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IDAHO PUBLIC  
UTILITIES COMMISSION

**JASON B. WILLIAMS**  
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December 12, 2011

**VIA HAND DELIVERY**

Jean D. Jewell, Secretary  
Idaho Public Utilities Commission  
472 West Washington Street  
Boise, Idaho 83702

Re: Case No. IPC-E-11-22  
*IN THE MATTER OF THE APPLICATION OF IDAHO POWER COMPANY  
FOR AN EXTENDED AND MODIFIED ACCOUNTING ORDER TO  
AMORTIZE ADDITIONAL ACCUMULATED DEFERRED INCOME TAX  
CREDITS*

Dear Ms. Jewell:

Enclosed for filing please find an original and seven (7) copies of Idaho Power Company's Motion for Approval of Stipulation in the above matter.

Very truly yours,

Jason B. Williams

JBW:kkt  
Enclosures

RECEIVED

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IDAHO PUBLIC  
UTILITIES COMMISSION

Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION )	
OF IDAHO POWER COMPANY TO )	CASE NO. IPC-E-11-22
EXTEND AND MODIFY ACCOUNTING )	
ORDER TO AMORTIZE ADDITIONAL )	MOTION FOR APPROVAL OF
ACCUMULATED DEFERRED INCOME )	STIPULATION
TAX CREDITS (ADITC). )	
)	

COMES NOW, Idaho Power Company ("Idaho Power" or "Company") and hereby moves the Idaho Public Utilities Commission ("Commission") for an Order accepting the settlement stipulation ("Stipulation") filed herewith. This Motion is based on the following:

1. On November 2, 2011, Idaho Power filed an Application in this case requesting the Commission issue an Order modifying Order No. 30978 to (1) authorize the Company to extend its ability to amortize additional accumulated deferred investment tax credits ("ADITC") through December 31, 2013; (2) extend the revenue sharing agreement established by Order No. 30978 with modifications; and (3) approve

a one-time adjustment applied in 2011 to the sharing provision of the stipulation approved in Order No. 30978 to allow one-half of the Company's share of the Idaho jurisdictional return on equity ("ROE") in excess of 10.5 percent to be provided as a customer benefit in the form of a reduction in rates or an offset to amounts that would otherwise be collected from rates. The Company served a copy of its Application on all parties that intervened in the Company's 2011 general rate case proceeding, Case No. IPC-E-11-08.

2. On November 8, 2011, the Commission issued a Notice of Application, Notice of Intervention Deadline, and Notice of Workshop in Order No. 32394. The Notice scheduled a workshop on November 30, 2011, to discuss the Company's Application. Pursuant to the Notice of Intervention Deadline, the Industrial Customers of Idaho Power, and Micron Technology, Inc. ("Micron"), timely filed Petitions to Intervene and the Commission granted those petitions in Order No. 32405.

3. Following the discussions held at the November 30, 2011, workshop, the Company, the Commission Staff, and Micron ("Parties") have agreed to resolve and settle all of the issues in the case. A copy of the signed Stipulation evidencing that settlement is enclosed as Attachment No. 1.

4. Revenue Sharing. As described in Section 5 of the Stipulation, the Parties agree to make a one-time adjustment to the sharing portion of the mechanism approved by the Commission by Order No. 30978 that will set aside 75 percent of the Company's share of the Idaho jurisdictional, 2011 year-end ROE in excess of 10.5 percent to be provided as a customer benefit in the form of an offset to amounts in the Company's

pension balancing account to reduce the amount that would otherwise need to be collected in rates.

5. In the period 2012-2014, if the Idaho jurisdictional annual ROE exceeds 10 percent, all amounts in excess of a 10 percent ROE and up to and including a 10.5 percent ROE would be shared equally between the Company and its Idaho customers. The customers' share of the Company's Idaho jurisdictional earnings between a 10 percent ROE and up through a 10.5 percent ROE will be provided as a rate reduction to become effective at the time of the subsequent year's power cost adjustment. If the Company's actual earned, year-end ROE for the Idaho jurisdiction during 2012, 2013, or 2014 exceeds 10.5 percent, all amounts in excess of the 10.5 percent ROE will be shared 75 percent with customers in the form of an offset to amounts in the Company's pension balancing account to reduce the amount that would otherwise need to be collected in rates and 25 percent with the Company.

6. ADITC Amortization. As further detailed in Section 6 of the Stipulation, the Parties agree that the Company may extend its ability to amortize a total of \$45 million of additional ADITC through December 31, 2014, to allow the Company to achieve a maximum actual ROE of 9.5 percent for the Idaho jurisdiction provided that the amount of additional ADITC used in a single year does not exceed \$25 million.

7. In the event the Commission issues an Order authorizing a change to the Company's allowed ROE as part of a general rate case proceeding in which the Company seeks a rate change to become effective prior to January 1, 2015, the ROE thresholds will be automatically adjusted proportionately on a prospective basis from the date that the newly authorized rates become effective as set forth in Section 6.4 of the

Stipulation. The Parties agree that the provisions of Section 6.4 shall not be applicable to single issue rate cases, such as the Langley Gulch Power Plant case anticipated to be filed in the first quarter of 2012.

8. The Parties recommend that the Commission grant this Motion and approve the Stipulation in its entirety, without material change or condition, pursuant to RP 274. As noted in Section 1 of the Stipulation, all of the Parties agree that the Stipulation is in the public interest and that all of its terms and conditions are fair, just, and reasonable.

9. The Parties respectfully request that the Commission issue an order on or before December 31, 2011, to facilitate the timely recording of the Company's 2011 earnings for financial reporting purposes.

NOW, THEREFORE, the Parties respectfully request that the Commission issue a final Order granting this Motion and accepting Attachment No. 1, the Stipulation, in its entirety, without material change or condition.

Respectfully submitted this 12<sup>th</sup> day of December 2011.

  
\_\_\_\_\_  
JASON B. WILLIAMS  
Attorney for Idaho Power Company

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 12<sup>th</sup> day of December 2011 I served a true and correct copy of the within and foregoing MOTION FOR APPROVAL OF STIPULATION upon the following named parties by the method indicated below, and addressed to the following:

### Commission Staff

Weldon Stutzman  
Deputy Attorneys General  
Idaho Public Utilities Commission  
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Boise, Idaho 83720-0074

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### Industrial Customers of Idaho Power

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Gregory M. Adams  
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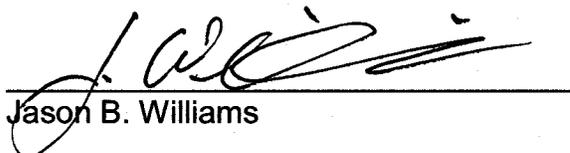
### Micron Technology, Inc.

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\_\_\_\_\_  
Jason B. Williams

**BEFORE THE  
IDAHO PUBLIC UTILITIES COMMISSION**

**CASE NO. IPC-E-11-22**

**IDAHO POWER COMPANY**

**ATTACHMENT NO. 1**

LISA D. NORDSTROM (ISB No. 5733)  
JASON B. WILLIAMS (ISB No. 8718)  
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Attorneys for Idaho Power Company

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION )  
OF IDAHO POWER COMPANY TO ) CASE NO. IPC-E-11-22  
EXTEND AND MODIFY ACCOUNTING )  
ORDER TO AMORTIZE ADDITIONAL ) STIPULATION  
ACCUMULATED DEFERRED INCOME )  
TAX CREDITS (ADITC). )  
\_\_\_\_\_ )

This stipulation (“Stipulation”) is entered into by and among Idaho Power Company (“Idaho Power” or “Company”), the Staff of the Idaho Public Utilities Commission (“Staff”), and Micron Technology, Inc. (“Micron”). These entities are collectively referred to as the “Parties,” and individually as “Party.”

**I. INTRODUCTION**

1. The Parties agree that this Stipulation represents a fair, just, and reasonable compromise of contested issues and that acceptance of the Stipulation by the Idaho Public Utilities Commission (“Commission”) would be in the public interest. Therefore, the Parties recommend that the Commission approve the Stipulation and all of its terms and conditions without material change or condition.

## **II. BACKGROUND**

2. On November 2, 2011, Idaho Power filed an Application asking the Commission to issue an Order modifying Order No. 30978 that would (1) authorize the Company to extend its ability to amortize additional accumulated deferred investment tax credits ("ADITC") through December 31, 2013; (2) extend the revenue sharing agreement established by Order No. 30978 with modifications; and (3) approve a one-time adjustment applied in 2011 to the sharing provision of the stipulation approved in Order No. 30978 to allow one-half of the Company's share of the Idaho jurisdictional return on equity ("ROE") in excess of 10.5 percent to be provided as a customer benefit in the form of a reduction in rates or an offset to amounts that would otherwise be collected from rates.

3. On November 8, 2011, the Commission issued a Notice of Application, Notice of Intervention Deadline, and Notice of Workshop in Order No. 32394. The Notice scheduled a workshop on November 30, 2011, to discuss the Company's Application. Pursuant to the Notice of Intervention Deadline, the Industrial Customers of Idaho Power and Micron timely filed Petitions to Intervene. The Commission granted those interventions in Order No. 32405.

4. Following the discussions held at the November 30, 2011, workshop, the Parties agreed to the following settlement agreement in this matter.

## **III. TERMS OF THE STIPULATION**

### **5. Revenue Sharing.**

5.1. The Company shall make a one-time adjustment to the sharing portion of the mechanism approved by the Commission by Order No. 30978 that will set aside 75 percent of the Company's share of the Idaho jurisdictional, 2011 year-end ROE in excess

of 10.5 percent to be provided as a customer benefit in the form of an offset to amounts in the Company's pension balancing account to reduce the amount that would otherwise need to be collected in rates.

5.2. If the Company's actual year-end, earned ROE for the Idaho jurisdiction during 2012, 2013, or 2014 exceeds 10 percent, all amounts in excess of a 10 percent ROE and up to and including a 10.5 percent ROE will be shared equally between the Company's Idaho customers and the Company. The customers' share of the Company's Idaho jurisdictional earnings between a 10 percent ROE and up through a 10.5 percent ROE will be provided as a rate reduction to become effective at the time of the subsequent year's power cost adjustment. If the Company's actual earned, year-end ROE for the Idaho jurisdiction during 2012, 2013, or 2014 exceeds 10.5 percent, all amounts in excess of the 10.5 percent ROE will be shared 75 percent with customers in the form of an offset to amounts in the Company's pension balancing account to reduce the amount that would otherwise need to be collected in rates and 25 percent with the Company.

5.3. For the years 2012, 2013, and 2014, there can be no additional ADITC amortization as provided in Section 6 if the Company has shared earnings pursuant to Section 5.2.

6. Accounting: ADITC Amortization.

6.1. For the years 2012, 2013, and 2014, if Idaho Power's actual Idaho jurisdictional year-end, earned ROE falls below 9.5 percent, the Company will be permitted to amortize an additional amount of state and federal ADITC by debiting Account 255 (ADITC) and crediting Account 420 (investment tax credits, a non-utility income account), in an amount, up to \$45 million over the above-referenced three year period, that would

allow the Company to achieve a maximum actual ROE of 9.5 percent for the Idaho jurisdiction. The dollar amount that could be used to increase the actual 2012 ROE to no more than 9.5 percent is \$25 million.

6.2. Idaho Power may use up to \$25 million of additional amortization of ADITC in each of 2012, 2013, and 2014 so long as the total, cumulative amount of ADITC used during the three-year period does not exceed \$45 million. For example, if the Company uses \$20 million of additional ADITC in 2012 and \$25 million of additional ADITC in 2013, the Company would not have any additional ADITC available to use in 2014.

6.3. Except for the permitted use of additional ADITC described herein, for the years 2012, 2013, and 2014, Idaho Power will continue to amortize ADITC using the same method employed immediately prior to the issuance of a Commission Order in this matter.

6.4. In the event the Commission issues an Order authorizing a change to the Company's allowed ROE as part of a general rate case proceeding in which the Company seeks a rate change to become effective prior to January 1, 2015, the ROE thresholds set forth herein will be adjusted on a prospective basis from the date that the newly authorized rates become effective.<sup>1</sup> The ROE thresholds will be automatically adjusted as follows:

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<sup>1</sup> In the event that the effective date of a newly established ROE occurs in a month other than January, the ROE thresholds applied for the calendar year in which the ROE change occurred will be prorated based on the number of months that each respective ROE was effective. For example, if the Commission authorizes a change in ROE to become effective on June 1, the Company would adjust the annual ROE thresholds applied in that calendar year to levels equal to 5/12 of the prior annual ROE thresholds and 7/12 of the newly established annual ROE thresholds.

(a) The Idaho jurisdictional ROE level under which the Company will be permitted to amortize an additional amount of state and federal ADITC (currently set at 9.5 percent) will be set at 95 percent of the newly authorized ROE;

(b) The Idaho jurisdictional ROE level above which the Company will share amounts with customers on a 50 percent basis up to the ROE level established in subsection 6.4(c) (currently set at 10 percent) will be set equal to the newly authorized ROE; and

(c) The Idaho jurisdictional ROE level above which the Company will provide an offset to the pension balancing account on a 75 percent basis (currently set at 10.5 percent) will be set at 105 percent of the newly authorized ROE.

6.5 The Parties agree that the provisions of this Section 6.4 shall not be applicable to single issue rate cases, such as the Langley Gulch Power Plant case anticipated to be filed in the first quarter of 2012.

6.6 Except as otherwise provided for herein or ordered by the Commission, in no event shall any additional amounts of amortized ADITC be reflected in the utility operating results of the Company for ratemaking purposes, financial statement purposes, and for purposes of the Company's regulated books of account.

#### **IV. ADDITIONAL PROVISIONS**

7. The Parties agree that this Stipulation represents a compromise of the positions of the Parties. Therefore, other than any testimony filed in support of the approval of this Stipulation, and except to the extent necessary for a Party to explain before the Commission its own statements and positions with respect to the Stipulation, all

statements made and positions taken in negotiations relating to this Stipulation shall be confidential and will not be admissible in evidence in this or any other proceeding.

8. The Parties submit this Stipulation to the Commission and recommend approval in its entirety. Parties shall support this Stipulation before the Commission, and no Party shall appeal a Commission Order approving the Stipulation or an issue resolved by the Stipulation. If this Stipulation is challenged by any person not a party to the Stipulation, the Parties to this Stipulation reserve the right to file testimony, cross-examine witnesses, and put on such case as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlements embodied in this Stipulation. Notwithstanding this reservation of rights, the Parties to this Stipulation agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

9. If the Commission rejects any part or all of this Stipulation, or imposes any additional material conditions on approval of this Stipulation, each Party reserves the right, upon written notice to the Commission and the other Parties to this proceeding, within 14 days of the date of such action by the Commission, to withdraw from this Stipulation. In such case, no Party shall be bound or prejudiced by the terms of this Stipulation, and each Party shall be entitled to seek reconsideration of the Commission's Order, file testimony as it chooses, cross-examine witnesses, and do all other things necessary to put on such case as it deems appropriate.

10. No Party shall be bound, benefited or prejudiced by any position asserted in the negotiation of this Stipulation, except to the extent expressly stated herein, nor shall this Stipulation be construed as a waiver of the rights of any Party unless such rights are

expressly waived herein. Execution of this Stipulation shall not be deemed to constitute an acknowledgment by any Party of the validity or invalidity of any particular method, theory, or principle of regulation or cost recovery. No Party shall be deemed to have agreed that any method, theory, or principle of regulation or cost recovery employed in arriving at this Stipulation is appropriate for resolving any issues in any other proceeding in the future. No findings of fact or conclusions of law other than those stated herein shall be deemed to be implicit in this Stipulation.

11. The obligations of the Parties under this Stipulation are subject to the Commission's approval of this Stipulation in accordance with its terms and conditions and upon such approval being upheld on appeal by a court of competent jurisdiction.

12. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

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DATED this 12<sup>th</sup> day of December 2011.

Idaho Power Company

Idaho Public Utilities Commission Staff

By   
Jason B. Williams  
Attorney for Idaho Power Company

By \_\_\_\_\_  
Weldon B. Stutzman  
Attorney for Idaho Public Utilities  
Commission Staff

Micron Technology, Inc.

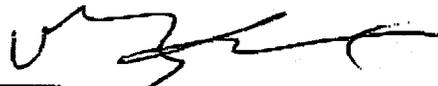
By \_\_\_\_\_  
Thorvald Nelson  
Attorney for Micron Technology, Inc.

DATED this \_\_\_\_\_ day of December 2011.

Idaho Power Company

Idaho Public Utilities Commission Staff

By \_\_\_\_\_  
Jason B. Williams  
Attorney for Idaho Power Company

By  \_\_\_\_\_  
Weldon B. Stutzman  
Attorney for Idaho Public Utilities  
Commission Staff

Micron Technology, Inc.

By \_\_\_\_\_  
Thorvald Nelson  
Attorney for Micron Technology, Inc.

**Idaho Power Company**

**Idaho Public Utilities Commission Staff**

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**Jason B. Williams**  
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By \_\_\_\_\_  
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**Commission Staff**

**Micron Technology, Inc.**

By  \_\_\_\_\_  
**Thorvald Nelson**  
**Attorney for Micron Technology, Inc.**