



**INTRODUCTION**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

**Q. Please state your names, occupations, and business addresses.**

A. My name is Ed Durrenberger. I am employed by the Public Utility Commission of Oregon ("Staff") as a Senior Utility Analyst. My business address is 550 Capitol Street NE, Suite 215, Salem, Oregon 97301-2551. My qualifications are shown in Staff/Idaho Power/CUB Exhibit 101.

My name is Courtney Waites. I am employed by Idaho Power Company as a Pricing Analyst in the Pricing and Regulatory Services Department. My business address is 1221 West Idaho Street, Boise, Idaho 83702. My qualifications are shown in Idaho Power Exhibit 500.

My name is Bob Jenks. I am the Executive Director of the Citizens' Utility Board. My business address is 610 SW Broadway, Suite 308, Portland, Oregon 97205. My qualifications are shown in Staff/Idaho Power/CUB Exhibit 102.

**Q. What is the purpose of your testimony?**

A. This testimony describes and supports the Stipulation dated and filed in this case on December 18, 2009 among Staff of the Public Utility Commission of Oregon ("Staff"), Idaho Power Company ("Idaho Power" or "Company"), and the Citizens' Utility Board of Oregon ("CUB") (together, the "Parties").

**Q. Are Staff, Idaho Power, and CUB all of the parties to this proceeding?**

A. Yes.



1           **Q.     Does the PCAM include an earnings test?**

2           Yes. If Idaho Power's earnings during the year that Idaho Power incurred  
3 the excess net variable power costs are within +/- 100 basis points of its Oregon  
4 authorized return on equity, it may not amortize the deferred costs. If Idaho  
5 Power's earnings fall outside that deadband, Idaho Power may amortize the  
6 deferred costs that fall outside the deadband. Thus, Idaho Power may amortize  
7 costs to the extent their inclusion in Idaho Power's earnings do not bring Idaho  
8 Power's earnings during the deferral period within the deadband. As with the  
9 APCU, any rate change associated with the PCAM is effective June 1.

10          **Q.     Please describe Idaho Power's original filing in this docket.**

11          A.     On February 27, 2009, Idaho Power filed its 2008 Annual Power  
12 Supply Expense True-Up and Direct Testimony and Exhibits of Courtney Waites.  
13 Idaho Power requested authorization to add the power cost adjustment ("PCA")  
14 amount of \$4,961,135.15 to the True-Up Balancing Account and delay  
15 amortization of the 2008 True-Up Balancing Account until it completes  
16 amortization of previously authorized deferrals. The PCA amount was calculated  
17 according to the methodology reflected in the Parties stipulation adopted by the  
18 Commission in Order No. 08-238.

19          **Q.     Did Idaho Power subsequently file supplemental testimony?**

20          A.     Yes. On October 14, 2009, the Company filed Supplemental Direct  
21 Testimony of Courtney Waites.<sup>1</sup> That testimony made two corrections to the  
22 calculation of the Annual Power Supply Expense True-up that change the

---

<sup>1</sup> Although this supplemental filing occurred in October, it is not the Company's "October Update" filed under the APCU.

1 deferral amount proposed to be added to the Annual Power Supply Expense  
2 True-Up Balancing Account.

3 The first correction involved Public Utility Regulatory Policy Act ("PURPA")  
4 Qualifying Facility expenses included in the Actual Net Power Supply Expenses  
5 ("NPSE"). This correction increases the Actual NPSE by \$9,359,442, or  
6 \$0.65/MWh.

7 The second correction arose after settlement discussions between the  
8 Parties and because of Order No. 09-373.

9 **Q. Please describe this second correction in more detail.**

10 A. Under Order No. 08-238, the deadband for determining the amount  
11 of net variable power costs that may be deferred under the PCAM and the  
12 earnings band used to determine which costs may be amortized are based on  
13 Results of Operations ("ROO") for different years. The deadband used to  
14 determine the power cost expense that may be deferred under the PCAM is  
15 based on the ratebase reported for the year preceding the deferral period. The  
16 earnings band used to determine what costs may be amortized is based on  
17 earnings reported for the deferral period.

18 At the time the parties entered into the stipulation adopted by the  
19 Commission in Order No. 08-238, the Company believed that it was necessary  
20 for certain accounting purposes to have a known, or actual, deferral deadband at  
21 the time of its February filing, as opposed to an estimate of the deferral  
22 deadband. To determine an "actual" deadband as opposed to an estimated  
23 deadband for the February PCAM filing, Idaho Power would have to use the

1 ROO Report filed the previous spring. Staff and CUB did not object at the time of  
2 the Stipulation to Idaho Power's proposal regarding the vintage of the ratebase  
3 for determining the deferral deadband.

4 During the course of reviewing the Company's original February, 2009,  
5 filing, however, Staff and CUB concluded that the PCAM's use of two different  
6 ROO's would likely understate the deadband given that ratebase tends to  
7 increase each year. Idaho Power agreed to subordinate its concern regarding  
8 the finality of the deadband to the concern noted by Staff and CUB.

9 On August 24, 2009, Staff, Idaho Power, and CUB filed a Joint Motion To  
10 Amend Order Approving Stipulation and Adopting Power Cost Adjustment  
11 Mechanism (Order No. 08-238) that asked the Commission to modify the PCAM  
12 adopted in Order No. 08-238 by specifying that the ratebase used to determine  
13 the deferral deadband is the ratebase reported in the ROO for the deferral  
14 period.

15 On September 18, 2009, in Order No. 09-373, the Commission granted  
16 the motion and amended Order No. 08-238 to require Idaho Power to use the  
17 ROO reported for the deferral period for both its deferral and earnings  
18 components under the PCAM.

19 The Company's October, 2009, filing conforms to the method approved by  
20 the Commission in Order No. 09-373.

21 **Q. Accounting for both corrections reflected in the Company's**  
22 **October, 2009, filing, what is the Company's corrected request?**

23 The Company calculated the 2008 deferral balance to be \$5,011,903.

1 This amount reflects the additional PURPA expenses and the use of the  
2 Company's 2008 ROO to perform the earnings test and to calculate the  
3 deadband for determining the amount of net variable power costs that may be  
4 deferred. To that amount, the Company is still proposing to include 50 percent of  
5 the annual interest calculated at the Company's authorized cost of capital, or  
6 \$196,216, as well as offset the deferral amount by the sale of SO2 Allowances  
7 made during the calendar year 2008, or \$126,060. This brings the balance  
8 proposed to be added to the Annual Power Supply Expense True-Up Balancing  
9 Account to \$5,082,059.

10 **Q. Did Staff and CUB conduct a thorough examination of the**  
11 **Company's filing?**

12 A. Yes. The Parties thoroughly reviewed both the original and  
13 updated filings, conducted discovery, participated in settlement conferences, and  
14 fully analyzed the Company's calculations.

15 **STIPULATION**

16 **Q. What is the amount the Parties agreed to add to the True-Up**  
17 **Balancing Account?**

18 A. The Parties agree to add \$5,082,059 to the True-Up Balancing  
19 Account. This is the full amount Idaho Power requested for inclusion in the True-  
20 Up Balancing Account in its October, 2009, filing. The Parties agree that the  
21 calculations reflected in Idaho Power's Supplemental Direct Testimony of  
22 Courtney Waites are correct and conform to the methodology reflected in Order  
23 No. 08-238 as amended by Order No. 09-373. The Parties also agree that the

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

3 **Q. Have the Parties evaluated the reasonableness of this**  
4 **Stipulation?**

5 A. Yes. The Parties agree that the Stipulation results in fair, just, and  
6 reasonable rates and should be adopted.

7 **Q. Does this conclude your testimony?**

8 A. Yes it does.

**WITNESS QUALIFICATION STATEMENT**

**NAME:** Ed Durrenberger

**EMPLOYER:** Public Utility Commission of Oregon

**TITLE:** Senior Utility Analyst, Electric and Natural Gas Division

**ADDRESS:** 550 Capitol St. NE, Ste. 215, Salem, Oregon 97301

**EDUCATION:** B.S. Mechanical Engineering  
Oregon State University, Corvallis, Oregon

**EXPERIENCE:** I have been employed at the Oregon Public Utility Commission of since February of 2004. My current responsibilities include staff research, analysis and technical support on a wide range of electric and natural gas cost recovery issues with an emphasis on electricity and fuel costs.

**OTHER EXPERIENCE:** I worked for over twenty years in industrial boiler plant engineering, maintenance and operations. In this capacity I managed plant operations, fuel supplies and utilities, environmental compliance issues and all aspects of boiler machinery design, installation and repair. I have also worked as a production manager and machine shop manager for an ISO certified high tech equipment manufacturer servicing the silicon wafer fabrication and biomedical business sectors.

## WITNESS QUALIFICATION STATEMENT

**NAME:** Bob Jenks

**EMPLOYER:** Citizens' Utility Board of Oregon

**TITLE:** Executive Director

**ADDRESS:** 610 SW Broadway, Suite 308  
Portland, OR 97205

**EDUCATION:** Bachelor of Science, Economics  
Willamette University, Salem, OR

**EXPERIENCE:** Provided testimony or comments in a variety of OPUC dockets, including UE 88, UE 92, UM 903, UM 918, UE 102, UP 168, UT 125, UT 141, UE 115, UE 116, UE 137, UE 139, UE 161, UE 165, UE 167, UE 170, UE 172, UE 173, UG 152, UM 995, UM 1050, UM 1071, UM 1147, UM 1121, UM 1206, and UM 1209. Participated in the development of a variety of Least Cost Plans and PUC Settlement Conferences. Provided testimony to Oregon Legislative Committees on consumer issues relating to energy and telecommunications. Lobbied the Oregon Congressional delegation on behalf of CUB and the National Association of State Utility Consumer Advocates.

Between 1982 and 1991, worked for the Oregon State Public Interest Research Group, the Massachusetts Public Interest Research Group, and the Fund for Public Interest Research on a variety of public policy issues.

**MEMBERSHIP:** National Association of State Utility Consumer Advocates  
Board of Directors, Environment Oregon Research and Policy Center  
Telecommunications Policy Committee, Consumer Federation of America  
Electricity Policy Committee, Consumer Federation of America