

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER REDFORD  
COMMISSIONER SMITH  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL

**FROM:** KARL KLEIN  
DEPUTY ATTORNEY GENERAL

**DATE:** OCTOBER 18, 2011

**SUBJECT:** CASE NO. IPC-E-11-18  
IDAHO POWER'S PLAN REGARDING DECOMMISSION OF  
BOARDMAN POWER PLANT

On September 26, 2011, Idaho Power applied to the Commission for an Order (1) accepting the Company's accounting and cost recovery plan for the early shut down of the Boardman Power Plant, and (2) allowing the Company to establish a balancing account to track shutdown-related costs and benefits. The Company does not ask the Commission to approve rate recovery for future expenses associated with the Boardman shutdown at this time. Application at 1. The Company asks the Commission to process the matter under Modified Procedure, and to issue the requested Order by mid-February 2012. *Id.* at 16.

### THE APPLICATION

Idaho Power describes Boardman as a single-generating unit, coal-fired power plant in north-central Oregon. Idaho Power owns 10%, or 58.5 MW (net dependable capacity) of Boardman, which entitles Idaho Power to about 50 aMW. Application at 1. Portland General Electric ("PGE") owns 65% of Boardman and operates the plant. *Id.*

Idaho Power says Boardman is subject to the federal Clean Air Act, Oregon's Regional Haze Plan, and Oregon's Utility Mercury Rule. The Company says these regulations require Boardman to be fitted with various emissions controls. *Id.* at 2-4. According to Idaho Power, after analyzing each of the Boardman-related control technologies and associated deadlines required by the regulations (and a consent decree in a federal court case), PGE determined that closing Boardman in 2020 would strike "a good balance between the key risk

drivers of natural gas and CO2 prices, while maintaining system reliability at a relatively low cost.” *Id.* at 4-6 (quoting PGE 2009 IRP Addendum, p. 103).

Idaho Power says PGE’s decision to close Boardman in 2020 impacts Idaho Power because Idaho Power owns 10% of Boardman. *Id.* at 10. According to Idaho Power, PGE’s plan to close Boardman increases Idaho Power’s revenue requirements related to accelerated depreciation expense, additional plant investments, and decommissioning costs. *Id.* at 16.

Idaho Power proposes a three-step plan to respond to PGE’s proposed 2020 closure. *Id.* at 10. In sum, Idaho Power will: (1) perform, in early 2012, a depreciation study and ask for new depreciation rates for all plant investment, including Boardman, to become effective June 1, 2012; (2) establish a balancing account to track closure-related incremental costs and benefits; and (3) ask the Commission, in early 2012, to authorize the Company to increase customer rates to recover Boardman decommissioning costs, with rates to take effect June 1, 2012 (coincident with the depreciation rate change). *Id.*

#### **STAFF RECOMMENDATION**

Staff recommends that the Commission process the Company’s Application under Modified Procedure with comments due January 13, 2012, and the Company’s reply, if necessary, due January 27, 2012.

#### **COMMISSION DECISION**

Does the Commission wish to process the Company’s Application under Modified Procedure with comments due January 13, 2012, and the Company’s reply, if necessary, due January 27, 2012?



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Karl Klein  
Deputy Attorney General

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