

BPA Issues and Clarification List for FY 2010 ASC Filing: Idaho Power Company (IPC)

No.	Schedule	Account	Issue	Discussion	Response
1	Sch-1	303	<p>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>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	182.3, 186, 253, 254	<p>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.

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4	Sch-1 Sch-3	303, 111, 108 404	Intangible Plant – Miscellaneous Software Does IPC’s direct analysis support the use of PTD to functionalize software costs?	IPC completed a DIRECT analysis to its software and functionalized all software using the PTD ratio. IPC stated the CIS+ is used for billing and all of the services provided to retail customers. IPC has not provided software titles, product description/purpose (with the exception of CIS+), or specific cost allocations.	<p>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 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	Other Regulatory Assets Is IPC justified to include <i>SFAS 109, Regulatory Unfunded Acc Def Inc Tax</i> in its ASC?	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	Other Regulatory Assets Did IPC correctly functionalize <i>Idaho LT&ST Mark to Market</i> Should BPA functionalize <i>Idaho LT&ST Mark to Market</i> to DIST, the same functionalization as all other derivative instruments account?	IPC included LT&ST Mark to Market and functionalized to PROD. As a general rule, the ASCM does not allow derivative instruments to be included in ASC.	IPC accepts distribution functionalization for this item.

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7	Sch-1	182.3	<p style="text-align: center;">Other Regulatory Assets</p> <p>Is IPC justified to include <i>Fin 48 Unfunded-Noncurrent</i> in its ASC?</p>	<p>IPC included FIN 48 Unfunded-Noncurrent (tax) and functionalized to PTD. In data response BPA-IP-06, IPC described this account as a tax liability for "Uncertain Tax Positions." 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>The explanation of the items was not sufficiently clear for BPA understand why IPC is functionalizing this account to PTD.</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>
8	Sch-1	182.3	<p style="text-align: center;">Other Regulatory Assets</p> <p>Does IPC's direct analysis support the use of PTD to functionalize <i>PCA Deferral</i> and <i>Prior Year PCA Deferral</i>?</p>	<p>IPC included these PCA (Power Cost Adjustments) and functionalized to PTD. PCA is an accumulation of excess power purchase costs. The explanation of the items was not sufficiently clear for BPA understand the reason these items should be functionalized to PTD.</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>
9	Sch-1	182.3	<p style="text-align: center;">Other Regulatory Assets</p> <p>Did IPC correctly functionalize <i>Idaho DSM</i> account?</p> <p>Should BPA functionalize <i>Idaho DSM</i> to PROD as allowed for conservation measures?</p>	<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.</p>	<p>Idaho Power supports re-allocation of DSM account to PROD.</p>
10	Sch-1	182.3	<p style="text-align: center;">Other Regulatory Assets</p> <p>Is IPC justified to include <i>PS&I Coal Plant</i> in its ASC?</p> <p>Should BPA functionalize <i>PS&I Coal Plant</i> to DIST, as stated in the 2008 ASCM?</p>	<p>IPC functionalizes this account to PROD and states that this asset represents the preliminary survey and investigation of a coal plant that was proposed in its 2006 IRP</p> <p>As a general rule, Preliminary Surveys and Investigations are not allowed to be included in ASC.</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>

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11	Sch-1	253	<p style="text-align: center;">Other Deferred Credits</p> <p>Is IPC justified to include either <i>Fin 48 Unfunded-Noncurrent</i> or <i>Fin 48 Interest</i> in its ASC?</p>	IPC included FIN 48 Unfunded-Noncurrent (tax) and functionalized to PTD. In data response BPA-IP-06, IPC described this account as a tax liability for "Uncertain Tax Positions." 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.	Please see no. 7
12	Sch-1	254	<p style="text-align: center;">Other Regulatory Liabilities</p> <p>Is IPC justified to include the <i>Regulatory Unfunded Acc Def Inc Tax</i> in ASC?</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.	Please see no. 5
13	Sch-1	254	<p style="text-align: center;">Other Regulatory Liabilities</p> <p>Did IPC correctly functionalize <i>DSM Rider</i> and <i>DSM Rider, OR</i> accounts?</p> <p>Should BPA functionalize <i>Idaho DSM</i> to PROD as allowed for conservation measures?</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-9, 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>	Idaho Power supports re-allocation of DSM account to PROD.
14	Sch-1	254	<p style="text-align: center;">Other Regulatory Liabilities</p> <p>Did IPC correctly functionalize <i>FAS 133 Market to Market ST</i>?</p>	IPC functionalizes FAS 133 Market to Market using the PTD ratio. As a general rule, the ASCM functionalizes all derivative instruments to DIST.	IPC accepts distribution functionalization for this item.
15	Sch-1	254	<p style="text-align: center;">Other Regulatory Liabilities</p> <p>Did IPC correctly functionalize <i>Fixed Cost Adjustment</i></p>	<p>In data response BPA-IP-09, IPC defined this account as a "true-up mechanism for residential and small general service customers." The explanation of the items was not sufficiently clear for BPA understand the reason this should be functionalized to PTD. This item appears to relate directly to distribution. The ASCM does not allow distribution costs to be included in ASCs.</p>	The Fixed Cost Adjustment is the provision that was put in place to remove disincentives for Company performed Conservation measures. The FCA allows the Company to recover fixed Production, Transmission and Distribution plant investment even in the event that Conservation programs lower Company sales. The Company is in support of either PTD or PROD (Conservation) functionalization for this account.

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16	Sch-1	123.1	<p style="text-align: center;">Investment in Associated Company</p> <p>Did IPC provide all relevant data for this account?</p>	<p>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>	<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>The interest for this account is recorded in 123.1.</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>
17	Sch-3	908	<p style="text-align: center;">Customer Assistance Expenses</p> <p>Did IPC provide all relevant data for this account and did IPC functionalize this account correctly?</p>	<p>IPC functionalized subaccounts to 908 to PTD, PROD, and DIST. The ASCM allows all conservation to be functionalized to PROD.</p> <p>The explanation of the items was not sufficiently clear for BPA understand why IPC functionalized this account to PTD, DIST, and PROD.</p>	<p>The Company accepts PROD.</p>
17	Sch-3	930.1	<p style="text-align: center;">General Advertising Expenses</p> <p>Does IPC's direct analysis support the use of PTD to functionalize these advertising expenses?</p>	<p>IPC included General Advertising Expenses and functionalized to PTD. IPC described the expenses in data response BPA-IP-10.</p> <p>In general the ASCM does not include general advertising expenses, with the exception of conservation-related advertising and promotion costs.</p> <p>The explanation of the items listed was not sufficiently clear for BPA to understand if any of these expenses were used for conservation measures.</p>	<p>Currently, the Company books all DSM and Conservation related advertising to a separate account. However, in the calendar year 2007, and included in the Company's FERC Form 1 data, there is the possibility that some of the advertising booked to 903.1 was for DSM or Conservation related programs.</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>

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18	Sch-3B	421	<p>Miscellaneous Non-Operating Revenues</p> <p>Does IPC's direct analysis support the use of PTD to functionalize the <i>MSC NONOP INC</i>?</p>	<p>IPC describes <i>MSC NONOP INC</i>, in data response BPA-IP-17, as "interest charges accrued on certain program and regulatory deferrals. It also includes miscellaneous refunds received for activities that are recorded outside of utility operating income."</p> <p>The explanation of the items was not sufficiently clear for BPA understand why IPC is functionalizing this account to PTD.</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>
19	Sch-3B	421	<p>Miscellaneous Non-Operating Revenues</p> <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:</p> <ul style="list-style-type: none"> 421001: reflects gains on the sale of investment assets from a Rabbi Trust used for payment of benefits under a non-qualified pension plan 421050: reflects interest and dividend income 421051: reflects gains on the sales of investment assets 421052: reflects unrealized gains on investment assets 	<p>Idaho Power Company accepts either PTD or LABOR to be consistent with all of the other IOU ASC filings.</p>
20	Sch-3B	407.4	<p>Regulatory Credits</p> <p>Did IPC correctly functionalize <i>Reg CR-FCA DEFORDER 30267</i></p>	<p>In data response BPA-IP-15, IPC defined this account as a "true-up mechanism for residential and small general service customers." The explanation of the items was not sufficiently clear for BPA understand the reason this should be functionalized to PTD. This item appears to relate directly to distribution.</p>	<p>The Fixed Cost Adjustment is the provision that was put in place to remove disincentives for Company performed Conservation measures. The FCA allows the Company to recover fixed Production, Transmission and Distribution plant investment even in the event that Conservation programs lower Company sales. The Company is in support of either PTD or PROD (Conservation) functionalization for this account.</p>
21	Sch-3B	407.3	<p>Regulatory Debits</p> <p>Is IPC justified to include <i>Reg DR-ORD 29509-Amort Prof Fee</i> in its ASC?</p> <p>Should BPA functionalize <i>Reg DR-ORD 29509-Amort Prof Fee</i> to DIST?</p>	<p>IPC stated in data response BPA-IP-16 that this account was for the amortization of "professional fees paid to experts to participate in three different [rate] cases" and functionalized to PTD. As a general rule, the ASCM does not allow regulatory costs or fees to be included in ASCs.</p>	<p>Professional fees are a result of bringing in consulting expertise to the Company to perform various tasks. 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>

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22	Sch-3B	456	<p style="text-align: center;">Other Electric Revenues</p> <p>Did IPC correctly functionalize <i>Standby Charge</i>?</p>	<p>In IPC's description of <i>standby charge</i> in data response BPA-IP-18, it is unclear why IPC is functionalizing revenue from Standby Charge to DIST when it appears to be a production cost.</p>	<p>These are revenues received for the provision of 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 service is 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>
23	Sch-3B	456	<p style="text-align: center;">Other Electric Revenues</p> <p>Did IPC correctly functionalize <i>Alt. serv.chg-Rate 46</i> and <i>Alternate Distribution Service</i>?</p>	<p>In data response BPA-IP-18, IPC functionalized these revenues to "the provision of local service to the Lucky Peak generation project" and functionalizes each using the DIST.</p> <p>The explanation of the items was not sufficiently clear for BPA understand why IPC is functionalizing these accounts to DIST.</p>	<p>This charge recovers the cost of a secondary distribution circuit to a customer, which backs up the Customer's regular distribution circuit. This account has been functionalized as Distribution for both State and FERC regulatory purposes.</p>

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24	Sch-3B	456	<p style="text-align: center;">Other Electric Revenues</p> <p>Did IPC correctly functionalize <i>PV Rate</i>?</p>	<p>In date response BPA-IP-18, IPC defined this account as charges for the use of “photovoltaic equipment” and functionalized to DIST. In data response BPA-IP-08, IPC functionalizes the partial fees paid for the Photovoltaic Generator to PROD.</p> <p>The explanation of this item was not sufficiently clear for BPA understand why IPC is functionalizing this (photovoltaic) account to DIST and the related photovoltaic equipment to PROD.</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.
25	ASC Forecast Model		<p style="text-align: center;">Retail Load Forecast Data</p> <p>Correction to Load Forecast Data in Forecast Model</p>	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.	This information will be provided at the Company's earliest convenience.
26	NLSL		<p style="text-align: center;">New Large Single Load Data</p> <p>Whether IPC may withhold information necessary to calculate the cost of serving its NLSL from BPA.</p>	<p>IPC inadvertently omitted certain requested data for its NLSLs resource costs to serve the NLSLs.</p> <p>IPC submitted some but not all information and did so under protest (response to BPA-IP-21).</p> <p>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.</p>	<p>Idaho Power does not support BPA's methodology to include peaking plants (which cannot for multiple reasons service a NLSL) in the NLSL calculation.</p> <p>Idaho Power will provide the requested data at its earliest convenience, but is doing so under protest.</p>
27	Sch-3B, 3-YR PP & OSS	555, 447	<p style="text-align: center;">Generic Issue - Purchased Power Expense, Sales for Resale, and Price Spread</p> <p>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?</p> <p>Should the treatment be consistent across utilities?</p>	<p>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.</p> <p>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.</p>	Idaho Power supports similar functionalization across all utilities with the provision to direct assign as applicable.

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28	ASC Forecast Model		<p>Generic Issue - New Plant Additions – Natural Gas Prices</p> <p>Should BPA adopt a common natural gas price forecast in the ASC Forecast Model for all <i>new</i> natural gas-fired plant additions?</p>	<p>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.</p>	<p>Idaho Power supports similar functionalization across all utilities with the provision to direct assign as applicable.</p>
29	ASC Forecast Model		<p>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>
30	Sch. 1, Income Statement	Various	<p>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>