

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 **UE 218**

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

STIPULATION

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This Stipulation resolves all issues between the parties related to Idaho Power Company's ("Idaho Power" or "Company") 2009 Annual Power Supply Expense True-Up ("True-Up") filed pursuant to Order No. 08-238,¹ as amended by Order No. 09-373.² This True-Up implements the Company's Power Cost Adjustment Mechanism ("PCAM") by calculating the deviation between actual net power supply expenses ("NPSE") and those expenses recovered through the Combined Rate.

PARTIES

1. The parties to this Stipulation are Staff of the Public Utility Commission of Oregon ("Staff") and Idaho Power Company (together, the "Stipulating Parties"). No other party intervened in this docket.

BACKGROUND

2. As part of the Commission-approved PCAM, each February Idaho Power must file a True-Up that calculates the difference between the actual NPSE incurred by the Company in the relevant PCAM year (January through December) and the expenses

¹ *Re Idaho Power Company's Application for Authority to Implement a Power Cost Adjustment Mechanism*, Docket UE 195, Order No. 08-238 (Apr. 28, 2008) [hereinafter "Order No. 08-238"].

² *Re Idaho Power Company's Application for Authority to Implement a Power Cost Adjustment Mechanism*, Docket UE 195, Order No. 09-373 (Sept. 18, 2009) [hereinafter "Order No. 09-373"].

1 recovered for that period through the Combined Rate.³ NPSE deviations that are eligible, as
2 determined by the terms of Order No. 08-238, are added to the Annual Power Supply
3 Expense True-Up Balancing Account (“True-Up Balancing Account”) at the end of each 12
4 month period ending in December along with 50 percent of the annual interest calculated at
5 the Company’s authorized cost of capital.⁴ As relevant here, to be eligible for inclusion in the
6 True-Up Balancing Account, the NPSE deviation must fall outside the dead band described in
7 Order No. 08-238.⁵

8 3. On February 26, 2010, Idaho Power filed its True-Up reflecting the NPSE
9 deviation for calendar year 2009. The Company’s initial filing used the most recent Oregon
10 Results of Operations (“ROO”) report available at the time of the filing—the ROO for 2008.
11 The Company’s initial filing determined that \$0.00 should be added to the True-Up Balancing
12 Account because the Oregon-allocated NPSE deviation was within the dead bands calculated
13 using the 2008 ROO.

14 4. As required by Order No. 09-373, on April 30, 2010, the Company filed
15 supplemental testimony that calculated the dead band using the Company’s 2009 ROO
16 report, which was finalized subsequent to the initial February filing. Although the upper and
17 lower dead band values changed when the updated ROO was used, the change did not affect
18 the amount proposed to be included in the True-Up Balancing Account because the NPSE
19 deviation was still within the dead band. Thus, after updating the analysis using the 2009
20 ROO the Company determined that \$0.00 should be added to the True-Up Balancing
21 Account.

22 5. On April 7, 2010, Administrative Law Judge Traci Kirkpatrick held a prehearing
23 conference at which the parties to this docket agreed upon a procedural schedule. Pursuant

24 ³ Order No. 08-238 at 3.

25 ⁴ *Id.*

26 ⁵ Order No. 08-238 at 3. The NPSE deviation is also subject to an earnings test and other adjustments as described in detail in the Stipulation attached as Exhibit A to Order No. 08-238. Here, the earnings test was not used because the NPSE deviation never fell outside the dead band.

1 to that agreed upon schedule, on May 6, 2010, Staff and the Company participated in a
2 settlement conference. As a result of the settlement discussions, the Stipulating Parties have
3 agreed as follows:

4 **AGREEMENT**

5 6. The Stipulating Parties agree that the Company has correctly calculated the
6 amount of the True-Up for later inclusion in rates as \$0.00 and that this calculation complies
7 with the terms of Order Nos. 08-238 and 09-373. Thus, the Stipulating Parties agree that the
8 Company will not add any amounts to the True-Up Balancing Account for 2009.

9 7. The Stipulating Parties agree to submit this Stipulation to the Commission and
10 request that the Commission approve the Stipulation as presented. The Stipulating Parties
11 agree that the adjustments and the rates resulting from the Stipulation are fair, just, and
12 reasonable.

13 8. This Stipulation will be offered into the record of this proceeding as evidence
14 pursuant to OAR 860-014-0085. The Stipulating Parties agree to support this Stipulation
15 throughout this proceeding and any appeal, (if necessary) provide witnesses to sponsor this
16 Stipulation at the hearing, and recommend that the Commission issue an order adopting the
17 settlements contained herein.

18 9. If this Stipulation is challenged by any other party to this proceeding, the
19 Stipulating Parties agree that they will continue to support the Commission's adoption of the
20 terms of this Stipulation. The Stipulating Parties agree to cooperate in cross-examination and
21 put on such a case as they deem appropriate to respond fully to the issues presented, which
22 may include raising issues that are incorporated in the settlements embodied in this
23 Stipulation.

24 10. The Stipulating Parties have negotiated this Stipulation as an integrated
25 document. If the Commission rejects all or any material portion of this Stipulation or imposes
26 additional material conditions in approving this Stipulation, any Stipulating Party

1 disadvantaged by such action shall have the rights provided in OAR 860-014-0085 and shall
2 be entitled to seek reconsideration or appeal of the Commission's Order.

3 11. By entering into this Stipulation, no Stipulating Party shall be deemed to have
4 approved, admitted, or consented to the facts, principles, methods, or theories employed by
5 any other Stipulating Party in arriving at the terms of this Stipulation, other than those
6 specifically identified in the body of this Stipulation. No Stipulating Party shall be deemed to
7 have agreed that any provision of this Stipulation is appropriate for resolving issues in any
8 other proceeding, except as specifically identified in this Stipulation.

9 12. This Stipulation may be executed in counterparts and each signed counterpart
10 shall constitute an original document.

11 This Stipulation is entered into by each Stipulating Party on the date entered below such
12 Stipulating Party's signature.

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STAFF

By: _____

Date: _____

IDAHO POWER

By: *Lisa Ruckner*

Date: *May 13, 2010*