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April 15, 2013

VIA ELECTRONIC AND U.S. MAIL

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

Re: UE 265 –Idaho Power Company’s 2012 Annual Power Supply Expense True-Up

Attention Filing Center:

Enclosed in the above-captioned docket are an original and five copies of Idaho Power Company’s Supplemental Direct Testimony 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. Please contact me with any questions.

Very truly yours,

A handwritten signature in black ink that reads "Wendy McIndoo". The signature is written in a cursive, flowing style.

Wendy McIndoo
Office Manager

Enclosures

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

DOCKET NO. UE 265

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR)
AUTHORITY TO IMPLEMENT A POWER)
COST ADJUSTMENT TARIFF SCHEDULE)
FOR ELECTRIC SERVICE TO CUSTOMERS)
IN THE STATE OF OREGON.)
)
2012 ANNUAL POWER SUPPLY EXPENSE)
TRUE-UP)

IDAHO POWER COMPANY
SUPPLEMENTAL DIRECT TESTIMONY
OF
COURTNEY WAITES

April 15, 2013

1 **Q. Please state your name and business address.**

2 A. My name is Courtney Waites. My business address is 1221 West Idaho Street,
3 Boise, Idaho 83702.

4 **Q. Are you the same Courtney Waites that previously filed direct testimony in this**
5 **matter?**

6 A. Yes.

7 **Q. What is the scope and purpose of your supplemental direct testimony?**

8 A. My supplemental direct testimony will revise the calculation of the Annual Power
9 Supply Expense True-up with use of the 2012 Oregon Results of Operations ("ROO")
10 report to determine the deferral deadbands and the Oregon allocation percentage.
11 However, as I will show later in my testimony, neither of these revisions will change
12 the deferral amount proposed to be added to the Annual Power Supply Expense
13 True-Up Balancing Account ("True-Up Balancing Account"). With this testimony I am
14 also filing revised Exhibits 201, 202, 203, and 204.

15 **Q. Please explain the revision to the calculation of the Annual Power Supply**
16 **Expense True-Up you are making.**

17 A. Order No. 09-373 clarifies which year's ROO report should be relied upon in
18 calculating the deferral deadbands and the Earnings Test components of the Power
19 Cost Adjustment Mechanism ("PCAM"). As directed in Order No. 09-373, the
20 Company's initial February filing included the quantification of the dollar balance
21 proposed to be added to the True-Up Balancing Account based on the 2011 ROO
22 report. The results represented a preliminary estimate at the time, with this final
23 determination being filed now that the 2012 ROO report has been completed.

24 **Q. What are the power supply expense deadbands based on the 2012 ROO**
25 **report?**

26 A. Using the Company's authorized Return on Equity ("ROE") in effect in 2012 and the

1 Company's 2012 Oregon rate base of \$110,895,252, the Upper Deadband of 250
2 basis points equals \$2,355,972 and the Lower Band of 125 Basis Points equals a
3 negative \$1,177,986 (see Exhibit 202).

4 **Q. Does the use of the 2012 ROO report impact any other areas of the initial**
5 **filing?**

6 A. Yes. In addition to changing the deadbands, the 2012 ROO report computes the
7 Oregon allocation percentage used to calculate Oregon's share of the excess net
8 power supply expenses and customer benefits from the sale of SO₂ Allowances and
9 Renewable Energy Credits ("REC"). Exhibit No. 201, the Oregon PCAM
10 quantification for 2012, reflects the revised deadbands and the revised Oregon
11 allocation percentage. Using the Oregon allocation percentage of 4.37 percent from
12 the 2012 ROO report slightly decreases the total customer benefit of SO₂ Allowance
13 sales and REC sales to \$145.24 and \$146,673.69, respectively (see Exhibit Nos.
14 203 and 204).

15 **Q. How do the corrections you describe above impact the amount you proposed**
16 **be added to the True-up Balancing Account?**

17 A. The total customer benefit of REC sales of \$146,673.69 does not impact the
18 proposed amount to be added to the True-Up Balancing Account because the
19 benefit will be applied as a credit to the power cost deferral currently in amortization.
20 The customer benefit of \$145.24 from the SO₂ Allowance sales is added to the
21 Oregon Allocated Power Cost Deviation creating a deviation of \$600,770.68 which is
22 less than the Upper Deadband of \$2,355,972. Therefore, the dollar amount to be
23 considered to add to the True-Up Balancing Account is zero.

24 **Q. In your initial filing, an Earnings Test was not performed because the Company**
25 **was not proposing any deferral amounts be added to the True-Up Balancing**
26 **Account. Does the use of the 2012 ROO report change the need for an**

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Earnings Test?

A. No. Using the 2012 ROO report still results in a zero deferral amount to be added to the True-Up Balancing Account and therefore does not require an Earnings Test to be performed.

Q. Does this conclude your testimony?

A. Yes, it does.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

IDAHO POWER COMPANY

Exhibit Accompanying Supplemental Direct Testimony of
Courtney Waites

April 15, 2013

Idaho Power/202
Witness: Courtney Waites

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

IDAHO POWER COMPANY

Exhibit Accompanying Supplemental Direct Testimony of
Courtney Waites

April 15, 2013

**Determination of Oregon PCAM Deadbands
 Based on Idaho Power 2012 Results of Operations**

	(A)	(B)
	Total System	Oregon
(1) Rate Base	\$2,692,570,111	\$110,895,252
(2) % Equity in cap structure	51.754%	51.754%
(3) Equity in rate base	\$1,393,512,735	\$57,392,729
(4) 100 basis points	1.000%	1.000%
(5) Resulting return (NOI Effect)	\$13,935,127	\$573,927
(6) Net-to Gross Factor	1.64200	1.64200
(7) Revenue requirement	\$22,881,479	\$ 942,389
(8) Upper Band of Basis Points	250	\$2,355,971.51
(9) Lower Band of Basis Points	125	(\$1,177,985.76)

Idaho Power/203
Witness: Courtney Waites

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

IDAHO POWER COMPANY

Exhibit Accompanying Supplemental Direct Testimony of
Courtney Waites

April 15, 2013

Idaho Power/204
Witness: Courtney Waites

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

IDAHO POWER COMPANY

Exhibit Accompanying Supplemental Direct Testimony of
Courtney Waites

April 15, 2013

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CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document in Docket UE 265 on the following named person(s) on the date indicated below by email addressed to said person(s) at his or her last-known address(es) indicated below.

OPUC Dockets
Citizens' Utility Board of Oregon
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Jorge Ordonez
Public Utility Commission of Oregon
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DATED: April 15, 2013



Wendy McIndoo
Office Manager