

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF IDAHO POWER )**  
**COMPANY'S APPLICATION FOR AN ) CASE NO. IPC-E-09-16**  
**ACCOUNTING ORDER TO ESTABLISH )**  
**RATEMAKING TREATMENT OF )**  
**QUALIFYING REPORTING ENTITY ) ORDER NO. 30941**  
**CONTRACTS )**  
**)**

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On May 29, 2009, Idaho Power Company filed an Application requesting an Accounting Order associated with Qualified Reporting Entity (QRE) services. The QRE services will be provided to renewable generation units located in the Idaho Power Balancing Authority area that are under contract with Idaho Power to certify renewable energy credits (RECs) in the Western Renewable Electricity Generation Information System (WREGIS). Idaho Power requests an Order approving the proposed accounting and ratemaking treatment for revenues and expenses associated with the QRE services.

Renewable Energy Credits (RECs) are tracked through WREGIS for various purposes throughout many western states. The WREGIS process requires that a party, independent of the owner of the renewable generation unit, supply WREGIS with the actual monthly MWHs (one MWH equals one REC) that a renewable generation unit has delivered. Idaho Power has been approved as a Qualifying Reporting Entity by the WREGIS administrator. This QRE designation enables Idaho Power to use the WREGIS system to track the RECs from the Elkhorn wind farm, the Raft River geothermal generation units and any other renewable units when developed.

Owners of other renewable generation units within the Idaho Power Balancing Authority have requested that Idaho Power provide QRE services for their projects. Idaho Power is willing to provide these services under contract where the costs are fully compensated by the party requesting the service. The Oregon Public Utility Commission (OPUC) in Docket No. UM 1394 considered several issues in addressing a similar request from parties. After several workshops and rounds of comments, the Oregon parties compromised on a Qualified Reporting Entity Agreement and entered into a Memorandum of Understanding (MOU). The OPUC Staff proposed and parties agreed that the costs and revenues associated with QRE agreements will be

treated as an “above-the-line” expense for ratemaking purposes. Idaho Power ultimately agreed to the compromise position and signed the MOU. The MOU has a two-year review period, and on or about March 15, 2011, parties in Oregon will convene a review workshop.

Idaho Power requests consistent treatment in Idaho. The Company proposes that the following process and accounting be used to record expenses and revenues associated with providing voluntary QRE services:

- a. The Company’s Delivery Finance group will create a yearly QRE services work order that will have the following eight tasks:
  - i. Set-up Expenses – Idaho
  - ii. Set-up Revenue – Idaho
  - iii. Monthly Reporting Expenses – Idaho
  - iv. Monthly Reporting Revenue – Idaho
  - v. Set-up Expenses – Oregon
  - vi. Set-up Revenue – Oregon
  - vii. Monthly Reporting Expenses – Oregon
  - viii. Monthly Reporting Revenue – Oregon
- b. The account 415020 REV FM MJ&CW-QRE REPORTING will be used to record the revenue.
- c. The account 416020 EXP FM MJ&CW-QRE REPORTING will be used to record the expenses.
- d. If Delivery Finance provides QRE service for one of the Company’s generation resources, Delivery Finance will charge the Company’s Power Supply group via an internal accounting entry that will debit the revenue account using a Power Supply cost center and will credit the revenue account using a Delivery cost center. This is required by GAAP to prevent Idaho Power from recognizing revenue from itself for external financial reporting purposes.
- e. Delivery Finance will directly bill all other project owners, including Company affiliates, for QRE services.
- f. One of the key elements of the QRE Agreement is the pricing mechanism that enables Idaho Power to charge the actual cost to perform QRE services. All time and expenses incurred in providing QRE service to any entity will be charged to the expense tasks on the work order. All revenue billed for providing the QRE service will be credited to the revenue tasks on the work order. Annually, Delivery Finance will analyze the expenses (including overheads and profit) charged to the work order to determine if the rates it charges for its services need to be adjusted.

Staff reviewed the Oregon process and documents in UM 1394 including the contracts and MOU. The Idaho Power estimated time requirements, costs and service charges have also been reviewed. The contracts establish charges that will be based on full cost recovery; however, data associated with providing the QRE service are estimated. The estimates cover the expected costs and are designed to be revenue neutral. The Commission finds that actual costs, allocation of costs and revenues for Idaho Power associated with the QRE services and client contracts needs to be analyzed after the initial two-year period.

The Commission has determined it is reasonable to issue an Accounting Order approving the above accounting and ratemaking process through the two-year review process established in Oregon. Idaho Power is directed to file a full analytical report on the QRE services covering client contracts, actual costs, allocation of costs, and revenues. The report must be filed following the Oregon workshops but no later than October 31, 2011.

#### **ORDER**

IT IS HEREBY ORDERED that Idaho Power's request for an Accounting Order on the proposed accounting and ratemaking treatment related to Qualified Reporting Entity services is granted as conditioned in this Order.

IT IS HEREBY ORDERED that the process and accounting described above is acceptable. This process will be evaluated on a prospective basis as recommended by Staff following the two-year Oregon Memorandum of Understanding time line. To facilitate the review of the above-the-line ratemaking treatment, Idaho Power shall file a full analytical report on the QRE services covering client contracts, actual costs, allocation of costs, and revenues. The report shall be filed following the Oregon workshops but no later than October 31, 2011.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 5<sup>th</sup>  
day of November 2009.

  
JIM D. KEMPTON, PRESIDENT

  
MARSHA H. SMITH, COMMISSIONER

  
MACK A. REDFORD, COMMISSIONER

ATTEST:

  
Jean D. Jewell  
Commission Secretary

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