

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR)
AUTHORITY TO INCREASE ITS RATES) CASE NO. IPC-E-23-11
AND CHARGES FOR ELECTRIC SERVICE)
IN THE STATE OF IDAHO AND FOR)
ASSOCIATED REGULATORY ACCOUNTING)
TREATMENT.)
_____)

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

PAULA JEPPSEN

1 Q. Please state your name, business address, and
2 present occupation.

3 A. My name is Paula Jeppsen, and my business
4 address is 1221 West Idaho Street, Boise, Idaho. I am
5 employed by Idaho Power Company ("Idaho Power" or
6 "Company") as the Forecasting and Planning Director within
7 the Finance department.

8 Q. Please describe your educational background.

9 A. I graduated in 1999 from Boise State
10 University, receiving a Bachelor of Arts degree in Finance.
11 In 2010, I earned a Master of Business Administration
12 degree from Colorado State University. In 2021, I attended
13 the Energy Executive Course through the University of
14 Idaho.

15 Q. Please describe your work experience with
16 Idaho Power.

17 A. In 2007, I was hired as a Financial Analyst in
18 the Finance department. In 2010, I was promoted to Finance
19 Team Leader. My primary responsibilities included leading a
20 team of financial analysts, supporting and facilitating
21 budgeting, advising on proper accounting treatment, and
22 preparing and reviewing financial analyses. In 2016, I was
23 promoted to Business Unit Finance Director; in 2019, my
24 duties were broadened, and my title was changed to
25 Financial Accounting and Reporting Director. In these

1 roles, I provided oversight and direction to the Business
2 Unit Finance Support teams, Property Accounting department,
3 Financial Accounting and Reporting department, and
4 Financial Planning and Analysis department. In 2022 my role
5 changed slightly, and my title changed to Forecasting and
6 Planning Director. In this role I continued to be
7 responsible for overseeing the Business Unit Finance
8 Support teams and Financial Planning and Analysis
9 department. I also added oversight of the Load Research and
10 Forecasting team when I moved into this role.

11 Q. What is the purpose of your testimony in this
12 proceeding?

13 A. The purpose of my testimony is two-fold.
14 First, I will present the Company's historical actual
15 audited financial information for the 12-month period ended
16 December 31, 2022. Second, my testimony will discuss the
17 quantification of certain adjustments to operating expenses
18 and rate base consistent with previous Idaho Public
19 Utilities Commission ("Commission") directives regarding
20 regulatory treatment that result in an adjusted historical
21 actual 12-month period ended December 2022 ("2022 Base").
22 Finally, I will discuss the quantification of certain
23 adjustments to operating expenses and rate base associated
24 with the Boardman Power Plant ("Boardman"), the Jim Bridger
25 Power Plant ("Bridger"), the North Valmy Generating Station

1 ("Valmy) and Idaho Power's Wildfire Mitigation Plan
2 ("WMP").

3 Q. Please describe the manner in which the 2022
4 financial data is presented.

5 A. Actual 2022 financial data is presented using
6 the account names from the Commission-approved Uniform
7 System of Accounts ("USA"). This data has been fully
8 audited and was filed with the U.S. Securities and Exchange
9 Commission and the Federal Energy Regulatory Commission
10 ("FERC") in the Company's Form 10-K and FERC Form 1,
11 respectively. The components of the 2022 financial data
12 include the following items: (1) other operating revenues;
13 (2) other revenues and expenses; (3) operation and
14 maintenance ("O&M") expenses; (4) property insurance
15 expenses; (5) regulatory commission expenses; (6)
16 depreciation and amortization expense; (7) electric
17 plant/regulatory assets - amortizations, adjustments,
18 gains, and losses; (8) regulatory debits and credits; (9)
19 taxes other than income taxes; (10) Idaho Energy Resources
20 Company's ("IERCo") statement of income and rate base
21 components; (11) allowance for funds used during
22 construction ("AFUDC") related to the Hells Canyon
23 relicensing; (12) electric plant in service and related
24 items; (13) materials and supplies; (14) other deferred
25 programs; (15) Plant Held for Future Use; (16) accumulated

1 deferred income taxes; (17) customer advances for
2 construction; and (18) certain deductions from O&M
3 expenses.

4 Q. Please describe the rationale for quantifying
5 adjustments to the 2022 actual financial data ("2022
6 Actuals").

7 A. Several of the adjustments to 2022 Actuals
8 that I have quantified are in conformance with prior
9 Commission orders and thus have become, in the opinion of
10 the Company, standard regulatory adjustments. The
11 adjustments that are not the result of prior orders are the
12 adjustments to Plant Held for Future Use, adjustments to
13 remove Bridger coal-related expenses, Valmy expenses,
14 Transmission of Electricity by Others ("Third Party
15 Transmission") expenses that are included in normalized net
16 power supply expenses ("NPSE"), Oregon COVID-related
17 expenses, regulatory expenses and intervenor funding, an
18 adjustment to include WMP-related expenses that were
19 deferred in 2022 and a few other minor adjustments to O&M
20 expenses. I will discuss the rationale for these
21 adjustments later in my testimony.

22 The Company has made adjustments to remove expenses as
23 previously directed by the Commission. These adjustments
24 include the removal of certain general advertising
25 expenses, specific memberships and contributions, certain

1 management expenses, and other exclusions that, although
2 justified for business purposes, may be viewed as more
3 appropriately funded by shareholders than customers and are
4 therefore not recoverable through the Company's rates.

5 The following have also been removed from 2022
6 Actuals:(1) all 2022 incentive compensation; (2) the
7 financial impacts of both the Idaho and Oregon Energy
8 Efficiency Rider revenues and expenses; (3) Bridger coal-
9 related expenses; (4) Valmy expenses; (5) Boardman, Bridger
10 coal-related and Valmy plant, depreciation expense and
11 accumulated depreciation; (6) Third Party Transmission
12 actual 2022 expense that is included in normalized NPSE,
13 and, finally, (7) certain Oregon COVID-related expenses,
14 regulatory expenses, and intervenor funding amounts.

15 Q. How has the Company treated prepayments in
16 this case?

17 A. Prepayments have been removed in their
18 entirety, consistent with previous Commission orders. This
19 adjustment is reflected in Company Witness Ms. Kelley Noe's
20 Exhibit No. 34.

21 Q. Please describe the Company's proposed
22 adjustment to Plant Held for Future Use.

23 A. The Company is proposing Plant Held for Future
24 Use as of December 31, 2022, be included in rate base but
25 adjusted to remove structures and specific properties for

1 which the future use is uncertain (e.g., subject to being
2 divided for partial use or removed due to the possible
3 change in need for the property). The rationale for
4 inclusion of Plant Held for Future Use and the adjustments
5 will be discussed in more detail later in my testimony.

6 Q. Are you sponsoring exhibits that contain the
7 2022 Actuals and 2022 adjustments by the components you
8 have just identified?

9 A. Yes. I am sponsoring Exhibit Nos. 22 through
10 24 which detail 2022 Actuals and the 2022 adjustments by
11 component categories. The additional adjustments to get
12 from the 2022 Base to the 2023 Test Year, which are also
13 contained in my exhibits, are addressed in the Direct
14 Testimony of Company Witness Mr. Matthew Larkin.

15 Q. Please describe Exhibit No. 22.

16 A. Exhibit No. 22 is a compilation of the
17 Company's supporting schedules for the adjusted historical
18 actual data for the 12-month period ended December 31,
19 2022.

20 Q. Please describe pages 1 through 13 of Exhibit
21 No. 22.

22 A. Page 1 of Exhibit No. 22 reflects the detail
23 for Other Operating Revenues, Accounts 451, 454, and 456.
24 Page 2 reflects the detail of Other Revenues and Expenses,
25 Accounts 415 and 416. Pages 3 through 6 reflect the O&M

1 expenses by USA account. Page 7 reflects the detail of
2 Property Insurance Expense, Account 924. Page 8 reflects
3 the detail of Regulatory Commission Expenses, Account 928.
4 Page 9 includes Depreciation and Amortization Expense,
5 Accounts 403 and 404. Page 10, Electric Plant/Regulatory
6 Assets - Amortizations, Adjustments, Gains, and Losses,
7 Account 406, presents the Asset Exchange acquisition
8 adjustment amortization. Page 11 reflects Regulatory Debits
9 and Credits, Accounts 407.3 and 407.4, respectively. Page
10 12 shows the detail of Taxes Other Than Income Taxes.

11 Q. Please explain the adjustment you have made
12 on page 1 of Exhibit No. 22, Other Operating Revenues, to
13 arrive at the 2022 Base.

14 A. The adjustment on line 21, column 4 to the
15 2022 Actuals removes the impact of the Energy Efficiency
16 Rider revenues as directed in Commission Order No. 30189.

17 Q. Please describe the adjustments quantified
18 on Pages 3 through 6 of Exhibit No. 22, O&M expenses.

19 A. Pages 3 through 6 include the standard
20 regulatory adjustments that I will discuss in more detail
21 later in my testimony. Pages 3 through 6 also include
22 adjustments related to Bridger, Valmy, Third Party
23 Transmission expenses, Oregon COVID-related expenses,
24 Oregon regulatory expenses and Oregon intervenor funding,
25 WMP-related expenses, and a couple of other minor

1 adjustments to O&M expenses. I will discuss each of these
2 adjustments individually.

3 Q. Please describe the Company-proposed
4 adjustment to O&M expenses related to Bridger.

5 A. On June 1, 2022, the Commission authorized
6 the Company to establish a balancing account, with the
7 necessary regulatory accounting, to track the incremental
8 costs and benefits associated with the Company's cessation
9 of coal-fired operations at Bridger as part of the Bridger
10 coal-related levelized revenue requirement mechanism.¹ In
11 this case the Company proposes to include as part of the
12 Bridger coal-related levelized revenue requirement, all
13 coal-related non-fuel O&M expenses, as compared to the
14 previous methodology that included only the variances
15 between actual coal-related non-fuel O&M expenses and coal-
16 related non-fuel O&M expenses included in 2011 base rates
17 as part of the mechanism.

18 The Company's update to the Bridger related levelized
19 revenue requirement reflects cost recovery at current
20 levels, with the exception of collection related to
21 previously deferred revenue requirement amounts. It also
22 allows for the presentment of Bridger coal-related non-fuel

¹ *In the Matter of Idaho Power Company's Application for Authority to Increase Its Rates for Electric Service to Recover Costs Associated with the Jim Bridger Power Plant*, Case No. IPC-E-21-17 Order No. 35423 (June 1, 2022).

1 O&M expenses to align with the presentment of Bridger coal-
2 related plant-related investments in the Bridger levelized
3 revenue requirement. To avoid double counting Bridger coal-
4 related non-fuel O&M expenses, an adjustment was made to
5 remove actual 2022 Bridger O&M ("Bridger O&M Adjustment").
6 The Bridger coal-related levelized revenue requirement
7 mechanism will be discussed more fully in Mr. Larkin's
8 testimony.

9 Q. How was the Bridger O&M Adjustment
10 calculated?

11 A. The Bridger O&M Adjustment, a reduction of
12 \$30,338,732, consists of the removal of 2022 actual O&M
13 totaling \$30,474,476, partially offset by \$135,744 related
14 to a negative entry recorded in 2022 to Account 557.007.
15 The 2022 reduction to actual O&M was calculated using the
16 sum of non-fuel O&M charged to Bridger-related accounts in
17 2022 including 500.001, 502.001, 506.001, 507.001, 510.001,
18 512.001, 513.001, 514.001, and 557.007. Table 1 below
19 presents the amounts charged to each account:

1 **TABLE 1**
 2 2022 Bridger O&M Accounts

Table 1 2022 Bridger O&M Accounts		O&M \$s
500.001	\$	231,676
502.001		6,046,168
506.001		7,284,754
507.001		229,461
510.001		12,403
512.001		6,756,285
513.001		2,177,957
514.001		9,322,817
Subtotal		32,061,521
Idaho Allocation Factor		95.05%
Subtotal Idaho Bridger Allocated		30,474,476
557.007		(135,744)
Total Bridger O&M Adjustment	\$	30,338,732

3
 4 The Idaho jurisdictional allocation was computed using
 5 the allocation factors approved in the Company's last
 6 general rate case.² The subtotal, including the allocated
 7 2022 Bridger O&M expense, results in a reduction of
 8 \$30,474,476. These adjustments are included on page 3,
 9 lines 1 through 14, column 5. The negative amount of
 10 \$135,744 was added back to zero out the 557.007 account.
 11 This adjustment is on page 4, line 12, column 5. The
 12 557.007 account is specific to Idaho, so the jurisdictional
 13 allocation factor was not applied to this account.

² In the Matter of the Application of Idaho Power Company for Authority to Increase Its Rates and Charges for Electric Service in Idaho, Case No. IPC-E-11-08, Order No. 32426 (Dec. 30, 2011).

1 Q. Please describe the Company's proposed
2 adjustment to O&M expenses related to Valmy.

3 A. On May 31, 2017, the Commission authorized the
4 Company to establish a balancing account, with the
5 necessary regulatory accounting, to track the incremental
6 costs and benefits associated with the accelerated Valmy
7 end-of-life as part of the Valmy levelized revenue
8 requirement mechanism.³ In this case, like the proposed
9 change to the Bridger coal-related levelized revenue
10 requirement, the Company proposes to include as part of the
11 Valmy levelized revenue requirement all non-fuel in O&M
12 expenses, as compared to the previous methodology, that
13 included only the variances between actual non-fuel O&M
14 expenses and the non-fuel O&M expense included in 2011 base
15 rates as part of the mechanism. This modification does not
16 reflect an increase in overall collection, but rather an
17 update to the base from which variances are tracked. It
18 also allows for the presentment of Valmy non-fuel O&M
19 expenses to align with the presentment of Valmy plant-
20 related investments in the Valmy levelized revenue
21 requirement. To avoid double counting non-fuel O&M
22 expenses, an adjustment was made to remove actual 2022

³ *In the Matter of the Application of Idaho Power Company for Authority to Increase Its Rates for Electric Service to Recover Costs Associated with the North Valmy Plant*, Case No. IPC-E-16-24 Order No. 33771 (May 31, 2017).

1 Valmy O&M ("Valmy O&M Adjustment").

2 Q. How was the Valmy O&M Adjustment calculated?

3 A. The Valmy O&M Adjustment, a reduction of
4 \$10,614,592, was calculated using the sum of O&M charged to
5 Valmy-related accounts in 2022 including 500.003, 502.003,
6 505.003, 506.003, 511.003, 512.003, 513.003, and 514.003.

7 Table 2 below presents the amounts charged to each account:

8 **TABLE 2**
9 2022 Valmy O&M Accounts

Table 2 2022 Valmy O&M Accounts		O&M \$s
500.003	\$	531,405
502.003		3,250,319
505.003		1,128,466
506.003		1,301,526
511.003		2,540,009
512.003		2,017,796
513.003		128,562
514.003		269,294
2022 Total Valmy O&M		11,167,377
Idaho Allocation Factor		95.05%
Total Valmy O&M Adjustment	\$	10,614,592

10

11 The Idaho jurisdictional allocation was
12 computed using the allocation factors approved in the
13 Company's last general rate case. The Idaho jurisdictional
14 allocated 2022 Valmy O&M expense results in a reduction to
15 O&M of \$10,614,592, which is included on page 3, lines 1
16 through 14, column 5.

1 Q. Please describe the adjustment related to
2 Third Party Transmission expense, Account 565.

3 A. The test year third Party Transmission expense
4 is included in normalized NPSE that is more fully discussed
5 in the Direct Testimony of Company Witness Ms. Jessica
6 Brady. Therefore, an adjustment was made to remove actual
7 2022 Third Party Transmission expenses of \$11,322,964 from
8 O&M. This adjustment is shown on page 5, line 6, column 5,
9 Account 565.

10 Q. Please describe the adjustment related to the
11 WMP-related expenses.

12 A. On June 17, 2021, the Commission authorized
13 Idaho Power to defer its Idaho-jurisdictional incremental
14 O&M expenses, incremental insurance expenses, and
15 depreciation expenses for its capital expenditures related
16 to its WMP for recovery in a future rate proceeding.⁴
17 Incremental O&M and insurance expenses are measured from a
18 2019 base. In 2022, Idaho Power deferred \$21,003,203 of
19 Idaho jurisdictional WMP-related expenses. In this case,
20 the Company proposes to continue to defer certain
21 incremental WMP-related expenses. This request is discussed

⁴ *In the Matter of Idaho Power Company's Application for an Accounting Order Authorizing the Deferral of Incremental Wildfire Mitigation and Insurance Costs*, Case No. IPC-E-21-02, Order No. 35077 (June 17, 2021); *In the Matter of Idaho Power Company's Application for Review of the Company's Current Wildfire Mitigation Plan and Authorization to Defer Newly Identified Incremental Wildfire Mitigation Costs*, Case No. IPC-E-22-27, Order No. 35717 (Mar. 23, 2023).

1 more fully in Mr. Tatum's testimony.

2 To set a new 2022 base year that will be used to track
3 incremental WMP-related expenses going forward, an
4 adjustment was made to add the amounts deferred in 2022 to
5 O&M, thus resetting 2022 actual WMP-related O&M to what it
6 would have been absent the deferrals ("WMP O&M
7 Adjustment").

8 Q. How was the WMP O&M Adjustment calculated?

9 A. The WMP O&M Adjustment, an increase of
10 \$20,229,304, was calculated by identifying the amounts by
11 O&M account that were deferred in 2022, with certain
12 adjustments for labor, depreciation, and amortization
13 expense to avoid double counting of test year amounts.
14 Table 3 below presents the amounts adjusted to each account
15 in detail:

16 //

1 **TABLE 3**
 2 2022 WMP O&M Accounts

Table 3 2022			
WMP O&M Accounts	2022 Deferral	Adjustments	Net Adjustment to 2022 O&M
571.000	\$ 930,096	\$ (124,562) .)	\$ 805,534
580.000	3,922		3,922
583.000	105,035		105,035
584.000	4,282		4,282
593.000	13,204,749	(502,437) .)	12,702,312
594.000	18,123		18,123
596.000	3,043		3,043
924.000	1,277,597		1,277,597
925.000	5,309,456		5,309,456
403.290	141,418	(141,418) .)	(0)
404.290	5,482	(5,482) .)	(0)
	<u>\$ 21,003,203</u>	<u>\$ (773,899)</u>	<u>\$ 20,229,304</u>

- 1.) Remove 2022 actual labor included in O&M labor forecast.
- 2.) Remove depreciation & amortization expense included in depreciation & amortization expense forecast.

3 The Idaho-jurisdictional WMP O&M Adjustment results in
 4 an increase to O&M of \$20,229,304, which is included on
 5 page 5, lines 13, 18, 21, 22, 32, 33, and 35, column 5 and
 6 page 6, lines 20 and 21, column 5.

7 Q. Please describe the adjustment for Oregon
 8 COVID-related expenses.

9 A. There are two adjustments for Oregon COVID-
 10 related expenses. The first adjustment removes \$354,610 of

1 amortization expense recorded to Account 904.002 in 2022
2 for the deferred incremental costs and savings through
3 December 31, 2021, related to the COVID-19 Arrearage
4 Management Program that is being collected in Oregon rates
5 pursuant to Public Utility Commission of Oregon ("OPUC")
6 Order No. 22-192. The second adjustment is related to a
7 reserve recorded in 2021 for COVID-19 Arrearage Management
8 Program costs. After the OPUC authorized collection of the
9 deferred 2021 COVID-19 Arrearage Management Program costs
10 on May 31, 2022, the reserve was reversed, resulting in a
11 negative \$552,743 being recorded to Account 904.003. Idaho
12 Power made an adjustment to add this amount back,
13 effectively zeroing out the recording of the reserve in
14 2021 and the reversal of the reserve in 2022. The net of
15 these two adjustments is \$198,133 which can be seen on page
16 6, line 4, column 5, Account 904.

17 Q. Please describe the adjustments for Oregon
18 regulatory expenses and intervenor funding.

19 A. An adjustment was made to remove \$28,878 in
20 amortization expense for deferred Oregon annual regulatory
21 expenses and \$36,197 in amortization expense for the Oregon
22 Citizens' Utility Board ("CUB") intervenor funding being
23 collected in Oregon rates pursuant to OPUC Order Nos. 21-
24 166 and 22-192. These amounts were recorded to Account
25 928.303 in 2022. The total adjustment is \$65,075, which can

1 be seen on page 6, line 27, column 5, Account 928.

2 Q. Were there any other adjustments to O&M on
3 page 3 through 6 of Exhibit No. 22?

4 A. Yes. In addition to the standard regulatory
5 adjustments there were two other adjustments to O&M. The
6 first was a \$124,942 adjustment to Account 537 Hydraulic
7 Expenses related to an Idaho Department of Fish and Game
8 invoice that was under accrued at year-end 2022. This
9 adjustment is included on page 3, line 18, column 5,
10 Account 537. The second was a \$9,801 adjustment to Account
11 536 Water Leases to correct for an error that occurred at
12 the beginning of 2022. This adjustment zeroes out this
13 account as there were no water leases in 2022 and none
14 expected in 2023. This adjustment can be seen on page 3,
15 line 17, column 5, Account 536.

16 Q. Please describe the adjustment quantified on
17 page 7 of Exhibit No. 22, Property Insurance.

18 A. The amount included on line 6 of page 7
19 represents the adjustment to Account 924 for deferred WMP-
20 related property insurance as seen in Table 3 above.

21 Q. Please describe the adjustment quantified on
22 page 8 of Exhibit No. 22, Regulatory Commission Expenses.

23 A. The amount included on line 14 of page 8
24 represents the adjustment to Account 928.303 for Oregon
25 annual regulatory expenses and Oregon CUB intervenor

1 funding described in this testimony above.

2 Q. Please describe the adjustments quantified on
3 page 9 of Exhibit No. 22, Depreciation and Amortization
4 Expense.

5 A. The amount on line 2, column 4 of page 9
6 removes Bridger coal-related and Valmy depreciation
7 expense. The adjustment for 2022 Bridger coal-related
8 electric plant depreciation expense is \$5,100,316. The
9 adjustment for 2022 Valmy electric plant depreciation
10 expense is \$19,484,573. The sum of these two adjustments is
11 a \$24,584,889 reduction to depreciation expense.

12 Q. Please describe the adjustments quantified on
13 page 11 of Exhibit No. 22, Regulatory Debits and Credits.

14 A. On June 25, 2020, the Commission authorized
15 the Company to record expenses associated with cloud
16 computing arrangements to a regulatory asset. Further, the
17 Commission directed that amortization begins when the asset
18 is placed in service and becomes used and useful.⁵ Idaho
19 Power has recorded a regulatory asset for the Idaho-only
20 portion of prepaid licensing costs for the Zycus
21 procurement tool cloud computing agreement. The amount on
22 line 3, column 4 of page 11 reduces cloud computing
23 amortization by \$173,640 to only the amount associated with

⁵ *In the Matter of Idaho Power Company's Application for an Accounting Order for Costs Associated with Cloud Computing Arrangements*, Case No. IPC-E-20-11, Order No. 34707, pg. 3 (June 25, 2020).

1 the Zycus procurement tool that is currently used and
2 useful which is \$201,265.

3 Q. Please describe the adjustments quantified on
4 page 12 of Exhibit No. 22, Taxes Other Than Income Taxes,
5 to arrive at the adjusted 2022 Base.

6 A. The amounts included on lines 1, 2, 20 and 21
7 of page 12, column 4 in Exhibit No. 22 are eliminated by
8 the state and federal payroll loading reversal on line 25,
9 column 4. These amounts represent federal unemployment,
10 Social Security, and state unemployment taxes,
11 respectively. The state and federal payroll loading
12 reversal effectively removes these amounts from Taxes Other
13 Than Income Taxes and spreads them over all accounts that
14 receive labor charges. Therefore, the adjustments in column
15 4, page 12 eliminate these expenses in their entirety in
16 order to demonstrate that these amounts are not double
17 counted when determining the Company's revenue requirement.
18 The amounts included on lines 8 and 9 of Exhibit No. 22
19 represent the removal of property taxes related to Bridger
20 and Valmy, respectively.

21 Q. Please describe pages 13 and 14 of Exhibit No.
22 22.

23 A. Page 13 of Exhibit No. 22 reflects the net
24 earnings of IERCo that are added to operating income for
25 ratemaking purposes and page 14 reflects AFUDC related to

1 the Hells Canyon relicensing that is currently being
2 collected from customers.

3 Q. How does the Company treat IERCo's earnings
4 and investment for ratemaking purposes?

5 A. The primary purpose of IERCo is to mine the
6 coal that fuels the Bridger plant in Wyoming. Consistent
7 with prior Commission orders, the Company treats IERCo's
8 coal operations as a part of its utility operations and,
9 accordingly, adds the current year IERCo earnings to
10 electric operating income and the investment in IERCo to
11 the net electric rate base. Accordingly, the interest
12 expense net of tax (line 13, page 13 of Exhibit No. 22) on
13 notes payable to Idaho Power has been added back to IERCo's
14 Net Income from Operations. Additionally, the notes payable
15 (column 3, page 23 of Exhibit No. 22) to Idaho Power have
16 been added to IERCo's rate base in determining the
17 Company's net investment in IERCo to be included in total
18 system rate base.

19 Q. Please describe the adjustments to IERCo's net
20 earnings and rate base in this proceeding.

21 A. Adjustments were made to increase IERCo's rate
22 base for notes payable to Idaho Power in the amount of
23 \$5,101,864 (column 3, line 14, page 23 of Exhibit No. 22)
24 and the associated interest expense adjustment net of
25 income tax of \$77,939 (column 3, line 13, page 13 of

1 Exhibit No. 22) in order for IERCo's rate base and earnings
2 to reflect only the cash required to fund IERCo operations
3 for the year 2022. If IERCo were to use these funds to make
4 a distribution of earnings to the Company, or if the
5 Company were to actually fold IERCo into its own
6 operations, the result would be the same as presented
7 herein.

8 Q. Please describe the data contained on pages 15
9 through 23 of Exhibit No. 22

10 A. Pages 15 through 23 of Exhibit No. 22 reflect
11 the development of all components applicable to the
12 combined system rate base of the Company for 2022 as
13 directed by Mr. Larkin. Page 15 reflects the balance by
14 month and the thirteen-month average of Electric Plant in
15 Service, Account 101. Page 16 reflects the balance by month
16 and the thirteen-month average of Accumulated Provision for
17 Depreciation, Account 108. Page 17 reflects the balance by
18 month and the thirteen-month average of Accumulated
19 Provision for Amortization, Account 111. Page 18 reflects
20 the balance by month and the thirteen-month average of
21 Materials and Supplies, Accounts 154 and 163. Page 19 of
22 Exhibit No. 22 reflects the balance of the Company's Other
23 Deferred Programs. For these programs, the Company has
24 included the December 31, 2022, ending balance in rate
25 base, consistent with previous orders. Page 20 reflects the

1 year-end balance of Plant Held for Future Use, Account 105.
2 Page 21 reflects the balance at the end of 2022 and the
3 average balance for Accumulated Deferred Income Taxes,
4 Accounts 190, 282, and 283. Page 22 reflects the balance by
5 month and the thirteen-month average balance of Customer
6 Advances for Construction, Account 252. Page 23 reflects
7 the balance by month and thirteen-month average of the rate
8 base components for IERCo, consistent with prior Commission
9 orders.

10 Q. Please describe the adjustment on page 15 of
11 Exhibit No. 22.

12 A. The adjustment in column 4, page 15 is to
13 remove the Electric Plant in Service associated with
14 Bridger coal-related plant and Valmy plant using the
15 respective average plant balance of the thirteen-month
16 period between December 2021 and December 2022.
17 Additionally, Idaho Power removed Electric Plant in Service
18 for Boardman using the average of the thirteen-month period
19 between December 2021 and December 2022. The only remaining
20 Boardman asset in Idaho Power's Electric Plant in Service
21 accounts as of December 31, 2022, is land. There is no
22 associated depreciation expense or accumulated depreciation
23 because land does not depreciate.

24 On February 15, 2012, the Commission authorized the
25 Company's request to establish regulatory accounting, a

1 cost recovery plan, and a balancing account to track the
2 costs and benefits associated with the early shut-down of
3 Boardman.⁶ Boardman ceased operations on October 15, 2020,
4 and the Company is currently in the process of
5 decommissioning the plant.

6 Using the thirteen-month average of the period between
7 December 2021 and December 2022, the adjustment for Bridger
8 coal-related Electric Plant in Service results in a
9 reduction of \$479,890,777 to total Electric Plant in
10 Service. Using the same period average for Valmy plant, the
11 adjustment results in a reduction of \$257,496,723 to total
12 Electric Plant in Service. The Boardman adjustment results
13 in a reduction in Electric Plant in Service of \$106,610
14 associated with land owned in fee. The sum of the thirteen-
15 month average adjustments to Total Electric Plant in
16 Service, \$737,494,110 is presented on line 14, Column 4,
17 page 15.

18 Q. Please describe the adjustment on page 16,
19 Accumulated Provision for Depreciation of Exhibit No. 22.

20 A. The adjustment in column 4, page 16 is to
21 remove the accumulated depreciation related to Bridger
22 coal-related plant and Valmy plant, using a thirteen-month
23 average of December 2021 through December 2022. The

⁶ *In the Matter of Idaho Power Company's Request for Acceptance of Its Regulatory Plan Regarding the Early Shutdown of the Boardman Power Plant*, Case No. IPC-E-11-18, Order No. 32457 (Feb. 15, 2012).

1 adjustment to accumulated depreciation attributable to
2 Bridger coal-related plant results in a reduction of
3 \$281,445,851. The adjustment to accumulated depreciation
4 related to Valmy plant results in a reduction of
5 \$202,576,957. The sum of the thirteen-month average
6 adjustments to Total Accumulated Depreciation, a reduction
7 of \$484,022,808 is presented on row 14, column 4, page 16.

8 Q. Please describe the adjustment on page 18,
9 Materials and Supplies of Exhibit No. 22.

10 A. The adjustment in column 4, page 18 of
11 \$967,717 is to remove the Boardman inventory balance, using
12 a thirteen-month average of December 2021 through December
13 2022.

14 Q. Please describe in more detail Other Deferred
15 Programs on page 19 of Exhibit No. 22.

16 A. Previous Commission-approved programs included
17 on page 19 of Exhibit No. 22 are the American Falls bond
18 refinancing costs (Commission Order No. 25880), the Idaho
19 Siemens Long-Term Program ("LTP") (Order No. 33420), Cloud
20 Computing (Order No. 34707), and Wildfire Mitigation (Order
21 No. 35077). The American Falls bond refinancing is being
22 amortized over the life of the American Falls bond and will
23 be fully amortized in 2025.

24 Also included on Exhibit No. 22 is the CUB 2021-2025
25 Fund Grant (OPUC Order No. 20-493), the Oregon Siemens LTP

1 (OPUC Order No. 15-387), the Statement of Financial
2 Accounting Standards 87 capitalized pension costs (OPUC
3 Order No. 10-064), Oregon regulatory liabilities associated
4 with Reconnect Fees for Remote Meters (OPUC ADV 16-09) and
5 the Jim Bridger Plant End-of-Life Depreciation (OPUC Order
6 No. 12-296).

7 Q. Please describe in more detail Plant Held for
8 Future Use, Account 105, on page 20 of Exhibit No. 22.

9 A. Consistent with treatment approved in the 2011
10 Idaho general rate case, Case No. IPC-E-11-08, the Company
11 has included portions of Plant Held for Future Use in rate
12 base. Idaho Code § 61-502A allows the Commission to set
13 rates for utilities that include a rate of return on
14 property held for future use if the Commission makes an
15 explicit finding that such a return is in the public
16 interest. In preparing this case, the Company performed a
17 review and identified those parcels of land included in
18 Account 105, Plant Held for Future Use, that are
19 anticipated to be used in their entirety for operating
20 property in the future. As a result of this review, the
21 year-end 2022 Actuals balance of \$7,129,775 (page 20,
22 column 3, line 34) has been reduced by \$501,610 (page 20,
23 column 4, line 34) by those properties or facilities for
24 which the use is uncertain, may be split, or for structures
25 that will be razed prior to the start of construction to

1 arrive at an adjusted 2022 Base of \$6,628,165 (page 20,
2 column 5, line 34).

3 Q. Please describe Exhibit No. 23.

4 A. Exhibit No. 23 reflects the detailed support
5 of deductions from the O&M expenses of the Company for
6 general advertising expenses, certain memberships and
7 contributions, certain senior management expenses, and
8 miscellaneous other expenses. This screening process is
9 consistent with previous Idaho general rate case filings.

10 Q. Please describe in more detail pages 2 through
11 9 of Exhibit No. 23.

12 A. The Company has put processes in place to
13 review and screen its accounting records to identify
14 memberships and contributions in an effort to properly
15 identify, account for, and share the costs of each. All
16 contributions, and either 33 percent or 100 percent of
17 certain memberships, have been removed. This screening
18 process is consistent with previous Idaho general rate case
19 filings.

20 Additionally, officer expenses have been reviewed and
21 adjusted by (1) removing 100 percent of all charges to the
22 Arid Club and Oregon jurisdiction direct charges, (2)
23 removing one-third of Edison Electric Institute expenses,
24 and (3) allocating the balance of expense account charges
25 of officers between Idaho Power and IDACORP on the basis of

1 how their payroll is charged. Six officers had no further
2 allocation based on payroll because they either incurred no
3 expenses, their management responsibilities are solely
4 incurred on behalf of Idaho Power, or their expenses are
5 reviewed monthly for proper allocation between IDACORP and
6 Idaho Power, thus not requiring further allocation.

7 Lastly, the Company has reviewed all expense account
8 charges to O&M in an effort to identify and exclude charges
9 from regulatory recovery based on prior concerns expressed
10 in other filings based on the nature of the business
11 establishment. While many of these expense account charges
12 are legitimate business expenses, out of an abundance of
13 caution, they were removed.

14 Q. Please describe Exhibit No. 24.

15 A. Exhibit No. 24 was developed to identify and
16 include or exclude specific rate base, revenue, and expense
17 adjustments which have not been provided for elsewhere.
18 These and/or similar adjustments have been made in previous
19 general rate cases.

20 Q. Please describe the adjustments you have
21 included in Exhibit No. 24.

22 A. Lines 1 through 3 reflect the Electric Plant
23 Acquisition Adjustment associated with the exchange of
24 certain transmission assets with PacifiCorp approved by
25 Commission Order No. 33313.

1 Line 4 reflects the unamortized portion of the
2 regulatory asset associated with the Cloud Computing Zycus
3 procurement tool authorized by Commission Order No. 34707.

4 Line 5 reflects the unamortized portion of certain
5 deferred Wildfire Mitigation expenses approved by
6 Commission Order No. 35077 for which the Company will
7 request amortization in this case.

8 Lines 6 and 7 reflect the unamortized portions of the
9 Idaho and Oregon Siemens LTPs, respectively (Commission
10 Order No. 33420 and OPUC Order No. 15-387).

11 Line 8 reflects increases due to forecasted pension
12 expense amortization that is discussed in Company Witness
13 Mr. Timothy Tatum's testimony.

14 Lines 9, 10, 11 and 12 remove the income statement
15 impact of the Idaho and Oregon Energy Efficiency Riders
16 accounting affecting Other Electric Revenues, Account 456,
17 and Customer Assistance Expenses, Account 908, in
18 accordance with Commission Order No. 30189. While the
19 purpose of these entries is to demonstrate that the Energy
20 Efficiency Rider revenues and expenses have been excluded
21 from the revenue requirement, leaving these amounts in the
22 income statement would have had no impact to the revenue
23 requirement because they are a net zero adjustment.

24 Line 13 shows the Idaho Energy Efficiency Rider funded
25 labor to be included in O&M.

1 Lines 14 through 17 reflect one year of amortization
2 for the Cloud Computing, Wildfire Mitigation, Idaho Siemens
3 LTP and Oregon Siemens LTP regulatory assets described in
4 this testimony above.

5 Line 18 removes all 2022 incentives included in
6 Administrative and General Salaries, Account 920. 2023 Test
7 Year incentive expense for which the Company seeks recovery
8 is addressed in Mr. Larkin's testimony.

9 Line 19 shows one year of amortization for the Asset
10 Exchange Acquisition Adjustment described above.

11 Lines 20 through 50 include the 2023 projected Idaho
12 intervenor funding amortization.

13 Lines 51 and 52 remove the 2022 amortization of Oregon
14 CUB intervenor funding and Oregon annual regulatory
15 expenses that are being recovered in Oregon rates.

16 Q. Are all the data and associated adjustments
17 made to your exhibits and supporting schedules calculated
18 on a total system basis?

19 A. Yes, except for the Bridger, Valmy, and WMP
20 adjustments to O&M that are presented on an Idaho-allocated
21 basis.

22 Q. Does this conclude your direct testimony in
23 this case?

24 A. Yes, it does.

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DECLARATION OF PAULA JEPPSEN

I, Paula Jeppsen, declare under penalty of perjury under the laws of the state of Idaho:

1. My name is Paula Jeppsen. I am employed by Idaho Power Company as Forecasting and Planning Director.

2. On behalf of Idaho Power, I present this pre-filed direct testimony and Exhibit Nos. 22 through 24 in this matter.

3. To the best of my knowledge, my pre-filed direct testimony and exhibits are true and accurate.

I hereby declare that the above statement is true to the best of my knowledge and belief, and that I understand it is made for use as evidence before the Idaho Public Utilities Commission and is subject to penalty for perjury.

SIGNED this 1st day of June 2023, at Boise, Idaho.



Signed: _____
PAULA JEPPSEN