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August 21, 2026

VIA ELECTRONIC FILING

puc.FilingCenter@puc.oregon.gov

Public Utility Commission of Oregon
Filing Center
201 High Street SE, Suite 100
P.O. Box 1088
Salem, Oregon 97301

Re: AR 676 – Multi-Year Framework (HB 3179 & SB 688)

Attention Filing Center:

Idaho Power Company ("Idaho Power" or "Company") respectfully submits its pre-read related to Idaho Power Company's Operations and Maintenance ("O&M") cost information in response to the Oregon Public Utility Commission Staff's ("Staff") Phase 2 Workplan.

Idaho Power appreciates the opportunity to provide this pre-read and participate in this process. The Company looks forward to continued engagement with Staff and stakeholders as this work progresses.

If you have any questions regarding this filing, please contact Regulatory Consultant Kelley Noe at knoe@idahopower.com.

Sincerely,

Connie Aschenbrenner

CA:sg

Attachments

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P.O. Box 70
Boise, ID 83707

Idaho Power Pre-Read: Development of O&M Expenses

Purpose

Operation and maintenance ("O&M") expenses are the ongoing costs necessary to operate an electric utility and provide safe, reliable service to customers. Idaho Power records O&M expenses consistent with FERC's Uniform System of Accounts, 18 C.F.R. Part 101 (Accounts 500-935), and maintains numerous individual accounts associated with recording those expenses.

Unlike capital investments, which generally provide benefits over multiple years and are recovered over the useful life of the asset, O&M costs are generally expensed as incurred.

Under a five-year multi-year rate plan ("MRP"), the O&M reflected in initial, or "going-in," rates is particularly important because it establishes the baseline from which O&M-related revenues will be adjusted over the plan period. Both the accuracy of that starting point and the methodology used to adjust it over time are therefore important to the operation of the MRP.

What Is Included in Electric Utility O&M?

Idaho Power operates an integrated electric system that includes generation, transmission, distribution, system operations, customer service, and the corporate functions necessary to support those activities. O&M expenses arise throughout the system and generally include:

- Generation O&M**:** Labor, materials, contractors, inspections, repairs, environmental compliance, and other costs associated with operating and maintaining generation facilities.
- Transmission and distribution O&M**:** Operation, inspection, repair, and maintenance of transmission lines, substations, poles, conductors, transformers, meters, vegetation management, outage restoration, and related facilities.
- Customer operations**:** Metering, billing, customer contact centers, payment processing, service connections, and other customer-service activities.
- Administrative and general expenses**:** Information technology, cybersecurity, finance and accounting, human resources, legal and regulatory activities, insurance, safety, facilities, and other shared services.

Labor is a significant component of O&M, but O&M also includes materials, outside services, software and technology, regulatory and compliance expenses, and other costs necessary to operate the utility.

O&M is distinct from other significant components of a utility's revenue requirement, including capital investment, depreciation and amortization, financing costs, taxes, and certain fuel and

purchased-power costs. Some expenses may also be recovered through separate adjustment or cost-recovery mechanisms.[1]

What Drives Changes in O&M?

Although many O&M activities recur each year, the cost of performing those activities does not remain static. O&M can change because the amount of work changes, the cost of the resources needed to perform that work changes, or both.

Inflation and materials**.** Utility maintenance requires specialized materials and equipment, including transformers, electrical cable and conductor, poles, steel, copper, contractor labor, gasoline, and other components. The cost of these inputs can change significantly due to inflation, commodity prices, freight, supply-chain constraints, manufacturing capacity, and labor costs. While equipment installed as part of a capital project is generally capitalized, materials used in maintenance, repair, and restoration may be expensed as O&M. Some examples of materials used in repair and restoration that are expensed as O&M are crossarms, guy wire, circuit boards, wedges, screws, fuses, etc. As input prices increase, the cost of performing the same maintenance activity can increase.

Labor and workforce costs. Electric utilities require a skilled workforce. Changes in wages, benefits, contractor rates, and competition for specialized workers affect O&M directly and are also reflected in the cost of outside services and purchased products.

System growth and aging infrastructure**.** As the electric system expands, additional facilities must be operated, inspected, maintained, and repaired. Existing assets also require continuing maintenance throughout their useful lives, and those requirements may change as equipment ages.

Reliability, resiliency, and wildfire mitigation**.** Vegetation management, inspections, emergency response, wildfire mitigation, and other reliability and resiliency activities can increase both the amount of work required and the cost of labor, contractors, equipment, and materials.

Technology, cybersecurity, and regulatory requirements**.** Utility operations rely increasingly on technology, communications systems, software, data management, and cybersecurity, all of which require ongoing licensing, maintenance, monitoring, and specialized personnel. Environmental, reliability, safety, and other regulatory requirements can also create new or increasing operating costs.

It is important to recognize that a utility may achieve operating efficiencies while still experiencing higher O&M because the unit cost of labor, materials, equipment, and services has increased.

[1] Power Supply costs are recorded to O&M accounts, but their inclusion in a GRC is revenue neutral. Any increase or decrease to customer rates for power supply costs are handled through a separate mechanism.

Idaho Power's O&M Experience

Idaho Power's recent experience illustrates the cost pressures discussed above. In 2025, total-company other O&M expense (excluding power costs and depreciation) was approximately $470.5 million, compared with approximately $461.0 million in 2024, an increase of approximately $9.6 million, or 2.06%.[2] Idaho Power identified inflationary pressures on labor-related costs and professional services, along with increases in statutory regulatory fees, as the primary drivers.

At the same time, Idaho Power's longer-term experience demonstrates careful management of O&M. Excluding deferred wildfire-related costs, Idaho Power's O&M expenses grew at a compound annual rate of approximately 1.5 percent from 2012 through 2024, despite customer and system growth and increasing reliability, technology, and compliance requirements.

O&M and Going-In Rates Under a Five-Year MRP

Under a five-year MRP, consideration of O&M involves two related questions:

1. What is a reasonable and representative level of ongoing O&M when the plan begins (i.e., going-in rates)?
2. How should that level of collection change during the five-year period to reasonably reflect future changes in the cost of providing service?

Both are important. An annual adjustment mechanism should be designed to address expected changes after the MRP begins but should be applied against an initial O&M baseline that accurately reflects the cost of service.

Going-in rates: A utility should demonstrate an appropriate level of O&M as the initial starting point. This has historically occurred through traditional general rate cases, which consider an evaluation of actual historical costs alongside known and measurable adjustments. This process requires the utility to evaluate each cost category and to justify the proposed amounts when it files its case. Through the case process, Staff and other parties have the opportunity to review and challenge those assumptions, with the ultimate burden of proof resting on the utility to demonstrate the reasonableness and prudence of the requested amounts. These same principles can continue to be relied on to establish the base going-in rates under an MRP.

Annual adjustment factors: The annual adjustment factors or mechanism should be limited to FERC accounts and O&M activity that is not expected to materially fluctuate during the MRP period, whereas the continued use of deferred accounting or other cost-recovery mechanisms can be utilized for accounts prone to material volatility. This approach ensures the index-based adjustment is applied to reasonably predictable cost changes.

[2] Idaho Power's 2025 Form 10-K.

Continued Role of Deferred Accounting and Cost-Recovery Mechanisms

Not all O&M expenses are well suited to recovery through a normalized baseline and general annual adjustment factor. Idaho Power currently uses Commission-authorized deferred accounting and other cost-recovery mechanisms in Oregon for certain costs that may be significant, variable, externally driven, or difficult to reasonably forecast and normalize in base rates.

Costs such as net power supply expenses, customer programs, wildfire mitigation, insurance, regulatory requirements, or other discrete expenses may change for reasons that are not closely correlated with general inflation or other index-based approaches. Their timing and magnitude may instead be driven by operational requirements, market conditions, regulatory mandates, extreme events, or other factors outside the utility's control. Establishing a going in baseline may understate or overstate expected costs and applying a general inflation factor could exasperate that under- or over-collection.

Accordingly, for certain expenses, continued use of deferred accounting or other established cost-recovery mechanisms can complement the MRP. A normalized amount may be included in going-in rates where appropriate, while amounts above or, where applicable, below that baseline may be separately tracked when authorized and subsequently reviewed by the Commission before recovery or refund.

This approach does not mean that differences between forecast and actual O&M would generally be deferred. Deferred accounting would remain available only for qualifying costs, subject to Commission authorization, applicable deferral standards, and subsequent review.

Accordingly, a five-year MRP can operate alongside, rather than replace, existing deferred accounting and cost-recovery mechanisms. Recurring and reasonably predictable O&M can be addressed through the going-in baseline and annual MRP adjustments, while qualifying costs that do not reasonably conform to that framework can continue to be addressed separately.

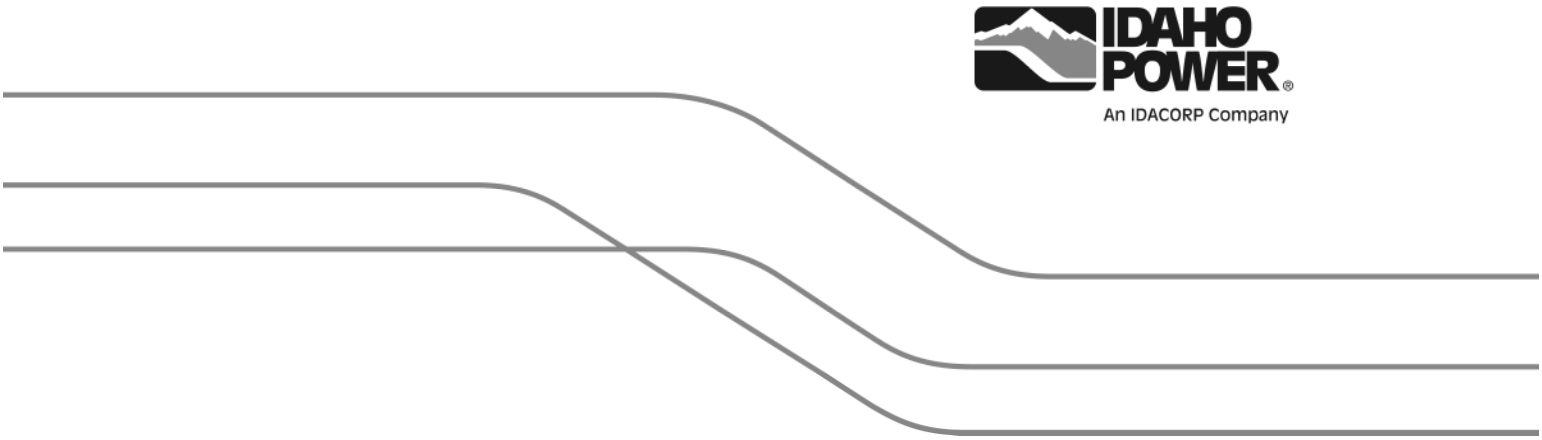
Idaho Power's Forecast Methodology Manual: O&M

Idaho Power's Forecast Methodology Manual[3] describes the framework used to translate historical financial results into a forecast test year for ratemaking, including the methodologies applied to individual cost-of-service and rate-base components.

The following table summarizes the methods used to establish O&M expenses in base rates. These methods are described in detail in Forecast Adjustment D – O&M, beginning on page 5 of the attached Methods Manual.

[3] UE 426, Larkin Exhibit 1002, Forecast Methodology Manual, Forecast Adjustment D, Operations and Maintenance Expenses, provided as an attachment to this pre-read.

LINE NO	Description	ACCOUNT NUMBER	Methodology
	Operations and Maintenance Expenses		
	Power production expenses		
34	Steam power generation(excluding account 501)	500-514	Other Methodology
35	Fuel expense	501	Normalized
36	Hydraulic power generation	535-545	Other Methodology
37	Other power generation(excluding 547.1)	546-554	Other Methodology
38	Fuel expense	547	Normalized
	Other power supply expenses		
39	Purchased power (including 555.050)	555	Normalized
40	Other expenses	557.000	Other Methodology
41	Other expenses	557.007	2022 Base
42	Other expenses - PCA, EPC and PCAM (excluding 557.050)	557	Removed in its entirety
43	Transmission expenses	560-575	Other Methodology
44	Distribution expenses	580-598	Other Methodology
45	Customer account, service and information expenses (excluding acct 908.1)	901-912	Other Methodology
46	Energy Efficiency Rider expenses	908.1	Removed in its entirety
47	Administrative & general expenses(excluding accts 920.1 and 930.1)	920-935	Other Methodology
48	Employee Incentive	920.1	Other Methodology
49	Officer Incentive	920.1	Removed in its entirety
50	General advertising expenses	930.1	Removed in its entirety



Oregon Forecast Methodology Manual

2023 Rate Case

Proprietary

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INTRODUCTION

The Forecast Methodology Manual is a reference document that provides supporting detail for the methodologies that have been used to set the values contained in Idaho Power Company's ("Idaho Power" or "Company") proposed 2024 test year. These values were provided to Idaho Power witness Ms. Kelley Noe for appropriate application to the Uniform System of Accounts for determination of revenue requirement in the 2024 test year. All dollar values reflect Idaho Power system amounts unless otherwise noted. The manual is organized in three sections and includes:

- **Forecast Methods.** Forecast Methods includes a description of the forecast methodologies used to develop the 2024 unadjusted test year from the 2022 actual financial data.

- **Cost of Service Components.** Cost of Service Components includes a description of the three-digit account number specified in the Uniform System of Accounts adopted by the Oregon Public Utilities Commission ("OPUC" or "Commission") and the Federal Energy Regulatory Commission ("FERC") and the forecast method for each major account or account group.

- **Rate Base Components.** Rate Base Components includes a description of the three-digit account number specified in the Uniform System of Accounts adopted by the Commission and FERC and the forecast method applied for each major account or account group that comprises rate base.

FORECAST METHODS

Updates to the 2022 actual financial data to determine Idaho Power's proposed 2024 unadjusted test year were developed using one of the following two forecast methods:

(1) 2022 Base. 2022 actual financial data was used when Idaho Power believed that certain amounts would continue to remain at 2022 levels or if account balances were relatively small.

(2) **Other Adjustments.** Other Adjustments are based on known or probable factors for 2024 that relate to a particular account. Examples of these factors include but are not limited to new billing and volume contract terms, discontinued services, anticipated levels of economic activity, and existing regulatory commission orders.

COST OF SERVICE COMPONENTS

Forecast Adjustment A—Other Operating Revenues

Table 4—FERC Accounts 451–456

Description

Account 451 includes revenues for all miscellaneous services and charges billed to customers that are not specifically provided for in other accounts. Miscellaneous service revenues include continuous service reversion charges (Idaho only), field visit charges, return trip charges, returned check fees, service connection charges, service establishment charges, and application and processing fees collected for new permits, new leases, or requests for easement relinquishments. Account 454 includes rents received for the use by others of land, buildings, and other property devoted to electric operations by Idaho Power such as joint pole attachments, facilities charges, and line and substation rents. Account 456 includes revenues derived from electric operations not includable in other revenue accounts. For example, compensation for minor services provided for others, such as engineering, and revenues from transmission of electricity of others over transmission facilities of Idaho Power, including network and point-to-point wheeling.

Forecast Methodology

Forecast Adjustment A decreases Other Operating Revenue (Accounts 451–456) by $4,446,941 below the 2022 Base. Accounts 451 through 456 used a combination of the methods for projecting 2024 amounts as described below.

Account 451—Miscellaneous Service Revenues. Miscellaneous Service Revenues were projected to increase by $1,281,312 for 2024 due to proposed changes to Schedule 66 Service Establishment, Connection and Field Visit charges.

Account 454—Rent from Electric Property. Rent from Electric Property was projected based on either the 12 months actual ended December 2022 balance, 2017-2022 Period compound average growth rate (“CAGR”), five- year average or a specifically identified change depending on the type of 2022 rental income to be projected as described below:

Substation equipment, transformer and distribution rentals, real estate rents, joint pole attachments, and overnight park rents were forecasted at 12 months actual ended December 2022, as this was the most reasonable expectation for these revenues.

Cogeneration and small power production was determined by applying the 2017-2022 CAGR of 3.28% to 2023 forecast revenues, resulting in an increase of $122,349 from 2022 actual amounts as this was determined to be a reasonable expectation for these amounts. Revenues from Dark Fiber Rents ceased in February 2023 and have not been included in the test year. Facilities charges were projected to decrease by $272,910 due to proposed changes to Facilities Charge rates applied to January 2023 Facilities Investment Reports, which contain facilities on the

Company's system subject to the Facilities Charge. Payments from Water Districts decreased by $101,177 and were determined by using the five-year historical average based on the 2018-2022 time period.

Account 456—Other Electric Revenues. Other Electric Revenues were projected based on using either the carry-forward of the 2022 Base or the Other Adjustment methodology depending on the type of 2024 revenue to be projected as described below:

Revenues related to the Sierra Pacific Power Company sales, stand-by service, and miscellaneous were projected for 2024 to be the same as the 2022 Base, as this was the most reasonable expectation for these revenues.

The 2024 point-to-point ("PTP") wheeling revenues were projected to decrease by $7,025,022 and were calculated based on nine months of the 2024 equivalent kilowatt-hours ("kWh") multiplied by the forecasted FERC formula-based transmission rate (effective 10/1/23-9/30/24), and three months of the 2024 equivalent kWh times the forecasted transmission rate (effective 10/1/24-9/30/25). The 2024 equivalent kWh used to calculate the 3rd party non-firm and short-term firm transmission wheeling revenue was based on the average of 2022 and 2023 equivalent kWh. The 3rd party long-term firm PTP wheeling revenue was based on 2024 forecasted megawatt ("MW") demand.

The 2024 Network Transmission Customer revenues were projected to increase by $1,948,507 and were calculated based on nine months of the network transmission customers' average load ratio share times the forecasted FERC formula-based transmission revenue requirement and three months of the network transmission customers' average load ratio share times the forecasted FERC transmission revenue requirement. The timing for the Transmission Revenue Requirement is the same as the point-to-point wheeling rate described above. The 2024 estimated network customer MW demand used to calculate the Network Transmission Customer revenue was calculated by taking 2023 forecasted MW demand and escalating it using a 1.1% annual growth factor.

Forecast Adjustment B & C—Other Revenues and Other Expenses

Tables 4 & 5—FERC Accounts 415–416 (excluding 415.002 and 416.002)

Description

Accounts 415 through 416 include, respectively, all revenues derived from the sale of merchandise and jobbing or contract work and all expenses incurred in such activities. For Idaho Power, jobbing and contract work revenues and expenses include activities related to Idaho Power Solutions service agreements, hydro services, water management services, qualified reporting entity services, Joint Ownership and Operating Agreements with PacifiCorp and joint pole use.

Forecast Methodology

Forecast Adjustment B for Other Revenues (Account 415) reflects an increase of $30,623 from 2022 Base. Forecast Adjustment C for Other Expenses (Account 416) is not adjusted; therefore 2023 forecast remains the same as the 2022 Base.

Account 415 (Other Revenues) and account 416 (Other Expenses) used a combination of the methods for projecting described below:

> Account 415. Power Solutions was projected based on 2022 actual amounts, excluding disbursements made to Howard Industries that are not expected to repeat in future years.
>
> Hydro services, water management services, qualified reporting entity services, operating agreements, joint use (pole) – Idaho, and joint use (pole) – Oregon were forecasted at 12 months actual ended December 2022, as this was the most reasonable expectation for these revenues.
>
> Account 416. Power Solutions, hydro services, water management services, qualified reporting entity services, operating agreements, joint use (pole) – Idaho, and joint use (pole) – Oregon were forecasted at 12 months actual ended December 2022, as this was the most reasonable expectation for these revenues.

Forecast Adjustment D—Operations and Maintenance Expenses ("O&M")

Table 5—FERC Accounts 500–935

Overview

Forecast Adjustment D increases Operations and Maintenance Expenses ("O&M") (Accounts 500–935) by $52,839,917 above the 2022 Base. Excluded from Adjustment D is any change in net power supply expense ("NPSE") accounts 501-Fuel, 547-Fuel, and 555-Purchased Power.

In developing the 2024 forecast, Idaho Power split O&M historical actuals into two elements (Labor and Non-Labor) and forecasted each element separately and then allocated each separately to the individual FERC accounts. Excluded from this process were the normalized accounts described above, 908.131, 908.132 (Idaho and Oregon Energy Efficiency Riders), 920.001 (Incentive), 926.203, 926.204, 926.303, (Pension Expense), and 930.100 (Advertising Expense) as these were handled separately.

O&M Labor

Idaho Power calculated the projected 2024 O&M labor by first calculating the average three-year historical 2020-2022 August year-to-date actual O&M labor costs as a percentage of the 3-year total actual O&M labor costs which was determined to be 66.8%. This percentage was then

applied to the actual August 2023 year-to-date O&M labor of $118,963,934 to estimate the total 2023 O&M labor costs of $177,978,038 (the August amount was first reduced by 920 short-term incentive expense, long-term incentive expense and 926 pension expense accounts). A 3% General Wage Adjustment ("GWA") of $5,339,341 was then added to the 2023 O&M labor costs resulting in projected 2024 O&M labor of $183,317,379. The 2024 labor projection was then allocated to FERC accounts based on 2022 actual labor charges to those same accounts.

The table below details the 2024 estimated labor amount:

2024 O&M Labor Expenses	Total
August 2023 YTD O&M Labor Excluding Incentive & Pension	$118,963,934
Divided by the Historical August YTD as a Percentage of Total Year Labor	66.8%
2023 O&M Labor Expense Excluding Incentive and Pension	$177,978,038
2024 GWA @ 3.0%	$5,339,341
2024 O&M Labor Expense Excluding Incentive and Pension	$183,317,379

O&M Non-Labor

Idaho Power calculated the projected 2024 non-labor O&M expenses by utilizing 2022 non-payroll actual expenses with adjustments for certain known changes. Idaho Power reviewed the O&M expenses to identify and adjust those areas, based on specific knowledge, where expense levels are expected to be materially different than those included in the 2022 actuals.

The table below identifies specific increases or decreases to the 2022 non-labor actual:

2024 O&M Non-Labor Expenses	Total	Allocated	Direct Assignment
2022 Base O&M Non-Labor Actuals	$206,652,644	$0	$206,652,644
2024 Identified Significant Known Adjustments			
Water for Power Adjustment	(307,335)	—	(307,335)
Uncollectible/Bad-Debt Expense	274,672	—	274,672
Inflation	14,033,363	14,033,363	—
Subtotal 2024 Identified Significant Known Adjustments	14,000,701	14,033,363	(32,663)
Total 2024 O&M Non-Payroll Expenses	$220,653,344	$14,033,363	$206,619,981

The following adjustment to the 2022 Base included in the table above was allocated to FERC account balances rather than directly assigned:

- **Inflation Adjustment—**The 2024 inflation adjustment for O&M accounts was developed by adjusting the 2022 Base for 2023 inflation using a 4.1% inflation factor and 2024 inflation using a 2.7% inflation factor. The inflation factors were derived

from a calculation of the Consumer Price Index ("CPI") as outlined from Moody's Analytics August 2023 forecast for the calendar years 2023 and 2024.

The following adjustments to the 2022 Base included in the table above have been directly assigned to one or more FERC accounts:

- **Water for Power Adjustment—**Account 536 was decreased from the 2022 Base by $307,335 to reflect the 3-year average. For this non-labor component, this account was projected to be equal to the 3-year average to smooth variations from year to year.

- **Uncollectible/Bad-Debt Expense—** Account 904 was increased from the 2022 Base by $274,672 on an Oregon jurisdictional basis. The adjustment to uncollectible/bad debt expense was calculated by first calculating the average three-year historical 2020-2022 August year-to-date actual Oregon net write-off costs as a percentage of the 3-year total year actual Oregon net write-off costs which was determined to be 58.6%. This percentage was then applied to the actual August 2023 year-to-date Oregon net write-off costs of $270,396 to estimate the total 2024 Oregon net write-off costs of $461,506.

Once O&M labor and non-labor increases or decreases were determined for each FERC account, the results were combined to reflect the total forecast adjustment.

FERC Account Development

Because Idaho Power does not forecast by individual FERC accounts, the following two methods (Direct Assignment and Allocation) were used to assign both labor and non-labor to the appropriate FERC accounts.

Direct Assignment Method—The forecast adjustments listed in the direct assignment column in the non-labor expenses above are charges that would occur in specific accounts and therefore were directly assigned to those accounts listed below.

- Account 536—Water for Power Adjustment

- Account 904—Uncollectible/Bad Debt Expense

Allocation Method—This method was used to allocate the forecast amounts when the identification of specific accounts was impossible or when the impact would be to all accounts. The O&M labor forecast was allocated to individual FERC accounts based on the percentage of 2022 actual O&M labor charges incurred within each account to total O&M labor charges incurred in 2022. The O&M non-labor forecast (not directly assigned) was allocated based on 2022 actual non-labor charges included in each FERC account to total O&M non-labor charges incurred in 2022.

Exceptions to the Described O&M Methodology Above

FERC Accounts 501, 547, 555, 555.050, 557, 908.131, 908.132, 920.001, 926.203, 926204, and 926303

As stated earlier, the following were forecasted separately from the labor and non-labor O&M forecast described above and directly assigned to the FERC accounts they impact:

- **Account 501—Fuel Expense.** Set equal to the currently authorized recovery levels as approved in Docket No. UE 414, Order No. 23-184.

- **Account 547—Fuel Expense (Excluding 547.000—Salmon Diesel).** Set equal to the currently authorized recovery levels as approved in Docket No. UE 414, Order No. 23-184.

- **Account 555—Purchased Power (Including 555.050).** Set equal to the currently authorized recovery levels as approved in Docket No. UE 414, Order No. 23-184.

- **Account 557—Other Expense (Excluding 557.000).** The amounts in these accounts have been removed in their entirety from the test year.

- **Account 908.131 and 908.132—Idaho and Oregon Energy Efficiency Rider Expenses.** The amounts in these accounts have been removed from the 2022 Base in their entirety per IPUC Order No. 30189.

- **Account 920.001—Incentive Expense.** The entire actual 2022 incentive expense of $26,598,671 was removed from the 2022 Base and replaced with the projected 2024 incentive of $10,273,516 that includes only elements related to Customer Satisfaction and Reliability. This resulted in a net reduction for incentive expense of $16,325,155.

- **Accounts 926.203/303—Pension Expense - Oregon.** Idaho Power's actual 2022 Base pension expense (SFAS 87, now codified as ASC 715) was $1,428,722 (Oregon portion), partially offset by ($548,669) in amortization of Oregon capitalized pension expense per OPUC Order No. 10-064, for a net amount of $880,053 in the 2022 Base. Idaho Power did not make a forecast adjustment for these accounts.

- **Accounts 926.204—Pension Expense - Idaho.** In the Idaho jurisdiction, per IPUC Order No. 32426, Idaho Power is currently recovering $17,153,713 of its cash contributions to its defined benefit pension plan. Idaho Power's actual 2022 Base pension expense (SFAS 87) was $30,182,378 (Idaho portion) Therefore, Idaho Power has included in its forecast adjustment an additional $18,028,665 in pension expense for 2023 to cover its SFAS 87 pension expense and provide $5,000,000 per year in pension balancing account amortization. This account is direct assigned to Idaho.

The following O&M discussion has been organized by functional account groups. Within each account group, a general description of the accounts has been provided.

Steam Power Generation

FERC Accounts 500–514

Description

Accounts 500 through 514 include the labor, materials, and expenses incurred to operate and maintain prime movers, generators, and their auxiliary apparatus, switch gear, and other electric equipment used in steam power generation. Additionally, the labor and expenses incurred in the general supervision and direction of maintenance of steam generation facilities are included in these accounts.

Forecast Methodology

Accounts 500–514—Excluding Account 501, Fuel Expense.

Accounts 500–514—The projection of accounts 500–514 was developed using both methods described under FERC Account Development above. For labor, these accounts received their allocated portion of the total 2024 O&M labor projection based on actual 2022 and annualized 2023 labor. For non-labor, these accounts were projected to be equal to the 2022 Base adjusted by each account's allocated portion of the non-direct adjustment to non-labor O&M.

Account 501—Fuel Expense. Set equal to the currently authorized recovery levels as approved in Docket No. UE 414, Order No. 23-184.

Hydraulic Power Generation

FERC Accounts 535–545

Description

Accounts 535 through 545 include the labor, materials used, and expenses incurred to operate and maintain hydraulic works including structures, reservoirs, dams, waterways, generators, roads and bridges, and expenses directly related to the hydroelectric development outside the generating station, including fish and wildlife and recreational facilities. These accounts also include the labor and expenses incurred in the general supervision and direction of maintenance of hydraulic power generating stations, rents of property of others used, occupied, or operated in connection with hydraulic power generation, including amounts payable to the United States for the occupancy of public lands and reservations for reservoirs, dams, flumes, forebays, penstocks, and power houses.

Forecast Methodology

Accounts 535–545—The projection of accounts 535–545 was developed using both methods described under FERC Account Development above. For labor, these accounts received their allocated portion of the total 2024 O&M labor projection based on actual 2022 and annualized

2023 labor. For non-labor, these accounts were projected to be equal to the 2022 Base adjusted by a decrease in account 536 of $307,335 to reflect the 3-year average to smooth variations from year to year, and by each account's allocated portion of the non-direct adjustment to non-labor O&M.

Other Power Generation

FERC Accounts 546–557

Description

Accounts 546 through 554 include the operation labor, materials used, and expenses incurred in operating and maintaining prime movers, generators, and electric equipment in other power generating stations. Labor and expenses incurred in the general supervision and direction of maintenance of other power generating stations are also included in these accounts. Account 556 includes labor and expenses incurred in load dispatching activities for system control. System control activities include the production and dispatching of electricity. Account 557 includes production expenses incurred directly in connection with the purchase of electricity which is not specifically provided for in other production expense accounts.

Forecast Methodology

Accounts 546–557—Excluding Account 547, Fuel Expense; Account 555, Purchased Power; and Account 557, Other Expense. The projection of accounts 546–557 was developed using both methods described under FERC Account Development above. For labor, these accounts received their allocated portion of the total 2024 O&M labor projection based on actual 2022 and annualized 2023 labor. For non-labor, these accounts were projected to be equal to the 2022 Base adjusted by each account's allocated portion of the non-direct adjustment to non-labor O&M.

Account 547—Fuel Expense and Account 555—Purchased Power. Set equal to the currently authorized recovery levels as approved in Docket No. UE 414, Order No. 23-184.

Account 557, Other Expense (Excluding 557.000—Other Power Production Expense). These expenses are removed entirely from the test year.

Transmission Expenses

FERC Accounts 560–573

Description

Accounts 560 through 573 include the operation labor, materials used, and expenses incurred in the system planning, operation, executing the reliability coordination function, monitoring, assessing, and operating the power system and individual transmission facilities in real-time to maintain safe and reliable operation of the transmission system specified. Additional activities include: processing the hourly, daily, weekly, and monthly transmission service requests using an automated system such as an Open Access Same-Time Information System ("OASIS"); billing to

transmission owners for system control and dispatching service; and conducting transmission services studies for proposed transmission interconnections and generation interconnection with the transmission system. These accounts include the labor, materials used, and expenses incurred in the operation of transmission substations, switching stations, and transmission lines. The use of transmission facilities owned by others and rents of property used, occupied, or operated in connection with the transmission system are also part of these accounts. The accounts also include the labor, materials used, and expenses incurred in the maintenance of structures, computer hardware and software, communication equipment, miscellaneous transmission plant, station equipment, and transmission plant serving the transmission function.

Forecast Methodology

Accounts 560–573—The projection of accounts 560–573 was developed using both methods described under FERC Account Development above. For labor, these accounts received their allocated portion of the total 2024 O&M labor projection based on actual 2022 and annualized 2023 labor. For non-labor, these accounts were projected to be equal to the 2022 Base adjusted by each account's allocated portion of the non-direct adjustment to non-labor O&M.

Distribution Expenses

FERC Accounts 580–598

Description

Accounts 580 through 598 include labor, materials used, and expenses incurred in the general supervision and direction of the operation of the distribution system such as station operation, overhead and underground line operation, meter department operation of customer meters and associated equipment, load dispatching operations, work on customer installations, and inspecting premises. Also included in these accounts are the labor, materials used, and expenses incurred in the general supervision and direction of the maintenance of the distribution system, including maintenance of structures, distribution plant, overhead distribution line facilities, underground distribution line facilities, distribution line transformers, meters, and meter testing equipment.

Forecast Methodology

Accounts 580–598. The projection of accounts 580–598 was developed using both methods described under FERC Account Development above. Each of the accounts received their allocated portion of the total 2024 O&M labor projection based on actual 2022 and annualized 2023 labor. For non-labor, these accounts were projected to be equal to the 2022 Base adjusted by each account's allocated portion of the non-direct adjustment to non-labor O&M.

Customer Accounting and Customer Services and Information Expenses

FERC Accounts 901–905 and 907–912

Description

Accounts 901 through 905 include the labor, materials used, and expenses incurred in the general direction and supervision of customer accounting and collecting activities, including reading customer meters, work on customer applications, contracts, orders, credit investigations, billing and accounting, collections, and complaints. These accounts also include the accounting for losses from uncollectible utility revenues. Accounts 907 through 912 include the labor and expenses incurred in customer service and informational activities to encourage safe and efficient use of the utility's service, to encourage conservation of the utility's service, and answer specific inquiries as to proper use of the service and equipment utilizing the service.

Forecast Methodology

Accounts 901–905 and 907–912—Excluding Account 908.131 and 908.132, Idaho and Oregon Energy Efficiency Rider. The projection of accounts 901–905 and 907–912, excluding the Idaho and Oregon Energy Efficiency Rider (energy efficiency expenses), was developed using both methods described under FERC Account Development above. For labor, these accounts received their allocated portion of the total 2024 O&M labor projection based on actual 2022 and annualized 2023 labor. For non-labor, these accounts were projected to be equal to the 2022 Base and adjusted for an increase in Uncollectible/Bad Debt Expense of $274,672 (in account 904), and by each account's allocated portion of the non-direct adjustment to non-labor O&M.

Account 908.131 and 908.132—Idaho and Oregon Energy Efficiency Rider. The expenses associated with the Idaho and Oregon Energy Efficiency Riders have been excluded from the 2024 test year in their entirety (IPUC Order No. 30189).

Administration and General Expenses ("A&G")

FERC Accounts 920–935

Description

Accounts 920 through 935 include activities undertaken in connection with the utility's general and administrative operations that are assignable to specific administrative or general departments and are not specifically provided for in other accounts. A&G accounts include: (1) compensation of officers, executives, and other employees of the utility which are properly chargeable to utility operations but not chargeable directly to a particular operating function, (2) office supplies and expenses, (3) fees and expenses of professional consultants and others for general services which are not applicable to a particular operating function, (4) insurance or reserve accruals to protect the utility against losses and damages to owned or leased property used in its utility operations, (5) payments for employee accident, sickness, hospital, and death

benefits or insurance, (6) payments to municipal or other governmental authorities, (7) the cost of materials, supplies, and services furnished to such authorities without reimbursement in compliance with franchise, ordinance, or similar requirements, (8) expenses incurred by the utility in connection with formal cases before regulatory commissions or other regulatory bodies, (9) regulatory fees assessed against the utility, (10) commission expenses, (11) payments made to the United States for the administration of the Federal Power Act, (12) materials used and expenses incurred in advertising and related activities, (13) rents properly includable in operating expenses for the property of others used, occupied, or operated in connection with customer accounts, customer service, and informational sales and general and administrative functions of the utility, and (14) operation and maintenance of transportation equipment and the maintenance of utility property which is not chargeable directly to a particular operating function.

Forecast Methodology

Accounts 920–935—Excluding Account 920.001, Incentive Expense, and 926.203, 926.204, 926.303, Pension Expense. The projection of accounts 920–935, excluding incentive, was developed using both methods described under FERC Account Development above. For labor, these accounts received their allocated portion of the total 2024 O&M labor projection based on actual 2022 and annualized 2023 labor. For non-labor, these accounts were projected to be equal to the 2022 Base adjusted by each account's allocated portion of the non-direct adjustment to non-labor O&M.

Account 920.001—Incentive Expense. Idaho Power included in its projection only the level of normalized incentive attributable to Customer Satisfaction and Reliability. As a result, for the 2024 test year, Idaho Power removed its entire 2022 actual incentive expense of $26,598,671 from its 2022 Base and replaced with the projected 2024 incentive of $10,273,516 that includes only elements related to Customer Satisfaction and Reliability. This resulted in a net reduction for incentive expense of $16,325,155.

Accounts 926.203, 926.204, and 926.303—Pension Expense. For the Oregon jurisdiction the accounts were projected to be equal to the 2022 Base of $880,053.

In the Idaho jurisdiction, per IPUC Order No. 32426, Idaho Power is currently recovering $17,153,713 of its cash contributions to its defined benefit pension plan. Idaho Power has included in its forecast adjustment an additional $18,028,665 in expense for 2023. This account is direct assigned to Idaho.

Forecast Adjustment E—Depreciation and Amortization Expense

Table 6—FERC Accounts 403 and 404

Description

Account 403 includes depreciation expense for all classes of depreciable electric plant in service except such depreciation expense as is chargeable to clearing accounts or to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work. Account 404 includes amortization

charges applicable to amounts included in the electric plant accounts for limited-term franchises, licenses, patent rights, limited-term interest in land, and expenditures on leased property where the service life of the improvements is terminable by action of the lease. The charges to this account are such as to distribute the book cost of each investment as evenly as may be over the period of its benefit to the utility.

Forecast Methodology

Forecast Adjustment E increases Depreciation and Amortization Expense (accounts 403 and 404) by $1,899,240 above the 2022 Base.

Depreciation and amortization rates were applied to the monthly estimated plant balances (see the Electric Plant in Service discussion in the Rate Base Components section). The depreciation rates updated by OPUC Order No. 22-001 were used for the entire 2023 and 2024 test years, except for Bridger plant depreciation rates which are separately described below. Several FERC plant accounts have sub-accounts, for which the individual sub-account data was used to calculate a composite rate and applied at the major account level.

Bridger plant depreciation rates most recently updated by OPUC Order No. 17-186 were utilized for 2023. Bridger plant converted to natural gas utilized existing composite depreciation rates for Other Production plant accounts approved by OPUC Order No. 22-001 for the 2024 test year. Depreciation rates were separately developed for use in the 2024 test year for Bridger Unit 3, Unit 4, and a portion of common plant reflecting an end of coal operations in 2029 and an estimated end of natural gas conversion operation of these units in 2037.

For plant accounts 392, Transportation Equipment; 396, Power Operated Equipment; and 312, Boiler Plant Equipment, either all or part of the depreciation expense is recorded to other accounts and not account 403.

Forecast Adjustment F—Electric Plant/Regulatory Assets—Amortization, Adjustments, Gains and Losses

Table 6—FERC Accounts 406, 411.6, and 411.7

Description

Account 406 is debited or credited, as the case may be, with amounts includable in operating expenses, pursuant to approval or order of the Commission, for the purpose of providing for the extinguishment of the amount in account 114, Electric Plant Acquisition Adjustments. Accounts 411.6 and 411.7 includes, as approved by the Commission, amounts relating to gains and losses from the disposition of future use utility plant, including amounts which were previously recorded in and transferred from account 105, Electric Plant Held for Future Use.

Forecast Methodology

Forecast Adjustment F is $0, resulting in the Amortization of Electric Plant Acquisition Adjustments (account 406) and Gains and Losses from Disposition of Utility Plant (account 411.6 and 411.7) remaining the same as the 2022 Base.

Account 406 is projected for 2024 to remain the same as the 2022 Base. Included in this account is the amortization of the Exchange of Certain Transmission Assets with PacifiCorp (approved by IPUC Order No. 33313, OPUC Order No. 15-184 and FERC Order No. 20150617-3060) acquisition adjustment of account 114 over 50 years at $15,018 per year. The amount in account 114 will be fully amortized in October 2065.

Accounts 411.6 and 411.7 do not have a forecast since there is no plan to sell utility plant in 2024.

Forecast Adjustment G—Regulatory Debits and Credits

Table 8—FERC Account 407.3

Description

Account 407.3 is debited, when appropriate, with the amounts credited to account 254, Other Regulatory Liabilities, to record regulatory liabilities imposed on the utility by the ratemaking actions of regulatory agencies. This account is also debited, when appropriate, with the amounts credited to account 182.3, Other Regulatory Assets, concurrent with the recovery of such amounts in rates.

Forecast Methodology

Forecast Adjustment G Increases Regulatory Debits (account 407.3) by $3,853,543 above the 2022 Base.

Idaho Power has recorded a regulatory asset in account 182.310 for deferred incremental wildfire mitigation expenses as authorized by IPUC Order No. 35077. Idaho Power is forecasting amortization of $26,678,227 of expenses deferred as of December 31, 2022, over 7 years. This amortization is assigned to Idaho.

Forecast Adjustment H—Taxes Other than Income Taxes

Table 7—FERC Account 600-602

Description

Accounts 600, 601 and 602 includes those taxes other than income taxes which relate to utility operating income. This account is maintained to allow ready identification of the various classes of taxes relating to utility operation, plant leased to others, and other operating income.

Forecast Methodology

Forecast Adjustment H increases Taxes Other Than Income (Accounts 600-602) by $3,210,081 above the 2022 Base.

The 2024 forecast methodology for Taxes Other Than Income Taxes was based on a combination of known adjustments arising from specifics of the particular account activity and a carry forward of the 2022 Base amounts.

Real and Personal Property Taxes

The methodology used to project Idaho property taxes for the 2024 Test Year is estimating Idaho Power's 2023 ad valorem value and levy plus or minus the difference between the 2023 forecast and the 2022 actuals. For the ad valorem value methodology, tax is based on the assessed value of the property. For the tax levy methodology, the state's historical levy data and local government budget policy is used to estimate levies. For all other states the 3-year CAGR plus or minus the difference between the 2023 forecast and the 2022 actuals was used.

Idaho kWh Taxes

Test Year 2024 kWh taxes were projected based on first projecting 2023 kWh taxes based on normalized hydro conditions and normalized consumption then adding or subtracting the difference between the 2023 forecast and the 2022 actuals to determine the 2024 Test Year amount.

Regulatory Commission Fees

The Oregon regulatory fee consists of two fees, the Oregon PUC fee and the Oregon Department of Energy fee. 2024 regulatory commission fees were projected based on first projecting the 2023 Oregon PUC fee based on the actual 2023 fee and for the Oregon Department of Energy fee, the 2023 estimate was based upon the prior year's tax rate applied to the actual Oregon gross operating revenue then adding or subtracting the difference between the 2023 forecast and the 2022 actuals to determine the 2024 Test Year amount.

Licenses

The 2024 Wyoming licenses fee was estimated using the actual 2023 amount plus the difference between the 2023 actuals and the 2022 actuals. The Shoshone–Bannock licenses fee was estimated using the 2022 Base amount.

Franchises

The Oregon franchise tax is based upon a rate (established by each city) multiplied by the electric revenue within the city. The test year taxes were established by first using 2023 forecasted Oregon revenue compared to 2022. That percent of change was applied to each city's gross revenue and the appropriate tax rate was applied then adding or subtracting the difference between the 2023 forecast and the 2022 actuals to determine the 2024 Test Year amount.

Forecast Adjustment I—Idaho Energy Resources Co. ("IERCO") Cost of Service Components

Net Income Summary—FERC Accounts 418.1 and 419

Description

Account 418.1 includes the utility's equity in the earnings or losses of subsidiary companies for the year. Account 419 includes interest revenues on securities, loans, notes, advances, special deposits, tax refunds, all other interest-bearing assets, and dividends on stocks of other companies, whether the securities on which the interest and dividends are received are carried as investments or included in sinking or other special fund accounts.

Forecast Methodology

Forecast Adjustment I decreases Idaho Energy Resources Co. ("IERCO") Cost of Service Components (Accounts 418.1 and 419) by $6,489,979 below the 2022 actual amount of $8,859,979 for a projected 2024 net income of $2,370,000. The estimate incorporates PacificCorp's projected activity for the Bridger Coal Company ("BCC") mine and a $3,000,000 earnings margin calculated utilizing the most recent long-term forecast to estimate IERCo rate base and the Weighted Average Cost of Capital as approved in the 2011 Idaho General Rate Case.

Idaho Power owns 100% of IERCO, which has a one-third joint venture interest in BCC, a mine that supplies coal to the Jim Bridger plant. PacifiCorp, Inc. owns the remaining two-thirds interest and is the mine's operating partner. As a one-third owner in BCC, IERCO is entitled to 33% of the BCC net income and cash flows.

IERCO overriding royalties are determined by the location and lease under which BCC is mining. The three leases are with BLM, Union Pacific Railroad, and State of Wyoming, and each lease pays at a different rate. The overriding royalty was granted to BCC from IERCO, who in turn received them from Idaho Power as advance royalties in the past. Coal royalty payments have no impact on IERCO's net income as revenue is recognized when paid by BCC, and expense recognized when remitted to Idaho Power.

Income taxes are calculated at the federal tax rate of 21% as Wyoming has no state income tax. Taxes are accrued and paid during the calendar year.

As discussed in the Rate Base Components section that follows, IERCO maintains an intercompany note with Idaho Power that accrues interest monthly at Idaho Power's short-term borrowing rate, which is projected to be 0.45% per month (Annual Rate 5.39%) in 2023. For purposes of the Cost of Service Component of IERCO, the intercompany interest expense net of income tax is added back to increase IERCO's net income.

RATE BASE COMPONENTS

Forecast Adjustment J—Electric Plant in Service

Table 1—FERC Account 101

Description

This account includes the original cost of electric plant that is included in accounts 301 to 399 (referred to herein as plant accounts). It is described as being owned and used by the utility in its electric utility operations and having an expectation of life in service of more than one year from date of installation, including such property owned by the utility but held by nominees. The cost of additions to and improvements of property leased from others, which are includable in this account, are recorded in subdivisions separate and distinct from those relating to owned property.

Forecast Methodology

Forecast Adjustment J increases Electric Plant In Service (Account 101) by $720,856,531 above the 2022 Base. Electric Plant In Service has been presented using a thirteen-month average.

The methodologies used for plant additions and retirements are described below.

Plant Additions to Electric Plant In Service

Projected 2023 plant additions to Electric Plant In Service were developed based on actual project closings as a percentage of Construction Work in Process ("CWIP") projects as of year-end 2022 plus the expected 2023 capital expenditures. These capital projects were segregated into pools of greater than and less than $8 million. Capital projects greater than $8 million were considered to be known and measurable. For capital projects less than $8 million, an historical methodology was developed. Once both pools were determined, the results were then combined and allocated to FERC plant accounts 301 through 399 using a five-year historical average.

Projected 2024 plant additions to Electric Plant In Service were developed for Peak Capacity Resources and Bridger Unit 1 and Unit 2 conversions to natural gas, and were considered to be known and measurable.

Projected 2023 Plant Additions

Capital Projects Greater than $8 Million. Large capital projects with total costs in excess of $8 million were determined to be known and measurable adjustments for 2023. Actual capital expenditures in CWIP as of year-end 2022, plus expected 2023 capital expenditures were used in determining the amount that would close to plant by year-end 2023. Allowance for Funds Used During Construction ("AFUDC") was accrued on the CWIP balances prior to their projected close. In addition, these projects' capital account balances, projected expenditures, and the timing of closes to plant were reviewed by business unit managers familiar with the projects.

The total amounts for the plant additions in the pool of over $8 million in capital expenditures were assigned CWIP project types based on the nature of each individual project.

Capital Projects Less Than $8 Million. Anticipated 2023 plant closings were set equal to the five-year historical average of the percent of similar-sized projects to the previous year's CWIP balance times the 2022 year end CWIP balance.

The total amounts for the plant additions in the pool of under $8 million in capital expenditures were then allocated to the CWIP project types based on a five-year historical average.

Valmy. The Valmy annual levelized revenue requirement of $1,168,033 remains unchanged from what was approved by Order No. 19-341 in Case No. UE 363.

Projected 2024 Plant Additions

Known and Measurable Capital Projects. The 2024 forecasted capital additions included two projects related to Peak Capacity Resources and two projects to convert Bridger Units 1 and 2 to natural gas as known and measurable adjustments for the 2024 Test Year. Actual capital expenditures through August or September 2023, plus expected 2023 and 2024 capital expenditures were used in determining the amount that would close to plant by year-end 2024. Allowance for Funds Used During Construction ("AFUDC") was accrued on the CWIP balances prior to their projected close. In addition, these projects' capital account balances, projected expenditures, and the timing of closes to plant were reviewed by business unit managers familiar with the projects.

The total amounts for the known and measurable plant additions were assigned CWIP project types based on the nature of each individual project.

Allocation to FERC Plant Account

The above CWIP project type pools were combined for final allocation to FERC plant accounts. For this allocation, actual final closings from CWIP account 107 into Electric Plant In Service, account 101 were analyzed for the five-year period 2018 through 2022. Final closing amounts were used to allocate closings to plant accounts rather than preclose amounts. Final closings represent the "as built" property units after construction and individual work orders have been completed and reconciled, whereas pre-closes are based on work order estimates and may not be fully reflective of the final closing plant account distribution. For each CWIP project type, the percentage allocation to FERC plant accounts 301 through 399 was determined using the ratio from the five-year historical plant account closings for that CWIP project type.

Retirements from Electric Plant In Service

Retirements were analyzed for the previous five-year period 2018 through 2022. Retirements by FERC plant account were determined and compared to the final closings by FERC plant account for the same period. Retirements by FERC plant account were estimated by calculating the historical percentage of retirements to additions for the five-year period.

The following FERC plant accounts have known retirement dates based on vintage layers and were not estimated:

- Account 302— Franchises and consents
- Account 303— Miscellaneous intangible plant
- Account 391— Office furniture and equipment
- Account 393—Stores equipment
- Account 394— Tools, shop, and garage equipment
- Account 395—Laboratory equipment
- Account 397—Communication equipment
- Account 398—Miscellaneous equipment

Known and Measurable Capital Projects. In conjunction with the 2024 forecasted capital additions to convert Bridger Units 1 and 2 to natural gas, estimated retirements for coal-related Unit 1 and 2 assets were forecasted in December 2023 to coincided with the anticipated conclusion of coal operation of the units.

Retirements from Electric Plant In Service

Retirements were analyzed for the five-year period 2005 through 2009. Retirements by FERC plant account were determined and compared to the closings by FERC plant account for the same period. Retirements by FERC plant account were estimated by calculating the historical percentage of retirements to additions for the five-year period.

The following FERC plant accounts have known retirement dates based on vintage layers and were not estimated:

- Account 302—Software
- Account 303—Franchises and Consents
- Account 391—Furniture
- Account 393—Stores Equipment
- Account 394—Shop Tools
- Account 395—Laboratory Equipment
- Account 397—Communication Equipment

- Account 398—Miscellaneous Equipment

Forecast Adjustments K & L—Accumulated Provision for Depreciation and Amortization

Table 2—FERC Accounts 108 and 111

Description

Account 108 is credited for amounts charged to account 403, Depreciation Expense, or to clearing accounts for current depreciation expense for electric plant in service. At the time of retirement of depreciable electric utility plant, this account is charged with the book cost of the property retired and cost of removal and then credited with the salvage value and any other amounts recovered such as insurance. When retired, costs of removal and salvage are originally entered in retirement work orders, the net total of such work orders may be included in a separate subaccount hereunder. Upon completion of the work order, the proper distribution to subdivisions of this account shall be made for general ledger and balance sheet purposes as a single composite provision for depreciation. For purposes of analysis, however, each utility shall maintain subsidiary records in which this account is segregated according to the functional classification of electric plant in service. Account 111 is credited with amounts charged to account 404, Amortization of Limited-Term Electric Plant, for the current amortization of limited-term electric plant investments.

Forecast Methodology

Forecast Adjustments K & L increase Accumulated Provision for Depreciation and Amortization (Accounts 108 and 111) by $141,883,564 and $6,949,699 respectively, above the 2022 Base. The accumulated provision for depreciation and amortization has been presented using a thirteen-month average. The 2024 forecast was developed by first determining the 2023 monthly balances and then building upon that to determine the 2024 thirteen-month account balances.

The process began with the 2022 Base accumulated depreciation and amortization account balances which were rolled forward monthly using the estimated 2023 and 2024 depreciation and amortization expense accruals, retirements, salvage, and removal costs. See account 403 and 404 in the Cost of Service Components section for discussion with respect to the depreciation and amortization accrual calculation and Electric Plant In Service, account 101 in the Rate Base Components section for discussion of the method of determining retirements. The previous five-year (2018–2022) average salvage and removal costs were then calculated by functional area (Steam Production, Hydraulic Production, Other Production, Transmission Plant, Distribution Plant and General Plant). The salvage and removal averages as a percentage of the retirement average were used to estimate monthly salvage and removal costs, allocated to FERC plant accounts utilizing the respective ratio to estimated retirements.

Forecast Adjustment M—Materials and Supplies

Table 3—FERC Accounts 154 and 163

Description

Account 154 includes the cost of materials purchased primarily for use in the utility business for construction, operation, and maintenance purposes. Materials and supplies issued are credited hereto and charged to the appropriate construction, operating expense, or other account on the basis of a unit price determined by the method of inventory accounting. Account 163 includes the cost of supervision, labor, and expenses incurred in the operation of general storerooms, including purchasing, storage, handling, and distribution of materials and supplies. This account is cleared by adding to the cost of materials and supplies issued a suitable loading charge which distributes the expense equitably over stores issues. The balance in the account at the close of the year shall not exceed the amount of stores expenses reasonably attributable to the inventory of materials and supplies.

Forecast Methodology

Forecast Adjustment M reflects a $10,145,311 increase in Materials and Supplies (accounts 154 and 163) above the 2022 Base after removing Boardman inventory balances of ($967,717).

Idaho Power continues to see increases in inventory values. Therefore, a Compound Annual Growth Rate (CAGR) forecast methodology was used. A three-year CAGR of 12.78% and 6.83% was calculated on the thirteen-month average balances of accounts 154 and 163, respectively, excluding Boardman inventory balances. The CAGRs were applied to the thirteen months ending December 2022 to develop the 2024 forecast adjustment.

Forecast Adjustment N—Other Deferred Programs

Table 3—FERC Accounts 182.3 and 186

Description

This account includes the amounts of regulatory assets not includable in other accounts resulting from the ratemaking actions of regulatory agencies.

Forecast Methodology

Forecast Adjustment N Decreases Other Deferred Programs (Accounts 182.3, 186 and 254) by $6,697,702 below the 2022 Base.

Accounts 186.722 and 186.770—American Falls Bond Refinancing, IPUC Order No. 25880. These deferred costs are financing costs related to American Falls Bond issuances. The total monthly amortization of these two bonds is $5,212 per month or $62,551 per year. Idaho Power

has reduced the 2022 Base for two years of additional amortization for $125,102, resulting in a total deferral of $10,426.

Account 182.310—Wildfire Mitigation, IPUC Order No. 35077. This account includes the unamortized balance of the Idaho-only portion of incremental wildfire mitigation costs associated with Idaho Power's Wildfire Mitigation Plan. Included in the 2024 Test Year deferral is $22,867,052 associated with the Idaho-only portion of deferred costs for incremental insurance and other wildfire mitigation costs.

Account 182.315—Cloud Computing, IPUC Order No. 34707. This account includes the unamortized balance of the Idaho-only portion of prepaid licensing costs associated with cloud computing arrangements meeting the requirements of IPUC Order No. 34707. Included in the 2022 Base is $2,026,244 associated with the Idaho-only portion of prepaid licensing costs for the Zycus procurement tool cloud computing agreement. Idaho Power has included a reduction to its 2022 Base of $402,530 for two years of additional amortization, bringing the test year deferral balance associated with Zycus to $1,623,714.

Accounts 182.410 and 182.411— Siemens Long-Term Program Contract, IPUC Order Nos. 33391 and 33420. Idaho Power entered into a long-term program contract under which Siemens Energy agrees to maintain the Company's three gas plants. A deferral was set up to account for the sale of the spare parts inventory, initialization fees and associated deferred income taxes. The spare parts inventory currently owned by the Company included two components: 1) assets that were included in the prior test year and are earning a return and 2) assets that have not been included in a test year and are not earning a return. Two regulatory asset accounts were established, one labeled "Rate Based" that includes the initial spare parts currently included in rate base and one labeled "Deferred Rate Base" that includes the initial spare parts that are not currently included in rate base, plus the initialization fees and associated tax expense. The deferral will be amortized over the remaining life of each asset in accordance with IPUC Order Nos. 33391 and 33420. The 2022 Base was reduced by $2,150,708 for two years of additional amortization, resulting in a total deferral of $19,313,357.

Account 182.339—SFAS 87 Capitalized Pension Costs, OPUC Order No. 10-064. The 2022 Base was used for the 2024 Test Year, resulting in a total deferral of $7,000,878.

Accounts 182.412 and 182.413— Siemens Long-term Program Contract, OPUC Order Nos. 15-387 and 15-388. As part of the long-term program contract with Siemens discussed above, the Company established two Oregon jurisdictional regulatory assets, one labeled "Rate Based" that includes the initial spare parts currently included in rate base and one labeled "Deferred Rate Base" that includes the initial spare parts that were not currently included in rate base, the initialization fees and associated tax expense. The deferral will be amortized over the remaining life of each asset in accordance with OPUC Order Nos. 15-387 and 15-388. The 2022 Base was reduced by $166,724 for two additional years of amortization, resulting in a total deferral of $482,931.

Account 254.420—Reconnect Fees, OPUC Advice No. 16-09. In 2016 the Company agreed with Staff to specifically identify $7.00 of each of the $20.00 reconnect fee charges for remote meters and track that value as a regulatory liability. Idaho Power projected $2,358 for 2023 and 2024, resulting in a total accrued liability of $19,427.

Forecast Adjustment O—Customer Advances for Construction ("CAC")

Table 3—FERC Account 252

Description

Account 252 includes advances by customers for construction which are to be partially or wholly refunded. When a customer is refunded the entire amount to which he or she is entitled according to the agreement or rule under which the advance was made, any remaining balance is credited to the appropriate plant account.

Forecast Methodology

Forecast Adjustment O decreases the Customer Advances for Construction (Account 252) 2022 Base by $5,697,395, based on an estimated thirteen-month average balance.

Idaho Power forecast Account 252 using a 5-year (2018-2022) average methodology to determine the estimated balances for unusual conditions, substation allowances, and transmission network upgrades. The tax gross-up portion was excluded from the substation allowances' estimate. For unusual conditions the balance was estimated based on average refund amounts. Please see the analysis in the table below:

2024 Forecast of Customer Advances	Total
2018-2022 5-year Average Unusual Conditions Refunds	$4,765,091
2018-2022 5-year Average Substation Allowances (Excluding Tax Gross-up)	1,877,865
2018-2022 5-year Average Transmission Network Upgrades	1,380,649
12/31/24 Forecast for Unusual Conditions Refunds, Substation Allowances, & Network Upgrades (Excluding Tax Gross-up)	**$8,023,605[1]**

[1] This amount represents the estimated year-end balance. Idaho Power has estimated the thirteen-month balance of $7,441,965 based on the shape of the 2022 actual thirteen--month average balance.

Forecast Adjustment P—Idaho Energy Resources Co. ("IERCO") Rate Base

Table 3—FERC Accounts 123.1, 186, and 145

Description

Account 123.1 includes the cost of investments in securities issued or assumed by subsidiary companies and investment advances to such companies, including interest accrued thereon when such interest is not subject to current settlement plus the equity in undistributed earnings or losses of such subsidiary companies since acquisition. This account is credited with any dividends declared by such subsidiaries. This account is maintained in such a manner as to show separately for each subsidiary: (1) the cost of such investments in the securities of the subsidiary at the time of acquisition, (2) the amount of equity in the subsidiary's undistributed net earnings or net losses since acquisition, and (3) advances or loans to such subsidiary. Account 145 represents notes receivable from associated companies. Account 186 includes all debits not elsewhere provided for, such as miscellaneous work in progress, and unusual or extraordinary expenses, not included in other accounts, which are in process or amortization and items the proper final disposition of which is uncertain.

Forecast Methodology

Forecast Adjustment P increases Idaho Energy Resources Co. ("IERCO") projected 2024 Rate Base (Accounts 123.1,186 and 145) by $1,769,938 above the 2022 actual thirteen-month average balance of $29,600,820 to $ 31,370,758.

Idaho Power's projected 2024 investment in IERCO is based on actual activity for 2022 at the BCC mine that supplies coal to the Jim Bridger thermal plant. As a one-third owner in BCC, IERCO is entitled to 33% of the BCC net income and cash flows.

- **Account 123.1—Investment in IERCO.** The 2024 thirteen-month average investment in IERCO balance is projected to decrease $8,086,296 from the 2022 actual thirteen-month average balance of $23,664,134. IERCO's investment in BCC is accounted for using the equity method. BCC income, IERCO income, and IERCO capital contributions to BCC increase the investment balance, while BCC dividend distributions to IERCO reduce the

investment balance. The $8.1 million decrease is primarily due to dividends being paid in 2022. No dividend assumptions are made during the forecast test year. Instead, any extra cash remaining after paying operating expenses and capital investment are returned to Idaho Power via the intercompany note (see below for discussion of Account 145 – IERCo Intercompany Note).

- **Account 145—Notes Payable To/Receivable from Subsidiary.** The 2024 thirteen-month average balance is projected to increase $10,093,286 from the 2022 actual thirteen-month average balance of $5,101,864. The IERCO intercompany note is the funding mechanism whereby IERCO not only receives distributions from and makes capital contributions to BBC, but also pays income taxes and dividends to Idaho Power. The intercompany note activity is based on the projected 2023 BCC operating and capital budgets. In 2022, the note payable increased due to funding the dividend payment. Interest on the intercompany note is based on Idaho Power's short-term borrowing rates and accrues monthly. The average interest rate used is 0.45% per month (Annual Rate 5.39%).

- **Account 186—Prepaid Coal Royalties.** The 2024 thirteen-month average balance is projected to decrease $237,052 from the 2022 actual thirteen-month average balance of $834,822. BCC overriding coal royalties are determined by the location and lease under which BCC is mining. The overriding royalty was granted to BCC from IERCO, who in turn received them from Idaho Power as advance royalties in the past. Although coal royalty payments have no impact on IERCO's net income because revenue is recognized when paid by BCC and expense recognized when remitted back to Idaho Power, the payment flow serves to reduce the account 186 balance.

Forecast Adjustment Q—Fuel Stock

Description

Account 151 includes the cost of fuel on hand. Items in this account include the invoice price of fuel less any cash or other discounts; freight and other transportation charges; and other expenses directly assignable to the cost of fuel.

Forecast Methodology

Forecast Adjustment Q reflects a $3,366,918 increase in Fuel Stock (accounts 151xxx) above the 2022 Base (13-month average).

The 2024 forecasted fuel stock inventory was developed as follows:

- Salmon diesel and natural gas storage at Jackson Prairie and NW Pipeline based on the thirteen-month average cost.
- Bridger coal inventory forecast assumes an optimal 30 days of coal on hand multiplied by a coal burn rate per day (in tons) of 5,040 multiplied by the 2024 forecasted cost of coal

per ton of $57.20 based on coal under contract/budgeted for 2024, including the IERCo forecasted margin of $3M annually.

- Valmy coal inventory forecast assumes an optimal 60 days of coal on hand multiplied by a coal burn rate per day (in tons) of 1,631 multiplied by the 2024 forecasted cost of coal per ton of $83.16 based on coal under contract/budgeted for 2024.

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