Staff's stated principles. The framework should preserve transparency, maintain access to capital, and align incentives with long-term system planning objectives, while also supporting affordable rates, reliable service, and positive customer outcomes and allowing flexibility to respond to uncertainty during initial implementation. |
| **Type of MRP (MRP Report, p. 7)** | • Index-based cap (revenue or price cap)<br>• Forecasted MRP | While Idaho Power believes a forecast MRP may be its preferred approach initially, MRPs should be designed with sufficient flexibility to allow both index-based and forecasted approaches, depending on system and economic conditions. Index-based MRPs may be best suited for periods of relative cost stability and mature investment cycles, while forecasted MRPs may be more appropriate during periods of hyperinflation, supply chain constraints, and large, lumpy capital expansion. Preserving two viable paths allows for a fit-for-purpose regulatory framework without locking Oregon into a single model. |
| **Revenue decoupling (MRP Report, p. 40) or other revenue true-up mechanism** | How does the existence of decoupling, or not, relate to MRP type? | Idaho Power is interested in better understanding how revenue decoupling would be considered relative to the MRP framework |
| **Plan duration (stay-out period; MRP Report, p. 14)** | 3-7 years | Given the absence of prior experience with MRPs, IPC would prefer an initial MRP duration of three-years, while retaining the option for utilities to propose longer periods. |

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|---|---|---|
| | | Forecast uncertainty increases with plan length, particularly for the timing of capital project in-service dates, creating a tradeoff with the administrative savings of fewer rate cases. Longer plans may therefore require capital trackers or true-up mechanisms, which should be symmetrical and without deadbands to preserve balanced incentives. |
| **Scope of an MRP (inc. trackers and deferrals; MRP Report, p. 11)** | Which costs and revenues are consolidated within the MRP base rates and thus subject to associated cost controls? | Idaho Power supports a scope of an MRP including a substantial portion of costs so the plan provides meaningful revenue certainty and supports long-term operational and investment planning. The Company also believes it is important to preserve flexibility to recover costs that are uncertain or outside utility control. |
| Going-in rates (MRP Report, p. 17) | • What information determines the revenue requirement?<br>• Should a historical or forecasted test year be used? | Should reflect the forecast test-year methodology that currently exists when preparing a general rate case. |
| ROE (MRP Report, p. 19) | • Do new risks, or mitigants, from the MRP change the ROE?<br>• What influence does authorized ROE have on MRP incentives? | ROE under an MRP should be evaluated in light of the specific plan design. Consistent with the MRP report, risk depends on the extent of revenue certainty, the availability of indexed adjustments, and the role of reopeners or off-ramps. Where upward cost recovery is materially constrained, ROE should reflect the associated risk; where flexibility is well defined, existing ROE levels may be appropriate. |
| **Index-based Adjustments** **Inflation measure (MRP Report, p. 24)** | • How to set (e.g., total factor productivity study)?<br>• Who conducts the study? | Idaho Power supports a simple index-based adjustment approach, provided that any index factors are well-defined, transparent, and based on objective, readily available data. Clear definitions are necessary to ensure the adjustment can be applied mechanically and predictably, without requiring utility or stakeholder |

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| | | | interpretation that could lead to ongoing disputes over factor implementation. |
| | **X factor (MRP Report, p. 25)** | • What are the criteria to trigger a Z-factor adjustment? | See Above Inflation Measure Comment |
| | **Z factor (MRP Report, p. 29)** | • Is a stretch factor warranted?<br>• What is the adjustment value based on? | See Above Inflation Measure Comment |
| | **Stretch factor (consumer dividend; MRP Report, p. 27)** | | See Above Inflation Measure Comment |
| **Capital funding mechanism(s) (MRP Report, p. 31)** | | • What projects could be subject to a separate funding mechanism?<br>• What mechanism design is applicable? | Idaho Power supports limited and strategic use of capital funding mechanisms to address forecast uncertainty associated with large or time sensitive projects. Such mechanisms can reduce forecast error while preserving regulatory oversight and consistency with Oregon's used-and-useful standard. |
| **Earnings sharing mechanism (MRP Report, p. 20)** | | • Is it symmetric or asymmetric?<br>• Are there tiers and deadbands, and of what size? | Idaho Power supports symmetric earnings-sharing mechanisms with clearly defined bands that balance incentives for efficient cost management with protection for customers and shareholders. Any mechanism should be designed to operate predictably within the broader MRP framework. |
| Off-ramp (MRP Report, p. 39) | | • What thresholds or criteria could trigger an off-ramp?<br>• How to make these unlikely, but available when necessary? | Off-ramps are an important safeguard and should be included in MRP design. They are needed to ensure the utility remains financially sound if major, unexpected conditions arise that cannot reasonably be managed within the plan. Potential triggers could include serious declines in financial metrics or large, unforeseen events that materially change cost obligations. Idaho Power supports off-ramps that are clearly defined and balance |

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| | | the stability of the MRP with flexibility when warranted. Off-ramps should be available when continuing under the plan would no longer be reasonable or sustainable. |
| Reopener (MRP Report, p. 39) | • What thresholds or criteria could trigger a reopener?<br>• How to make these unlikely, but available when necessary? | Depending on how trackers or deferrals are considered in broader implementation of the MRP, a utility may be relying on this type of a mechanism to adjust rates while in an MRP cycle. Examples of reopeners could be a change in the federal tax rate or if the capex forecast significantly differs from actuals. |
| Rebasing (MRP Report, p. 36) | • When does rebasing occur? Based on what information?<br>• How to avoid perverse incentives to inflate costs? | Idaho Power expects rebasing will occur at the end of the MRP term.<br><br>Rebasing should be informed by updated actual cost and load data and observed forecast performance over multiple years, using forecast information comparable to that used to set Year 1 MRP rates, to ensure rates remain aligned with underlying conditions. This approach supports balance between customer and shareholder interests, promotes rate stability, and helps avoid large step changes in base rates in subsequent MRPs by relying on longer-term data and limiting intra-plan adjustments to situations where differences from assumptions are demonstrably significant. |
| Efficiency carryover mechanism (MRP Report, p. 38) | • Should an ECM be incorporated?<br>• What structure? | Idaho Power believes that an ECM may be overly complex and hard to track in practice and recommends exclusion from an initial MRP framework. Rebasing should rely on forward-looking cost and productivity projections rather than out-year assumptions from prior MRPs. |
| **Capex/opex equalization (MRP Report, p. 36)** | • What approach is applicable (e.g., targeted PIMs, capitalization of opex, totex accounting) | Idaho Power does not recommend introducing a separate Capex/Opex equalization mechanism. This is already addressed through existing processes. Resource procurement, informed by the IRP, uses a rigorous |

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| | • What is relationship or connections to capital funding? | least-cost framework that evaluates both Company-owned and third-party options. Similarly, the DSP provides a framework for assessing T&D investments alongside non-wires and operational alternatives using the same lens. Adding an equalization mechanism would be duplicative and unnecessarily complicate the plan without clear customer benefit. |
| Metrics and scorecards (MRP Report, p. 40) | • Which outcomes are subject to metric reporting or a scorecard? | Idaho Power supports a limited number of well-defined performance metrics that are objective, measurable, attributable to utility actions, and administratively feasible. Idaho Power supports an approach where metrics are initially informational, allowing for a learning and calibration period before consideration of financial incentives or penalties. |
| Performance Incentives (MRP Report, p. 40-41) | • Which outcomes should be targeted for new or updated performance incentives?<br>• What performance incentive design is most applicable to each outcome (PIMs, SSM, etc.)?<br>• How much revenue should be subject to performance incentives? | Performance incentives should be carefully designed so they encourage meaningful outcomes without creating incentives to optimize metrics or adding unnecessary administrative complexity. Affordability protections should also be balanced with maintaining utility financial stability and access to capital.<br><br>Idaho Power recommends deferring financial performance incentives until metrics are fully tested and understood. A phased approach supports meaningful incentives over time while avoiding unintended consequences during early implementation. |
| The relationship between planning processes (DSP, IRP, etc.) and MRPs (MRP Report, p. 44-45) | • How do planning processes inform MRP design and revenue requirements? What timing needs to be taken into account?<br>• How to manage imperfect information or studies subject to later completion? | Planning processes should continue to establish need, timing, and relative priority of investments, while MRPs determine the timing and structure of cost recovery and incentives associated with execution of those plans. |