



WENDY MCINDOO
Direct (503) 290-3627
wendy@mrg-law.com

April 15, 2019

VIA ELECTRONIC FILING

Attention: Filing Center
Public Utility Commission of Oregon
201 High Street SE, Suite 100
P.O. Box 1088
Salem, Oregon 97308-1088

Re: Docket UE 354 – Idaho Power Company’s 2018 Annual Power Supply Expense True-Up

Attention Filing Center:

Attached in the above-referenced docket is an electronic copy of the Supplemental Direct Testimony and Exhibits of Courtney Waites.

Please contact me with any questions

Sincerely,

Wendy McIndoo
Office Manager

Attachments

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

DOCKET NO. UE 354

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR)
AMORTIZATION IN RATES OF THE POWER)
COST ADJUSTMENT MECHANISM AND)
INTERVENOR FUNDING AMOUNTS.)
_____)

**IDAHO POWER COMPANY
SUPPLEMENTAL DIRECT TESTIMONY
OF
COURTNEY WAITES**

April 15, 2019

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

2 A. My name is Courtney Waites. My business address is 1221 West Idaho Street, Boise,
3 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 2018 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 zero deferral amount Idaho Power Company (“Idaho Power” or “Company”)
13 previously proposed be added to the Annual Power Supply Expense True-Up
14 Balancing Account (“True-Up Balancing Account”). With this testimony I am also filing
15 revised Exhibit Nos. 201, 202, 203 and 204.

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

18 A. Order No. 09-373 clarifies which year’s ROO should be relied upon in calculating the
19 deferral deadbands and the Earnings Test components of the Power Cost Adjustment
20 Mechanism (“PCAM”). As directed in Order No. 09-373, Idaho Power’s initial February
21 filing included the quantification of the dollar balance proposed to be added to the
22 True-Up Balancing Account based on the 2017 ROO. The results represented a
23 preliminary estimate at the time, with this final determination being filed now that the
24 2018 ROO has been completed.

25 **Q. What are the power supply expense deadbands based on the 2018 ROO?**

26

1 A. Using the Company's authorized Return on Equity in effect in 2018 and the Company's
2 2018 Oregon rate base of \$140,969,719, the Upper Deadband of 250 basis points
3 equals \$2,584,287 and the Lower Band of 125 Basis Points equals a negative
4 \$1,292,143 (please see Exhibit No. 202).

5 **Q. Does the use of the 2018 ROO impact any other areas of the initial filing?**

6 A. Yes. In addition to changing the deadbands, the 2018 ROO computes the Oregon
7 allocation percentage used to calculate Oregon's share of the excess net power supply
8 expenses and customer benefits from the sale of Renewable Energy Credits ("REC").
9 Exhibit No. 201, the Oregon PCAM quantification for 2018, reflects the revised
10 deadbands and the revised Oregon allocation percentage. In addition, using the
11 Oregon allocation percentage of 4.63 percent from the 2018 ROO slightly decreases
12 the total customer benefit of REC sales to \$128,831 (please see Exhibit No. 203).

13 **Q. How do the supplemental computations you describe above impact the amount**
14 **you proposed be added to the True-up Balancing Account?**

15 A. Applying the updated Oregon allocation percentage of 4.63 percent to the power cost
16 deviation creates an Oregon Allocated Power Cost Deviation of negative \$373,231.10
17 which is greater than the Lower Deadband of negative \$1,292,143. Therefore, the
18 dollar amount associated with the Annual Power Supply Expense True-Up to be
19 considered to add to the True-Up Balancing Account is zero. However, the total
20 customer benefit of REC sales will be added to the True-Up Balancing Account, slightly
21 reducing the amount proposed to \$128,831.

22 **Q. In your initial filing, an Earnings Test was not performed because the Company**
23 **was not proposing any deferral amounts be added to the True-Up Balancing**
24 **Account. Does the use of the 2018 ROO change the need for an Earnings Test?**

25
26

1 A. No. Using the 2018 ROO still results in a zero deferral amount to be added to the
2 True-Up Balancing Account and therefore does not require an Earnings Test to be
3 performed.

4 **Q. Will the change in the amount proposed to be added to the True-up Balancing**
5 **Account affect the proposed Schedule 56 rate?**

6 A. Yes. Although the 2018 ROO does not impact the updated level of amortization
7 collection associated with intervenor funding amounts initially proposed by the
8 Company, the slight change in the total customer benefit of the REC sales and the
9 update to the June 1, 2019, through May 31, 2020, test year forecast was enough to
10 change the proposed Schedule 56 rate. The updated detailed calculations of the rate
11 impact can be found in Exhibit No. 204. Table 1 summarizes the impact on the rates
12 associated with Idaho Power's proposal.

13 **Table 1**

Customer Class	Current (cents per kWh)	Proposed (cents per kWh)
Residential service	0.0172	0.0098
All other	(0.0146)	(0.0187)

14
15
16
17 **Q. Has Idaho Power updated Schedule 56 with the proposed rates?**

18 A. Yes. Idaho Power is filing a proposed Schedule 56 reflecting the rates above
19 concurrently as Advice No. 19-04.

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

21 A. Yes, it does.
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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 354

IDAHO POWER COMPANY

Exhibit Accompanying Supplemental Direct Testimony of Courtney Waites

April 15, 2019

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**Determination of Oregon PCAM Deadbands
Based on Idaho Power 2018 Results of Operations**

	(A)	(B)
	Total System	Oregon
(1) Rate Base	\$3,363,070,908	\$140,969,719
(2) % Equity in cap structure	54.454%	54.454%
(3) Equity in rate base	\$1,831,326,632	\$76,763,651
(4) 100 basis points	1.000%	1.000%
(5) Resulting return (NOI Effect)	\$18,313,266	\$767,637
(6) Net-to Gross Factor	1.347	1.347
(7) Revenue requirement	\$24,661,011	\$ 1,033,715
(8) Upper Band of Basis Points	250	\$2,584,286.69
(9) Lower Band of Basis Points	125	(\$1,292,143.34)

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Oregon

12 MOS ENDED DEC 2018

Total Revenues	\$	55,160,426
		6%
Deferral Revenues Allowed	\$	3,309,626

True-Up Balancing Account

Oregon kWh Forecast ¹		687,203,565
Rate (cents per kWh)		(0.0187)
Estimated Collection (Refund)	\$	(128,831)

Intervenor Funding deferrals

Oregon Residential kWh Forecast ¹		182,860,882
Rate (cents per kWh)		0.0286
Estimated Collection (Refund)	\$	52,240

Total Rate - Residential Service (cents per kWh)		0.0098
Total Rate - All Other (cents per kWh)		(0.0187)

1. Revised June 1, 2019 - May, 31, 2020 test year.