

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: July 29, 2008**

REGULAR  CONSENT  EFFECTIVE DATE \_\_\_\_\_ N/A \_\_\_\_\_

**DATE:** July 24, 2008

**TO:** Public Utility Commission

**FROM:** Ed Durrenberger

**THROUGH:** Lee Sparling, Ed Busch and Bonnie Tatom

**SUBJECT:** IDAHO POWER COMPANY: (Docket No. UE 195/Advice No. 08-01)  
Proposes Schedule 55, Annual Power Cost Update, and Schedule 56,  
Power Cost Adjustment Mechanism.

**STAFF RECOMMENDATION:**

I recommend the Commission find the rates filed by Idaho Power Company's (Idaho Power or company) in Schedule 55, Annual Power Cost Update, and Schedule 56, Power Cost Adjustment Mechanism included in Advice No. 08-01, to be consistent with Order No. 08-238 approving a Power Cost Update Adjustment Mechanism and finally approve them.

**DISCUSSION:**

Idaho Power filed Advice 08-01 on March 24, 2008, with an effective date of June 1, 2008. The purpose was to implement new rates consistent with the Power Cost Update Adjustment Mechanism approved by Commission Order No. 08-238. Because the Power Cost Update Adjustment Mechanism was new to Idaho Power, and the computation of rates using this mechanism had not been previously evaluated by Staff, Advice No. 08-01 (which included Schedule 55, Annual Power Cost Update, and Schedule 56, Power Cost Adjustment Mechanism) was accepted by the Commission at the May 20, 2008, public meeting, effective June 1, 2008, subject to refund under ORS 757.215(4).

Staff has now had time to review the filings and analyze the data upon which the rates are based. In performing this evaluation, load forecasts, expected hydro generation, thermal plant output and power purchases and sales were examined. In the process, two mistakes were uncovered, one where model inputs had inadvertently been

transposed when entering data into the model and the other where the dispatch benefit of a resource were not included even though that resource came on line a few weeks before the rates in Advice No. 08-01 were effective. Coincidentally, each mistake moved power costs in opposite directions, and the net effect was to essentially cancel each other out. Staff finds, and Idaho Power agrees, that the rates entered in Schedule 55, the Annual Power Cost Update, are just and reasonable and consistent with the Power Cost Update Adjustment Mechanism approved by Commission Order No. 08-238 and require no further adjustment.

**PROPOSED COMMISSION MOTION:**

Idaho Power Company's Advice No. 08-01, including Schedule 55, the Annual Power Cost Update, and Schedule 56, the Power Cost Adjustment Mechanism, be found compliant with Commission Order No. 08-238, and finally approved.