

McDowell & Rackner PC



WENDY L. MCINDOO
Direct (503) 595-3922
wendy@mcd-law.com

February 27, 2009

VIA ELECTRONIC FILING

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

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Public Utility Commission of Oregon
Administrative Hearing Division

Re: Docket No. UE 195

Enclosed for filing in the above-referenced docket are an original and five copies of Idaho Power Company's 2008 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.

Very truly yours,

Wendy L. McIndoo

cc: Service List

1 **CERTIFICATE OF SERVICE**

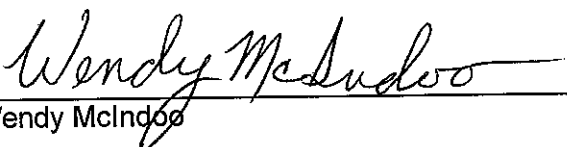
2 I hereby certify that I served a true and correct copy of the foregoing document in UE
3 195 on the following named person(s) on the date indicated below by email and first-class
4 mail addressed to said person(s) at his or her last-known address(es) indicated below.

5 Stephanie S. Andrus
6 Department of Justice
7 Regulated Utility & Business Section
8 1162 Court St NE
9 Salem, OR 97301-4096
10 stephanie.andrus@state.or.us

Bob Jenks
Citizens' Utility Board of Oregon
bob@oregoncub.org

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DATED: February 27, 2009.


Wendy McIndoo
Legal Assistant

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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 195

In The Matter of the Application of IDAHO
POWER COMPANY for Authority to
Implement a Power Cost Adjustment
Mechanism for Electric Service to Customers
in the State of Oregon.

**2008 ANNUAL POWER SUPPLY
EXPENSE TRUE-UP**

In compliance with Order No. 08-238, Idaho Power Company ("Idaho Power" or "the Company") hereby files its 2008 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: (1) confirming that the Company has correctly calculated the amount of the True-Up for later inclusion in rates and authorizing the Company to add the Annual Power Cost Adjustment ("PCA") amount to the Annual Power Supply Expense True-Up Balancing Account ("True-Up Balancing Account"); and (2) authorizing the Company to delay amortization of the True-Up Balancing Account until it completes the amortization of previously authorized deferrals. 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 in December along with 50

1 percent of the annual interest calculated at the Company's authorized cost of capital.
2 The details of the required calculations are detailed in the Stipulation attached as
3 Exhibit A to Order No. 08-238.

4 2. As described in the Testimony of Courtney Waites, filed herewith, Idaho Power has
5 calculated its True-Up in accordance with the methodology approved by the
6 Commission in Order No. 08-238. Because Idaho Power cannot begin amortization
7 of the amount in the True-Up Balancing Account, the True-Up rate is 0.0000¢ per
8 kWh.

9 3. Order No. 08-238 provides that PCA amounts cannot be added to the True-Up
10 Balancing Account if the Company's earnings are within 100 basis points of the
11 Company's allowed ROE. If the Company's current earnings are more than 100
12 basis points below its allowed ROE, as measured from an Oregon Report of
13 Operations for the twelve months ended December 31 of the previous year, the
14 Company will be allowed to add the PCA amounts to the True-Up Balancing
15 Account, up to an earnings level that is 100 basis points less than the Company's
16 authorized ROE. Idaho Power confirms that its earnings as reported in the 2007
17 Oregon Report of Operations (filed May 6, 2008) are more than 100 basis points
18 below its allowed ROE and therefore the entire amount of the PCA may be added to
19 the True-Up Balancing Account.

20 4. OAR 860-027-0300(9)(a) provides that "[a]n energy utility shall request that
21 amortizations of deferred accounts commence no later than one year from the date
22 that the deferrals cease for that particular account." Because of the circumstances
23 described in the following paragraph, it is appropriate for the Commission to waive
24 application of OAR 860-027-0300(9)(a) with respect to the 2008 True-Up.

25 5. Idaho Power is currently amortizing excess power costs from 2001 authorized for
26 deferral in Order No. 01-307. Idaho Power began deferring these amounts in 2001

1 and anticipates that they will finally be fully amortized later this year. Since 2001, the
2 Commission has approved the Company's request to defer excess power costs for
3 2005-06¹, and 2006-07². In addition, the Company has filed for permission to defer
4 excess power costs for 2007-2008.³ Given the Company's relatively low revenues in
5 Oregon, coupled with the amortization cap included in ORS 757.259, it will be many
6 years before the Company can begin amortizing the 2008 True-Up Balancing
7 Account.

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9 For all of the above reasons, Idaho Power requests that the Commission
10 issue its Order:

- 11 1. Confirming that the Company has correctly calculated the amount of the True-Up for
12 later inclusion in rates and authorizing the Company to add the PCA amount of
13 \$4,961,135.15 to the True-Up Balancing Account; and

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23 ¹ See Order No. 07-119 issued in UM 1007. The power cost deferral account for the 2005-06
year was entirely offset by SO2 allowances sold that year.

24 ² See Order No. 07-555 issued in UM 1198.

25 ³ See UM 1313. The Parties to this docket are in the process of memorializing a
Stipulation to allow Idaho Power to defer \$5,500,307.47 in excess power costs for 2007-
2008.

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1 2. Authorizing the Company to delay amortization of the 2008 True-Up Balancing
2 Account until it completes the amortization of previously authorized deferrals.

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4 Respectfully submitted this 27th day of February 2009.

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McDOWELL & RACKNER PC



Lisa F. Rackner

IDAHO POWER COMPANY

Barton L. Kline
Senior Attorney
PO Box 70
Boise, ID 83707

Attorneys for Idaho Power Company