

BPA Issues and Clarification List for FY 2009 ASC Filing: Idaho Power Company (IPC)

No.	Schedule	Account	Issue	Discussion	Response
1	Sch-1	303	<p style="text-align: center;">Generic Direct Analysis Issue</p> <p>Should BPA adopt common functionalization for similar types of software assets?</p>	<p>There is inconsistency between how the IOUs functionalize certain types of software, i.e. metering, customer information systems, work management, etc.</p> <p>The issue is whether BPA should maintain consistency in the functionalization of these common types of programs amongst utilities when calculating ASC.</p>	Idaho Power supports similar functionalization across all utilities with the provision to direct assign as applicable.
2	Sch-1	182.3, 254	<p style="text-align: center;">Generic Direct Analysis Issue</p> <p>Should BPA adopt common functionalization for similar types of regulatory assets and liabilities?</p>	<p>There is inconsistency in the way the IOUs functionalize Deferred Pension, Pay and other labor related Assets and Liabilities.</p> <p>PGE and Avista and NW use the Labor Ratio. IPC uses PTD. PSE and PAC functionalize these assets to Distribution.</p> <p>The issue is whether BPA should maintain consistency in the functionalization of deferred pension, pay and other labor related assets and liabilities amongst utilities when calculating ASC.</p>	Idaho Power supports similar functionalization across all utilities with the provision to direct assign as applicable.
3	Sch-1 Sch-3	182.3, 186, 253, 254	<p style="text-align: center;">Generic Direct Analysis Issue</p> <p>Should BPA require that asset accounts that have a corresponding liability account have a common functionalization? For example, should pension costs in Accounts 182.3 and 254 have the same functionalization?</p> <p>Should the functionalization of the amortization match the functionalization of the corresponding assets and liabilities?</p>	<p>Direct analysis is required in the functionalization of Other Regulatory Assets (Account 182.3), Miscellaneous Deferred Debits (Account 186), Other Deferred Credits (Account 253), and Other Regulatory Liabilities (Account 254).</p> <p>Direct analysis should include maintaining a consistency in functionalization where there is an asset in either Account 182.3 or 186 and offsetting liabilities in either Account 253 or 254.</p> <p>Direct analysis also requires showing how the assets and liabilities flow through the Income Statement.</p>	Idaho Power supports similar functionalization across all utilities with the provision to direct assign as applicable.
4	Sch-1	303, 111, 404, 108	<p style="text-align: center;">Intangible Plant – Miscellaneous Software</p> <p>Does IPC's direct analyst support the use of PTD to functionalize software costs?</p>	IPC completed a DIRECT analysis to its software and functionalized all software using the PTD ratio. IPC has not provided software titles, product description/purpose (with the exception of CIS+), or specific cost allocations.	For State of Idaho retail regulation, this account, in its entirety, is allocated based upon a PTD-like allocation method. For the Company's FERC jurisdiction, this account is allocated using a LABOR-like allocation method. Both methods include the CIS+ software within Production and Transmission functions, which is appropriate as the

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					<p>Company uses the CIS+ software in support of all of the Company's functions. Idaho Power suggests that either LABOR or PTD is an appropriate allocation method for an integrated utility which has been authorized to use this method by both FERC and State Commissions in the last 10+ years of rate recovery filings.</p> <p>Because Idaho Power has hundreds of software titles that change annually, and are not functionalized within any sort of account management system, Idaho Power supports DIRECT analysis for items greater than a specified multi-million dollar threshold value. Idaho Power supports either PTD or LABOR for balance of the account.</p>
5	Sch-1	182.3	<p style="text-align: center;">Other Regulatory Assets</p> <p>Is IPC justified to include <i>SFAS 109, Regulatory Unfunded Acc Def Inc Tax</i> in its ASC?</p>	IPC included SFAS 109, Regulatory Unfunded Acc Def Inc Tax and functionalized to PTD. As a general rule, the ASCM does not allow taxes to be included in ASCs, with exception of federal employment and ASC calculated federal income taxes, and property and unemployment taxes.	The Company is planning to review all functionalization of accounts in next year's ASC filing. However, because of the quick turnaround required for the review process in this year's filing, the Company will accept suggested functionalization.
6	Sch-1	182.3	<p style="text-align: center;">Other Regulatory Assets</p> <p>Is IPC justified to include <i>LT&ST Mark to Market</i> in its ASC:</p>	IPC included LT&ST Mark to Market and functionalized to PTD. As a general rule, the ASCM does not allow derivative instruments to be included in ASC.	IPC accepts distribution functionalization for this item.
7	Sch-1	182.3	<p style="text-align: center;">Other Regulatory Assets</p> <p>Is IPC justified to include the following items in its ASC:</p> <p style="padding-left: 40px;"><i>Professional Fees</i> <i>Minor Items</i></p>	IPC identified Professional Fees and Minor items as costs attributed to work in its general rate cases. As a general rule, the ASCM does not allow regulatory expenses to be included in ASC.	<p>Professional fees are a result of bringing in consulting expertise to the Company to perform various tasks. These are not fees assessed by a regulatory commission. It is the Company's position that Professional fees should be functionalized as LABOR.</p> <p>For purposes of functionalization of Minor Items, it is the Company's position that a standard method be applied (PTD or LABOR).</p>
8	Sch-1	182.3	<p style="text-align: center;">Other Regulatory Assets</p> <p>Did IPC correctly functionalize <i>Idaho DSM</i> account?</p>	IPC functionalized these conservation measures to PTD. The explanation of the items was not sufficiently clear for BPA understand why IPC is functionalizing this account to PTD. ASCM allows all conservation to be functionalized to PROD.	Idaho Power supports re-allocation of DSM account to PROD.

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9	Sch-1	186	<p style="text-align: center;">Miscellaneous Deferred Debits</p> <p>Does IPC's direct analysis support the use of PTD to functionalize the <i>PeopleSoft/Passport</i> software cost?</p>	<p>IPC used the PTD ratio to functionalize this software. IPC did not include supporting documentation or justification for the use of the PTD functionalization for this software.</p>	<p>Idaho Power supports a similar treatment for these systems across all facilities.</p> <p>PeopleSoft is the Company's GL, tracking all of the Company's assets including Generation facilities, Transmission facilities, etc. Passport includes functionality to assist with payroll, purchasing, inventory (for generation, transmission, distribution, etc). The two software tools have too many functions to identify.</p>
10	Sch-1	186	<p style="text-align: center;">Miscellaneous Deferred Debits</p> <p>Is IPC justified in including the following <i>Minor items & Job Orders</i> in its ASC:</p> <ul style="list-style-type: none"> CIS+ Allow Bad Debt Cust Service Financing Prog Allow Bad Debt – Cust Serv Shelf Registration Valmy PP 	<p>IPC completed a Direct analysis on these items and functionalized all to PTD. Their supporting documentation does not provide complete details of the items nor does it show justification towards the production or transmission costs. It is unclear if PTD is the appropriate functionalization.</p>	<p>It is IPC's position that the items in this account are below a significant dollar amount and therefore, a functionalization process for each individual item would be inefficient. IPC would prefer PTD functionalization applied to the account as the items included support all of the Company's functions. There are no items of a value large enough to impact Idaho Power's ASC on any significant level.</p>
11	Sch-1	253	<p style="text-align: center;">Miscellaneous Deferred Credits</p> <p>Is IPC justified to include the <i>City of Eagle – Taxes</i> and fee in ASC?</p>	<p>IPC functionalized this item using the PTD ratio. As a general rule, the ASCM does not allow taxes to be included in ASCs, with exception of federal employment and ASC calculated federal income taxes, and property and unemployment taxes.</p>	<p>This is a liability account showing that the Company owes the City of Eagle, for Transmission related investment. The Company suggests a change from PTD to Transmission.</p>
12	Sch-1	254	<p style="text-align: center;">Miscellaneous Deferred Debits</p> <p>Is IPC justified to include the <i>Regulatory Unfunded Acc Def Inc Tax</i> in ASC?</p>	<p>IPC included Regulatory Unfunded Acc Def Inc Tax and functionalized to PTD. As a general rule, the ASCM does not allow taxes to be included in ASCs, with exception of federal employment and ASC calculated federal income taxes, and property and unemployment taxes.</p>	<p>Please see 5.</p>
13	Sch-1	254	<p style="text-align: center;">Miscellaneous Deferred Debits</p> <p>Did IPC correctly functionalize <i>DSM Rider</i> and <i>DSM Rider, OR</i> accounts?</p>	<p>In data response BPA-IP-11, IPC functionalized these revenues to "support analysis and implementation of new DSM programs" and functionalizes each using the PTD ratio. In data response BPA-IP-28, IPC listed the DSM expenses.</p> <p>The explanation of the items was not sufficiently clear for BPA understand how the riders are integrated into the conservation program or why IPC is functionalizing this account to PTD.</p>	<p>The Company accepts a change to PROD for this account.</p>

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14	Sch-1	254	Miscellaneous Deferred Debits Did IPC correctly functionalize <i>Emission Sales Interest ID</i> ?	<p>In the data response, BPA-IP-11, IPC described this item as “The balance in this account represents the tax portion of the Idaho Jurisdiction surplus emission allowance sales.” However, for this same line item, IPC then described the regulatory treatment as the “Interest on the sale of the Company’s emissions credits is provided to the Company’s customers through its annual Power Cost Adjustment (PCA) mechanism.”</p> <p>These statements appear to be in conflict with each other. In addition, the purpose of the liability is unclear. IPC functionalized this account using the PTD ratio.</p>	<p>This account captures additional refunds to customers for the sale of emission credits through the Company’s Power Cost Adjustment mechanism.</p> <p>The Company is planning to review all functionalization of accounts in next year’s ASC filing. However, because of the quick turnaround required for the review process in this year’s filing, the Company will accept suggested functionalization.</p>
15	Sch-1	254	Miscellaneous Deferred Debits Did IPC correctly functionalize <i>Other Def Credit – PCA</i>	<p>The explanation of the items was not sufficiently clear to allow an understanding of the purposes of this account and therefore the applicability of the functionalization.</p>	<p>This account was set up to conform to GAAP reporting requirements in the event a Regulatory Asset – 182.3 has a credit balance, to re-class that balance on a quarterly basis to a Regulatory Liability.</p>
16	Sch-1	111	Amortization of Intangible Plant Is IPC’s direct analysis of this account justified for all line items?	<p>IPC places costs for Amortization of Intangible Plant into <i>Amortization of Other Utility Plant</i>. However, IPC states “...intangible plant is excluded from this account.”</p> <p>It is unclear whether or not Intangible Plant is included in Account 111. And if not included in this account, where is the amortization of account 303, including American Falls Dam Rebuild and all software accounts?</p>	<p>The data response supplied by Idaho Power was in error, this account includes the accumulation of amortization expense on intangible plant; retirements for intangible plant are processed against this account.</p>

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17	Sch-1	123.1	Investment in Associated Company Did IPC provide all relevant data for this account?	IPC includes costs of its investment in Idaho Energy Resource Company in this account; however, it is unclear if dividends or interests associated with this investment are recorded.	<p>In the past, IERCo had paid dividends to IPC when it had excess cash. The last dividend was in 2002.</p> <p>IPC and IERCo have an interest-bearing intercompany note. The balance is currently a receivable on IPC's books and should be disclosed elsewhere on the Form 1. Any interest that has been charged on the note would affect IERCo's net income and thus IPC's investment in IERCo.</p> <p style="color: red;">The interest for this account is recorded in 123.1.</p> <p style="color: red;">The Company is planning to review all functionalization of accounts in next year's ASC filing. However, because of the quick turnaround required for the review process in this year's filing, the Company will accept suggested functionalization.</p>
18	Sch-3	908	Customer Assistance Expenses Did IPC provide all relevant data for this account and did IPC functionalize this account correctly?	IPC functionalized subaccount 908.011 (conservation) to PTD, and functionalized additional conservation costs in sub-account 908.000 to DIST. The ASCM allows all conservation to be functionalized to PROD.	Please see response to number 8.
19	Sch-3	403	Common Plant-Electric Why does IPC show an entry for this account?	IPC shows a distribution cost (negative) in this account. IPC does not have a common plant. BPA does not understand the reason for this entry.	<p>IPC does not have a common plant nor an actual physical asset associated with this account.</p> <p>The 403.400 account is recording a regulatory write-off of disallowed costs as a counter to costs in account 108/403.200.</p>

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20	Sch-3B	421	Miscellaneous Non-Operating Revenues	<p>Does IPC's direct analysis support the use of PTD to functionalize the Rabbi Trust compensation plan?</p> <p>The Rabbi Trust accounts hold compensation elected to be deferred by senior management. These accounts are excluded for ratemaking purposes. IPC functionalizes these accounts to PTD. It is unclear if these accounts should be functionalized using this ratio. The following are the account descriptions: 421050: reflects interest and dividend income 421051: reflects gains on the sales of investment assets 421052: reflects unrealized gains on investment assets</p>	IPC recommends PTD, but will accept LABOR for this account.
21	Sch-3B	456	Other Electric Revenues	<p>Did IPC correctly functionalize <i>Standby Charges</i> and <i>Standby Services</i>?</p> <p>IPC provided a description of <i>standby charges</i> (two separate line items in this account) in data response BPA-IP-18. Through a clarification in data response BPA-IP-26, IPC corrected the second identification as a <i>standby service</i> and corrected the descriptions of both sub-accounts. Each is functionalized to PTD. Based on the descriptions, it is unclear why IPC is functionalizing revenue from Standby Charges and Standby Services to DIST when they appear to be production costs.</p>	<p>These are revenues received for the provision of bundled services delivered to retail customers. IPC believes that it is appropriate to functionalize these revenues to distribution (DIST) but would accept the use of PTD since the bundled services are delivered at the customers' premises.</p> <p>This service is applicable to customers utilizing on-site generation and not applicable to service for re-sale, to serve where on-site generation is used for only emergency supply or to co-generators or small power producers who have contracted to supply power and energy. The type of service provided is three-phase at approximately 60 cycles. If the customer opts for parallel operations, Idaho Power Company will install a system protection package at the Customer's expense, prior to the start of the parallel operations. The customer will also pay a Maintenance charge of 0.7 percent per month times the investment in the protection package. Charges under this tariff include Standby Reservation, Standby Demand, Excess Demand and Minimum ("Customer") Charges.</p> <p>Under Idaho Power's State Commission, this account has been directly assigned to Idaho Retail Customer(s) and functionalized as Distribution (similar to DIST functionalization). This account is not included for purposes of FERC jurisdictional ratemaking (i.e. Transmission).</p>

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22	ASC Forecast Model		Retail Load Forecast Data Correction to Load Forecast Data in Forecast Model	IPC inadvertently submitted Load Forecast data in Forecast Model in calendar year (CY). The requirement was fiscal year (FY). IPC is aware of the discrepancy and the error will be corrected.	IPC accepts BPA's informal offer to transform the calendar year data into the appropriate fiscal years. Idaho Power will submit the missing months for BPA's calculations at its earliest convenience.
23	NLSL		New Large Single Load Data Whether IPC may withhold information necessary to calculate the cost of serving its NLSL from BPA.	IPC has not submitted all requested data for its NLSLs or resource costs to serve the NLSLs. Through discovery requests and responses, IPC has neglected to address BPA's request to complete, clarify, and review <i>all</i> necessary information included in the NLSL worksheet. BPA submitted three separate data requests: BPA-IP-21, BPA-IP-29, and BPA-IP-30. IPC submitted some but not all information and did so under protest (response to BPA-IP-21). BPA has not received responses to either BPA-IP-29 or BPA-IP-30. If IPC does not submit answers to these requests, BPA may, in its discretion, make its own assessment of the costs to exclude from IPC's ASC.	Attached, please find IPC's data responses to BPA-21 and 29. Idaho Power does not support BPA's methodology to include peaking plants (which cannot for multiple reasons service a NLSL) in the NLSL calculation. Idaho Power has attached the requested BPA-IP-30 data, but is doing so under protest. Please see Attachment 1 to this response.
24	Sch-3B, 3-YR PP & OSS	555, 447	Generic Issue - Purchased Power Expense, Sales for Resale, and Price Spread How should book-outs and trading adjustments be treated for calculations of purchased power expense and sales for resale revenue and the price spread calculation? Should the treatment be consistent across utilities?	PacifiCorp reduced the amount of its purchased power expense and sales for resale revenue by book-outs and trading adjustments. It appears that the other utilities, such as IPC, do not. The inclusion or exclusion of book-outs and trading adjustments in purchased power and sales for resale numbers affects the price spread calculation. BPA is considering whether it is appropriate to remove these adjustments when performing the price spread calculation for the ASCs.	Idaho Power supports similar functionalization across all utilities with the provision to direct assign as applicable.
25	ASC Forecast Model		Generic Issue - New Plant Additions – Natural Gas Prices Should BPA adopt a common natural gas price forecast in the ASC Forecast Model for all <i>new</i> natural gas-fired plant additions??	Forecasted natural gas prices vary significantly between utilities forecasting natural gas burning new additions. None of the utilities submitted documentation on long term firm natural gas supply contracts, so it is assumed that the differences are a result of different natural gas price forecasting techniques.	Idaho Power supports similar functionalization across all utilities with the provision to direct assign as applicable.

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26	ASC Forecast Model		<p style="text-align: center;">Generic Issue - New Plant Additions - Capacity Factor</p> <p>Should BPA use common representative capacity factors in the ASC Forecast model for estimating the operating costs and expected energy output for <i>new</i> plant additions?</p>	<p>Projected capacity factors vary significantly between utilities for similar types of new resources.</p>	<p>Idaho Power supports similar functionalization across all utilities with the provision to direct assign as applicable.</p>
27	Sch. 1, Income Statement	Various	<p style="text-align: center;">Generic Issue – Inclusion - Other Regulatory Assets and Liabilities</p> <p>What should be the functionalization of Other Regulatory Assets and Liabilities that are not included in rate base by the regulatory authority?</p> <p>What should be the functionalization of the corresponding income statement accounts for the Regulatory Assets and Liabilities that are not included in rate base by the regulatory authority?</p>	<p>There is inconsistency between utilities in the functionalization of Regulatory Assets and Liabilities when not included in rate base.</p> <p>Many of these accounts are included in working capital for ratemaking purposes.</p> <p>There is concern that the treatment of the income statement accounts for Regulatory Assets and Liabilities are not consistent with the asset and liability treatment for ASC purposes.</p>	<p>Idaho Power supports similar functionalization across all utilities with the provision to direct assign as applicable.</p>