



Citizens' Utility Board of Oregon

610 SW Broadway, Suite 308
Portland, OR 97205
(503) 227-1984 ▪ (503) 274-2956 ▪ cub@oregoncub.org ▪ www.oregoncub.org

March 23, 2010

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

RE: UE 214 PARTIAL STIPULATION REGARDING RATE SPREAD

Dear Filing Center:

Attached for filing please find UE 214 Partial Stipulation Regarding Rate Spread with attached certificate of service. The original signatures of Greg Adams and Catriona McCracken are included. The original signature of Jason Jones will follow upon receipt.

Thank you.

Sincerely,

G. Catriona McCracken, Attorney #933587
Staff Attorney
Citizens' Utility Board of Oregon
610 SW Broadway Ste 308
Portland, OR 97205
(503) 227-1984 phone
(503) 274-2596 fax
Catriona@oregoncub.org

c. Service list

1 entitled to collect pursuant to the Company's APCU mechanism authorized by the Public Utility
2 Commission of Oregon (the "Commission") in Docket No. UE 195.

3 2. For rate spread, Idaho Power, in its filing in this docket, proposed to follow the
4 procedure that was used in Docket No. UE 195. This method simply divides the proposed
5 revenue change, in this case \$2.59 million, by the normalized jurisdictional forecasted kWh
6 usage. This "equal cents per kWh charge" is applied to each customer's energy usage. The
7 impact of this approach varies significantly among customer classes, with a percentage increase
8 that varies from 1.7 percent for area lighting (Schedule 15) to 10.6 percent for large power
9 service (Schedule 19).

10 3. As the Commission recently recognized on pages 9 to 10 of the Commission's
11 order number 10-064 in Idaho Power's 2009 general rate case, certain customer classes will be
12 paying far less as a result of the general rate case than those classes' costs-of-service would
13 otherwise require. Those classes are the irrigation and traffic control classes. Consequently,
14 other customer classes will be paying more than their cost-of-service in order to subsidize those
15 underpaying classes.

16 4. The Commission noted in that order that the parties to the general rate case agreed
17 for the purposes of this docket to limit the rate increases experienced by the irrigation and traffic
18 control classes to avoid rate shock of bringing those classes' rates immediately up to their cost-
19 of-service.

20 5. The parties to this docket convened in Portland twice, first on December 29, 2009,
21 and next on January 28, 2010, to conduct workshops on the rate spread issue and how the
22 subsidies may be addressed in the APCU proceedings, which occur more frequently than Idaho
23 Power's general rate cases in Oregon.

1 6. As a result of these workshops, Staff, OICIP, and CUB (the “Joint Parties”)
2 reached an agreement regarding a rate spread adjustment intended to gradually limit the subsidy
3 to the irrigation and traffic control classes. Idaho Power does not support or oppose the Joint
4 Parties’ agreement as to rate spread.

5 7. The Joint Parties’ proposed rate spread mechanism would gradually decrease the
6 subsidies over time, without inducing rate shock significantly above that required to satisfy the
7 Company’s revenue requirement.

8 8. Under the final 2009 general rate case stipulation and the Joint Parties’ APCU
9 rate spread mechanism proposed in this Partial Stipulation, the irrigation class would incur a
10 combined APCU and 2009 general rate case increase of 42.66 percent. This is far less than the
11 Company’s original filings. Those filings called for irrigators to receive an in-season average
12 increase of about 47 percent in the general rate case, and would have added approximately
13 another 7 percent in this APCU docket, taking the combined total increase for irrigators to
14 around 54 percent.

15 9. Additionally, if the Commission approves this partial stipulation, the irrigators’
16 rates would still be approximately 20 percent below the stipulated cost-of-service level.

17 10. This would mitigate the overall rate increase to residential and industrial classes,
18 both of which would still pay in excess of their stipulated cost-of-service.

19 11. This Partial Stipulation contains a compromise between the twin goals of setting
20 cost of service rates and avoiding rate shock in Idaho Power’s infrequent general rate cases,
21 while bringing the subsidized parties closer to their cost of service over time through Idaho
22 Power’s annual energy cost update filings.

23

1 stipulated by all parties in the general rate case combines embedded capacity-related and energy-
2 related costs prior to their final allocation to the rate schedules, this step-one treatment of the
3 APCU energy costs is identical to the way they would have been allocated had they been part of
4 the 2009 general rate case test period.

5 18. In step two (Line 35), the total dollar amount of a “subsidy correction” is
6 determined by first applying, for any schedule that paid less than 90 percent of its cost-of-service
7 index in the last general rate case, a factor that is the lesser of: a) the prior general rate case
8 subsidy (Line 25 minus Line 29) less any APCU subsidy adjustments made since that case; and
9 b) 50 percent of the APCU dollar amount increase calculated in step one. The factor outcomes
10 for each of those schedules are added together and constitute the amount of the APCU revenue
11 requirement that is to be transferred away from the schedules found in the general rate case to be
12 bearing the subsidy burdens.

13 19. In step three (Line 36), are determined the interclass subsidy burdens borne by the
14 various schedules as initially established in the current/last general rate case, and as subsequently
15 reduced in accordance with the subsidy correction that is here being proposed.

16 20. In step four (Lines 37- 39), the subsidy correction preliminary dollar amount
17 (calculated in step two) is allocated according to each schedule’s share of the general rate case
18 cost-of-service-determined subsidy (calculated in step three), and that amount is shown to be
19 subtracted from the initial APCU allocation of step one.

20 21. In step five (Line 40), any negative amount that is produced in step four is
21 eliminated by allocating that amount to the other subsidizing schedules of step four, with the
22 allocation to those other schedules being performed in the same manner as in step four. This step
23 produces the proposed APCU revenue spread.

1 22. In step six (Line 47), each schedule's ratable (i.e., loss-adjusted) sales are shown.
2 It is against these sales figures that APCU incremental prices would be multiplied to satisfy the
3 APCU revenue requirement if it were to be collected as part of the 2009 test period.

4 23. In step seven (Line 48), each schedule's 2009-oriented APCU incremental rate is
5 determined by dividing its assigned APCU revenue (Line 40) by the loss-adjusted 2009 test-
6 year-projected sales (Line 47).

7 24. In step eight (Line 49), the APCU incremental rate for 2010 is determined by
8 adjusting the prices of the previous line by the ratio of total loss-adjusted 2009 test-year sales
9 (Line 47, Column A) to the 2010 October projection (Line 50, Column A). This adjustment is
10 necessary to recover the APCU revenue requirement with the reduced sales projected for 2010 as
11 compared to 2009.

12 25. In addition to those eight steps, Lines 42-46 were included to provide an
13 indication of the revenues, percentage rate increases, and final cost-of-service index levels that
14 are the outcome of combining the stipulated general rate case and APCU revenue spreads. Line
15 51 confirms that the incremental APCU rates will recover the APCU revenue requirement given
16 the 2010 October sales forecasts (Line 50).

17 26. Additionally, as further explained in the Joint Testimony, the Joint Parties
18 recommend that the class-specific rates determined for the October Update component of the
19 APCU be implemented as an adjustment to each class's base energy rates. Further, the Joint
20 Parties recommend that the class-specific rates determined for the March Forecast component of
21 the APCU be listed separately for each customer class on Schedule 55.

22 27. In the event the March Forecast, when viewed in isolation, results in a rate decrease or a
23 rate increase in excess of ten percent, the Joint Parties agree to meet promptly for the purpose of

1 reaching a mutually satisfactory agreement on the rate spread for the March Update revenue
2 requirement change, and upon such agreement, the filing of additional Staff and/or Intervener
3 testimony for April 1, 2010.

4 28. This Partial Stipulation will be offered into the record of this proceeding as
5 evidence pursuant to OAR 860-014-0085. The Joint Parties agree to support this Partial
6 Stipulation throughout this proceeding and any appeal (if necessary), provide witnesses to
7 sponsor this Stipulation at the hearing and recommend that the Commission issue an order
8 adopting the settlements contained herein.

9 29. The Parties have negotiated this Partial Stipulation as an integrated document. If
10 the Commission rejects all or any material portion of this Partial Stipulation or imposes
11 additional material conditions in approving this Partial Stipulation, any party disadvantaged by
12 such action shall have the rights provided in OAR 860-014-0085 and shall be entitled to seek
13 reconsideration or appeal of the Commission's order.

14 30. By entering into this Partial Stipulation, no Party shall be deemed to have
15 approved, admitted, or consented to the facts, principles, methods, or theories employed by any
16 other Party in arriving at the terms of the Partial Stipulation, other than those specifically
17 identified in the body of this Partial Stipulation. No party shall be deemed to have agreed that
18 any provision of this Partial Stipulation is appropriate for resolving issues in any other
19 proceeding, except as specifically identified in this Partial Stipulation.

20 31. This Partial Stipulation may be executed in counterparts and each signed
21 counterpart shall constitute an original document.

22 ***SIGNATURE PAGE FOLLOWS***

23

1 Respectfully Submitted,

2

STAFF

By: _____

Date: _____

OREGON INDUSTRIAL CUSTOMERS
OF IDAHO POWER

By: 

Date: 3-18-2010

CITIZENS' UTILITY BOARD OF
OREGON

By: 

Date: 3-23-10

3

1 Respectfully Submitted,

2

STAFF

By:  _____

Date: 3/23/10 _____

OREGON INDUSTRIAL CUSTOMERS
OF IDAHO POWER

By: _____

Date: _____

CITIZENS' UTILITY BOARD OF
OREGON

By: _____

Date: _____

3

UE 214 – CERTIFICATE OF SERVICE

I hereby certify that, on this 23rd day of March, 2010, I served the foregoing **PARTIAL STIPULATION REGARDING RATE SPREAD** in docket UE 214 upon each party listed in the UE 214 PUC Service List by email and, where paper service is not waived, by U.S. mail, postage prepaid, and upon the Commission by email and by sending 2 copies by U.S. mail, postage prepaid, to the Commission's Salem offices.

(W denotes waiver of paper service)

(C denotes service of Confidential material authorized)

MCDOWELL & RACKNER PC
LISA F RACKNER (C)
ATTORNEY
520 SW SIXTH AVENUE STE 830
PORTLAND OR 97204
lisa@mcd-law.com

IDAHO POWER COMPANY
BARTON L KLINE (C)
SENIOR ATTORNEY
PO BOX 70
BOISE ID 83707-0070
bkline@idahopower.com

OREGON PUBLIC UTILITY COMMISSION
ED DURRENBERGER (C)
PO BOX 2148
SALEM OR 97308-2148
ed.durrenberger@state.or.us

W DON READING (C)
6070 HILL ROAD
BOISE ID 83703
dreading@mindspring.com

DEPARTMENT OF JUSTICE
MICHAEL T WEIRICH, AAG (C)
REG UTILITY & BUS SECTION
1162 COURT ST NE
SALEM OR 97301-4096
michael.weirich@doj.state.or.us

W IDAHO POWER COMPANY
CHRISTA BEARRY (C)
PO BOX 70
BOISE ID 83707-0070
cbearry@idahopower.com

W IDAHO POWER COMPANY
DOUG JONES
PO BOX 70
BOISE ID 83707-0070
djones@idahopower.com

W IDAHO POWER COMPANY
GREGORY W SAID (C)
DIRECTOR - REVENUE
REQUIREMENT
PO BOX 70
BOISE ID 83707
gsaid@idahopower.com

W IDAHO POWER COMPANY TIM
TATUM (C)
PO BOX 70
BOISE ID 83707-0070
ttatum@idahopower.com

W IDAHO POWER COMPANY
CAMILLA VICTORIA
PO BOX 70
BOISE ID 83707-0070
cvictoria@idahopower.com

W **IDAHO POWER COMPANY**
DONOVAN E WALKER (C)
CORPORATE COUNSEL
PO BOX 70
BOISE ID 83707-0070
dwalker@idahopower.com

W **IDAHO POWER COMPANY**
SCOTT WRIGHT (C)
PO BOX 70
BOISE ID 83707-0070
swright@idahopower.com

W **MCDOWELL RACKNER &
GIBSON PC**
ADAM LONEY
520 SW SIXTH AVE, SUITE 830
PORTLAND OR 97204
adam@mcd-law.com

W **WENDY MCINDOO (C)**
OFFICE MANAGER
520 SW 6TH AVE STE 830
PORTLAND OR 97204
wendy@mcd-law.com

W **RICHARDSON & O'LEARY**
GREGORY MARSHALL ADAMS (C)
ATTORNEY
PO BOX 7218
BOISE ID 83702
greg@richardsonandoleary.com

W **RICHARDSON & O'LEARY
PLLC**
PETER J RICHARDSON (C)
PO BOX 7218
BOISE ID 83707
peter@richardsonandoleary.com

Respectfully submitted,



G. Catriona McCracken
Staff Attorney
The Citizens' Utility Board of Oregon
610 SW Broadway, Ste. 308
Portland, OR 97205
(503)227-1984
Catriona@oregoncub.org