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201 South Main, Suite 2300  
Salt Lake City, Utah 84111

IDAHO PUBLIC  
UTILITIES COMMISSION

January 4, 2007

***VIA OVERNIGHT DELIVERY***

Idaho Public Utilities Commission  
472 W. Washington  
Boise, ID 83702-5983

PAC-E-07-01

Attention: Jean D. Jewell  
Commission Secretary

Re: In the Matter of the Application of Rocky Mountain Power for Approval of  
Reductions in Bonneville Power Administration Regional Exchange Credits

Rocky Mountain Power, a division of PacifiCorp, hereby submits for filing an original and seven copies of its Application of Rocky Mountain Power for Approval of Reductions in Bonneville Power Administration Regional Exchange Credits.

Service of pleadings, exhibits, orders and other documents relating to this proceeding should be served on the following:

Brian Dickman  
Manager, Idaho Regulatory Affairs  
201 South Main, Suite 2300  
Salt Lake City, UT 84111  
Telephone: (801) 220-4975  
Facsimile: (801) 220-2798  
E-mail: [Brian.Dickman@PacifiCorp.com](mailto:Brian.Dickman@PacifiCorp.com)

Dean Brockbank  
Senior Counsel  
201 South Main, Suite 2300  
Salt Lake City, UT 84111  
Telephone: (801) 220-4568  
Facsimile: (801) 220-3299  
E-mail: [Dean.Brockbank@PacifiCorp.com](mailto:Dean.Brockbank@PacifiCorp.com)

It is respectfully requested that all formal correspondence and Staff requests regarding this matter be addressed to:

By E-mail (preferred):            datarequest@pacificorp.com

By Fax:                                (503) 813-7274

By regular mail:                    Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 800  
Portland, OR 97232

Sincerely,

Handwritten signature of Jeffrey K. Larsen in black ink, followed by the initials "p.r." in a smaller, simpler font.

Jeffrey K. Larsen  
Vice President, Regulation

Enclosures

Dean Brockbank  
Rocky Mountain Power  
201 South Main Street, Suite 2300  
Salt Lake City, Utah 84111  
Telephone: (801) 220-4568  
FAX: (801) 220-3299  
Dean.Brockbank@PacifiCorp.com

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IDAHO PUBLIC  
UTILITIES COMMISSION

*Attorney for Rocky Mountain Power*

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )**  
**OF ROCKY MOUNTAIN POWER )**  
**FOR APPROVAL OF REDUCTIONS IN )**  
**BONNEVILLE POWER ADMINISTRATION )**  
**REGIONAL EXCHANGE CREDITS )**

PAC-E-07-01

APPLICATION OF  
ROCKY MOUNTAIN POWER

Pursuant to Idaho Code §§ 61-301, -307, -622, and -623, Rocky Mountain Power, a division of PacifiCorp (“RMP” or the “Company”), applies to the Idaho Public Utilities Commission (the “Commission”) for approval of a revised Electric Service Schedule No. 34, submitted herewith. The proposed revisions reflect the reduced regional exchange credits received from the Bonneville Power Administration (“BPA”) in Idaho. The Company seeks changes to sections of the Rocky Mountain Power’s Schedule 34 to revise the Kilowatt-Hour Credit Adjustment for all qualifying kilowatt-hours of residential and/or farm use. In support of this Application, PacifiCorp states as follows:

1. Rocky Mountain Power does business as a public utility in the state of Idaho and is subject to the jurisdiction of the Commission with regard to its public utility operations. Rocky Mountain Power also provides retail electric service in the states of Utah and Wyoming.

2. This Application is filed pursuant to the Idaho statutes referenced above. In particular, Idaho Code § 61-623 empowers the Commission to address the propriety of requested rate schedule increases, sections 61-307 and -622 require Commission approval prior to any increase in rates and section 61-301 requires Idaho retail electric rates to be just and reasonable.

3. Communications regarding this Application should be addressed to:

Brian Dickman  
Rocky Mountain Power  
201 South Main Street, Suite 2300  
Salt Lake City, UT 84111  
Telephone: (801) 220-4975  
Fax: (801) 220-2798  
E-mail: [brian.dickman@pacificorp.com](mailto:brian.dickman@pacificorp.com)

Dean Brockbank  
Rocky Mountain Power  
201 South Main Street, Suite 2300  
Salt Lake City, UT 84111  
Telephone: (801) 220-4568  
Fax: (801) 220-3299  
E-mail: [dean.brockbank@pacificorp.com](mailto:dean.brockbank@pacificorp.com)

In addition, PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

By e-mail ( <b>preferred</b> )	<a href="mailto:datarequest@pacificorp.com">datarequest@pacificorp.com</a>
By regular mail	Data Request Response Center PacifiCorp 825 NE Multnomah, Suite 2000 Portland, OR 97232
By facsimile	(503) 813-6060

Informal inquires also may be directed to Brian Dickman at (801) 220-4975.

4. As a regional utility, Rocky Mountain Power is entitled to participate in the Residential Exchange Program (the "REP"), which extends the benefits of low-cost Federal power to residential and small farm consumers served by investor-owned utilities in the region. *See* section 5(c) of the Northwest Power Act, 16 U.S.C. § 839(c). The REP is administered by BPA. In 2000, BPA offered the region's investor-owned utilities the option of entering into a settlement of the REP (the "REP Settlement") in lieu of the traditional REP. All of the region's investor-owned utilities, including PacifiCorp, entered into the REP Settlement.

Upon initiation of the REP program, and as required by the REP Settlement, the Company established balancing accounts tracking the differences in the program credits

provided to the Company's customers and the monetary payments received from BPA pursuant to the REP Settlement. As of October 2006, the Idaho balancing account showed a surplus of \$7.2 million (*i.e.*, Rocky Mountain Power paid out \$7.2 million less in benefits to Idaho residential and small farm customers than Rocky Mountain Power had received from BPA).

5. In 2004 PacifiCorp reached agreement with BPA regarding the calculation of the REP credits effective October 1, 2006 through September 30, 2011 (the "FY 2007-2011 Agreement"). Per the terms of the FY 2007-2011 Agreement, REP benefits passed on to RMP customers are less than benefits previously received from October 1, 2001 through September 30, 2006. The Company is proposing a reduction to the Schedule 34 credit amount to reflect the change in the net credit received from BPA to be passed on to RMP customers. The Company is also seeking Commission authorization to correct the surplus in the BPA balancing account in a manner that would ease the customer impact of the current reduction in REP benefits and mitigate future changes in REP benefit levels. PacifiCorp proposes to apply \$1 million from the existing Idaho balancing account toward the change in the 2007 BPA credit. This will moderate the 2007 price change while preserving the positive amount in the Idaho balancing account for subsequent years.

6. Pursuant to guidelines received from BPA and provided with this Application as Exhibit 5, RMP is also proposing that certain long-term care facilities served by the Company be eligible to receive REP benefits. Qualifying long-term care facilities would include those not providing full medical care similar to hospitals or medical clinics and where the average patient stay is 30 days or longer. The Company has identified eligible facilities served by Rocky Mountain Power and has included them in the calculation of the proposed Schedule 34 credit amount. Pending Commission approval, the Company will notify each eligible facility and will move each to the applicable service schedule (*i.e.* Schedule 6A rather than Schedule 6, or Schedule 23A rather than Schedule 23).

7. The Company submits the following exhibits providing additional support for the relief requested in this Application:

- (a) Application Exhibit 1: Exhibit 1 shows the net impact by rate schedule of the proposed revision to Schedule 34;
- (b) Application Exhibit 2: Exhibit 2 reflects the calculation of proposed Schedule 34 based on normalized twelve months ended September 2005;
- (c) Application Exhibit 3: Exhibit 3 is a balancing account study reflecting the Company's BPA balancing account history from October 2003 to October 2006. The Exhibit shows the \$7.2 million surplus as of October 2006;
- (d) Application Exhibit 4: Exhibit 4 reflects the Company's Schedule 34 and shows the proposed tariff changes, pursuant to Rule of Procedure 121.01a; and,
- (e) Application Exhibit 5: Exhibit 5 presents the guidance received by RMP from BPA regarding eligibility of long-term care facilities.

8. Rocky Mountain Power stands ready for immediate consideration of this Application and requests that this filing be processed under Modified Procedure. Rocky Mountain Power respectfully requests that the proposed reduction to the Schedule 34 BPA credit be effective on February 15, 2007, to permit proper notice pursuant to Idaho Code § 61-307. The proposed tariffs in Application Exhibit 4 would be effective on February 15, 2007 unless suspended by the Commission. Due to the nature of this filing, the Company does not believe a hearing will be necessary.

WHEREFORE, PacifiCorp respectfully requests that the Commission enter its Order authorizing the reduction of the Schedule 34 BPA credit to further reflect the net effect of the annual credit received from BPA with the annual credit passed on to Idaho residential and small farm customers.

DATED this 4th day of January, 2007.

Respectfully submitted,

  
\_\_\_\_\_  
Dean Brockbank  
Attorney for Rocky Mountain Power

# APPLICATION EXHIBIT 1

**EXHIBIT 1 BY SCHEDULE  
ROCKY MOUNTAIN POWER  
ESTIMATED EFFECT OF PROPOSED BPA CREDIT SCHEDULE 34  
ON REVENUES FROM ELECTRIC SALES TO ULTIMATE CONSUMERS  
DISTRIBUTED BY RATE SCHEDULES IN IDAHO  
NORMALIZED 12 MONTHS ENDED SEPTEMBER 2005**

Line Account No.	Sch. No.	Description	Average No. of Customers	MWh	Present Revenue (\$000) <sup>1</sup>			Proposed Revenue (\$000)			Average Net Rate (\$/kWh)	Change (\$000)	% Change
					Base Revenue <sup>2</sup>	Sch. 34 Credit	Net Revenue	Base Revenue <sup>2</sup>	Sch. 34 Credit <sup>3</sup>	Net Revenue			
(1)	(3)	(2)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
<b>440 Residential Sales</b>													
1	1	Residential Service	35,509	333,354	\$28,017	(\$6,406)	\$21,611	\$28,017	(\$5,586)	\$22,431	6.7288	\$820	
2	36	Residential Optional TOD	16,187	300,191	\$20,398	(\$5,768)	\$14,630	\$20,398	(\$5,030)	\$15,368	5.1194	\$738	
3	--	AGA-Revenue	--	--	\$6	\$0	\$6	\$6	\$0	\$6		\$0	
4		<b>Total Residential</b>	51,696	633,546	\$48,421	(\$12,174)	\$36,247	\$48,421	(\$10,616)	\$37,805	5.9672	\$1,558	
<b>442 Commercial &amp; Industrial</b>													
5	6	General Service - Large Power	993	287,901	\$16,288	\$0	\$16,288	\$16,288	\$0	\$16,288	5.6577	\$0	
6	6/6A	Moving from 6 to 6A	10	5,165	\$273	\$0	\$273	\$273	(\$87)	\$186	3.6050	(\$87)	
7	6A	General Svc. - Lg. Power (R&F)	234	29,980	\$1,993	(\$576)	\$1,417	\$1,993	(\$502)	\$1,491	4.9723	\$74	
8	8	General Service - Med. Voltage	2	2,517	\$131	\$0	\$131	\$131	\$0	\$131	5.2192	\$0	
9	9	General Service - High Voltage	12	117,263	\$4,951	\$0	\$4,951	\$4,951	\$0	\$4,951	4.2221	\$0	
10	10	Irrigation	4,752	534,041	\$35,841	(\$12,909)	\$22,932	\$35,841	(\$10,809)	\$25,032	4.6873	\$2,100	
11	19	Comm. & Ind. Space Heating	143	8,875	\$594	\$0	\$594	\$594	\$0	\$594	6.6929	\$0	
12	23	General Service	5,643	107,058	\$8,561	\$0	\$8,561	\$8,561	\$0	\$8,561	7.9966	\$0	
13	23/23A	Moving from 23 to 23A	7	234	\$18	\$0	\$18	\$18	(\$4)	\$14	6.0565	(\$4)	
14	23A	General Service (R&F)	1,343	17,053	\$1,462	(\$328)	\$1,134	\$1,462	(\$286)	\$1,176	6.8946	\$42	
15	35	General Service Optional TOD	2	2,002	\$126	\$0	\$126	\$126	\$0	\$126	6.3046	\$0	
16		Special Contracts	2	1,503,910	\$52,468	\$0	\$52,468	\$52,468	\$0	\$52,468	3.4888	\$0	
17		AGA-Revenue	--	--	\$358	\$0	\$358	\$358	\$0	\$358		\$0	
18		<b>Total Commercial &amp; Industrial</b>	13,143	2,615,998	\$123,065	(\$13,813)	\$109,252	\$123,065	(\$11,688)	\$111,377	4.2575	\$2,125	
19		<b>Total Commercial &amp; Industrial (Excluding Special Contracts)</b>	13,141	1,112,088	\$70,597	(\$13,813)	\$56,784	\$70,597	(\$11,688)	\$58,909	5.2971	\$2,125	
<b>444 Public Street Lighting</b>													
20	7	Security Area Lighting	246	296	\$61	\$0	\$61	\$61	\$0	\$61	20.5440	\$0	
21	7A	Security Area Lighting (R&F)	161	122	\$28	(\$2)	\$25	\$28	(\$2)	\$26	21.0006	\$0	
22	11	Street Lighting - Company	29	138	\$30	\$0	\$30	\$30	\$0	\$30	22.0390	\$0	
23	12	Street Lighting - Customer	258	2,037	\$200	\$0	\$200	\$200	\$0	\$200	9.8112	\$0	
24	12	Traffic Signal Systems	24	205	\$17	\$0	\$17	\$17	\$0	\$17	8.0686	\$0	
25	--	AGA-Revenue	--	--	\$0	\$0	\$0	\$0	\$0	\$0		\$0	
26		<b>Total Public Street Lighting</b>	719	2,798	\$335	(\$2)	\$333	\$335	(\$2)	\$333	11.9092	\$0	
27		<b>Total Sales to Ultimate Customers</b>	65,558	3,252,341	\$171,821	(\$25,989)	\$145,832	\$171,821	(\$22,306)	\$149,515	4.5971	\$3,683	

Note 1: Present revenue includes the effect of increase to Nu-West special contract effective September 1, 2006 and increases to Sch. 10 and Monsanto special contract effective January 1, 2007.

Note 2: Base Revenue includes RMA Sch 94 revenues.

Note 3: Proposed Schedule 34 credits are based on new benefit amount of \$22,306,043 for 2007.

# APPLICATION EXHIBIT 2

**EXHIBIT 2**  
**ROCKY MOUNTAIN POWER**  
**CALCULATION OF PROPOSED CHANGES IN BPA SCHEDULE 34 CREDIT**  
**DISTRIBUTED BY RATE SCHEDULES IN IDAHO**  
**NORMALIZED 12 MONTHS ENDED SEPTEMBER 2005**

Line No.	Description	Sch. No.	Total Normalized MWh	BPA MWh	Schedule 34-BPA Credit				
					Present		Proposed		
					Sch. 34 Credit (\$000)	Sch. 34 Credit (¢/kWh)	Sch. 34 Credit (\$000)	Sch. 34 Credit (¢/kWh)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
					(4) × (5)	(4) × (6)	(4) × (7)	(4) × (8)	
<b><u>Residential</u></b>									
1	Residential Service	1	333,354	333,354	(\$6,406)	(1.9216)	(\$5,586)	(1.6757)	
2	Residential Optional TOD	36	300,191	300,191	(\$5,768)	(1.9216)	(\$5,030)	(1.6757)	
4	<b>Subtotal</b>		633,546	633,546	(\$12,174)		(\$10,616)		
<b><u>Commercial &amp; Industrial</u></b>									
5	General Svc. - Lg. Power (R&F)	6A	29,980	29,980	(\$576)	(1.9216)	(\$502)	(1.6757)	
10	Irrigation	10	534,041	409,211	(\$12,909)	(3.1546)	(\$10,809)	(2.6415)	
12	General Service (R&F)	23A	17,053	17,053	(\$328)	(1.9216)	(\$286)	(1.6757)	
13	Newly Eligible Customers	6/23	5,399	5,399	\$0	0.0000	(\$90)	(1.6757)	
18	<b>Subtotal</b>		586,472	461,643	(\$13,813)		(\$11,688)		
<b><u>Public Street Lighting</u></b>									
21	Security Area Lighting (R&F)	7A	122	122	(\$2)	(1.9216)	(\$2)	(1.6757)	
26	<b>Subtotal</b>		122	122	(\$2)		(\$2)		
28	<b>Total</b>		1,220,140	1,095,311	(\$25,989)		(\$22,306)		

# APPLICATION EXHIBIT 3

**EXHIBIT 3**  
**ROCKY MOUNTAIN POWER - STATE OF IDAHO**  
**RESIDENTIAL EXCHANGE BALANCING ACCOUNT STUDY**

October 2003 - October 2006 Study

Month	BPA Payments	Variance Booked	Customer Credits	Interest Booked	Accumulated Balance
Balance Forward					(\$6,020,373)
Oct-03	\$2,939,595	(\$142,675)	\$2,796,920	\$0	(\$5,877,698)
Nov-03	\$2,939,595	(\$1,248,215)	\$1,691,380	\$0	(\$4,629,483)
Dec-03	\$2,939,595	(\$1,040,716)	\$1,898,879	\$0	(\$3,588,767)
Jan-04	\$2,939,595	(\$849,118)	\$2,090,477	\$0	(\$2,739,649)
Feb-04	\$2,939,595	(\$1,143,558)	\$1,796,037	\$0	(\$1,596,091)
Mar-04	\$2,939,595	(\$1,387,894)	\$1,551,702	\$0	(\$208,197)
Apr-04	\$2,939,595	(\$1,578,265)	\$1,361,330	\$1,103	\$1,371,171
May-04	\$2,939,595	(\$41,426)	\$2,898,170	\$1,190	\$1,413,787
Jun-04	\$2,939,595	\$2,025,463	\$4,965,059	\$0	(\$611,676)
Jul-04	\$2,939,595	\$3,031,780	\$5,971,375	\$0	(\$3,643,456)
Aug-04	\$2,939,595	\$2,453,556	\$5,393,152	\$0	(\$6,097,012)
Sep-04	\$2,939,595	\$718,775	\$3,658,370	\$0	(\$6,815,787)
Subtotal	\$35,275,144	\$797,707	\$36,072,851	\$2,293	
Oct-04	\$2,931,564	(\$549,360)	\$2,382,204	\$0	(\$6,266,428)
Nov-04	\$2,931,564	(\$1,390,832)	\$1,540,732	\$0	(\$4,875,596)
Dec-04	\$2,931,564	(\$994,892)	\$1,936,672	\$0	(\$3,880,704)
Jan-05	\$2,931,564	(\$1,038,376)	\$1,893,188	\$0	(\$2,842,328)
Feb-05	\$2,931,564	(\$1,355,205)	\$1,576,359	\$0	(\$1,487,124)
Mar-05	\$2,931,564	(\$1,623,788)	\$1,307,775	\$278	\$136,942
Apr-05	\$2,931,564	(\$1,787,520)	\$1,144,044	\$4,182	\$1,928,644
May-05	\$2,931,564	(\$1,510,877)	\$1,420,687	\$8,405	\$3,447,927
Jun-05	\$2,931,564	(\$669,219)	\$2,262,345	\$10,190	\$4,127,335
Jul-05	\$2,931,564	\$1,194,347	\$4,125,911	\$7,948	\$2,940,936
Aug-05	\$2,931,564	\$1,632,557	\$4,564,121	\$3,735	\$1,312,114
Sep-05	\$2,931,564	\$521,288	\$3,452,852	\$2,307	\$793,133
Subtotal	\$35,178,766	(\$7,571,876)	\$27,606,890	\$37,044	
Oct-05	\$2,931,564	(\$856,390)	\$2,075,174	\$5,229	\$1,654,752
Nov-05	\$2,931,564	(\$1,689,252)	\$1,242,312	\$10,762	\$3,354,766
Dec-05	\$2,931,564	(\$1,251,440)	\$1,680,124	\$16,038	\$4,622,244
Jan-06	\$2,931,564	(\$1,302,684)	\$1,628,880	\$21,364	\$5,946,292
Feb-06	\$2,931,564	(\$1,395,602)	\$1,535,962	\$24,896	\$7,366,790
Mar-06	\$2,931,564	(\$1,500,380)	\$1,431,184	\$33,985	\$8,901,156
Apr-06	\$2,931,564	(\$1,739,131)	\$1,192,433	\$41,188	\$10,681,474
May-06	\$2,931,564	(\$1,167,640)	\$1,763,924	\$49,068	\$11,898,182
Jun-06	\$2,931,564	\$498,657	\$3,430,221	\$46,757	\$11,446,282
Jul-06	\$2,931,564	\$1,915,286	\$4,846,849	\$41,761	\$9,572,758
Aug-06	\$2,931,564	\$1,631,166	\$4,562,730	\$35,066	\$7,976,658
Sep-06	\$2,931,564	\$984,006	\$3,915,570	\$29,907	\$7,022,558
Oct-06	\$1,775,504	(\$188,588)	\$1,586,916	\$31,915	\$7,243,061
Subtotal	\$36,954,270	(\$6,061,992)	\$30,892,278	\$387,935	
Totals	\$107,408,180	(\$12,836,161)	\$94,572,019	\$427,273	

# APPLICATION EXHIBIT 4



I.P.U.C. No. 1

First Revision of Original Sheet No. 34.1  
Canceling Original Sheet No. 34.1

**ROCKY MOUNTAIN POWER**  
**ELECTRIC SERVICE SCHEDULE NO. 34**

**STATE OF IDAHO**

---

**Pacific Northwest Electric Power Planning and Conservation Act**  
**Residential and Farm Kilowatt-Hour Credit**

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**APPLICATION AND AVAILABILITY:** This Schedule is applicable and available to qualifying Residential and/or Farm Customers of the Company under the jurisdiction of the Idaho Public Utilities Commission.

**MONTHLY RATES:** The monthly charges for service under each of the Electric Service Schedules shown below shall be reduced by the appropriate monthly kilowatt-hour credit adjustment shown per kilowatt-hour for all qualifying kilowatt-hours of residential and/or farm use.

Kilowatt-Hour Credit Adjustments:

Irrigation Customers: \$0.031546-026415 per kWh  
Schedule No. 10

Non-Irrigation Customers: \$0.019216-016757 per kWh  
Schedule Nos. 1, 6A, 7A, 23A  
35A, 36, 19 with 6A  
19 with 23A, 19 with 35A

(Continued)

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Submitted Under Advice Letter No. 07-016-06

**ISSUED:** August 14, 2006 January 4, 2007

**EFFECTIVE:** September 15, 2006 February 15, 2007



I.P.U.C. No. 1

First Revision of Sheet No. 34.1  
Canceling Original Sheet No. 34.1

---

**ROCKY MOUNTAIN POWER**  
**ELECTRIC SERVICE SCHEDULE NO. 34**  
**STATE OF IDAHO**

---

**Pacific Northwest Electric Power Planning and Conservation Act**  
**Residential and Farm Kilowatt-Hour Credit**

---

**APPLICATION AND AVAILABILITY:** This Schedule is applicable and available to qualifying Residential and/or Farm Customers of the Company under the jurisdiction of the Idaho Public Utilities Commission.

**MONTHLY RATES:** The monthly charges for service under each of the Electric Service Schedules shown below shall be reduced by the appropriate monthly kilowatt-hour credit adjustment shown per kilowatt-hour for all qualifying kilowatt-hours of residential and/or farm use.

Kilowatt-Hour Credit Adjustments:

Irrigation Customers: \$0.026415 per kWh  
Schedule No. 10

Non-Irrigation Customers: \$0.016757 per kWh  
Schedule Nos. 1, 6A, 7A, 23A  
35A, 36, 19 with 6A  
19 with 23A, 19 with 35A

(Continued)

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Submitted Under Advice Letter No. 07-01

**ISSUED:** January 4, 2007

**EFFECTIVE:** February 15, 2007

# APPLICATION EXHIBIT 5



## Department of Energy

Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

POWER SERVICES

December 8, 2006

In reply refer to: PFR-6

Mr. Scott Brattebo, Director Regulatory  
PacifiCorp  
825 N.E. Multnomah, Suite 600  
Portland, OR 97232

Dear Mr. <sup>Scott</sup>Brattebo,

Re: Residential Exchange Program Settlement Agreement, BPA Contracts: 01PB-12229, 01PB-10854, 03PB-11262, and 04PB-11468, and Recent Determination Decision and Eligibility Guidelines

You recently made a request to Paul A. Brodie that BPA issue a Residential Exchange Program (REP) Eligibility Determination that provided guidance on how to allocate the metered load between nursing homes and hospitals where they are part of a joint-use-facility. Enclosed is a copy of BPA's decision on the treatment of nursing home loads associated with a joint-use-facility.

In order to help ensure uniform and consistent treatment, we ask that PacifiCorp please review its application of the REP credit to nursing homes that are eligible to receive the credit. BPA is sending a copy of this determination decision to each investor-owned utility and the state commissions to help ensure consistent nursing home eligibility determinations. In addition to the eligibility decision, we have also included a copy of BPA's *Customer Load Eligibility Guidelines* for your reference to help guide your staff in making decisions concerning eligible loads. In those instances where a fact situation has not been encountered before, or where the policy outlined in the guidelines does not clearly address the facts surrounding an eligibility determination question, please consult BPA in making the eligibility determination. In the event that a retail customer feels that they qualify for the REP Settlement Credit after having been denied the credit by an investor-owned utility, they are entitled to a final eligibility determination by BPA.

We look forward to working with you and your staff regarding eligibility determinations in addition to addressing any questions or concerns that you might have on procedures and policies used to account for and distribute REP Settlement benefits. If you have questions concerning BPA's REP Settlement Program, please call Paul Brodie at (503) 230-3414. Thank you for your help in supporting the administration of this important program.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Gendron', with a long horizontal flourish extending to the right.

Mark O. Gendron,  
Vice President for Northwest Requirements Marketing

2 Enclosures

cc:

John R. Gale, Vice President for Regulatory Affairs, Idaho Power Company  
Randy Lobb, Administrator Utilities Division, Idaho Public Utilities Commission

December 8, 2006

## **Residential Exchange Program (REP) Settlement Load Eligibility Determination**

### Eligibility of Nursing Homes, Long-Term Care Facilities, and Assisted Living Care Facilities to Receive the REP Credit

Section 3(18) of the Northwest Power Act defines "residential use" or "residential load" as "all usual residential, apartment, seasonal dwelling and farm electrical loads or uses, but only the first four hundred horsepower during any monthly billing period of farm irrigation and pumping for any farm." Exhibit A of the REP Settlement Agreements also helps to define eligible residential loads, but is silent regarding nursing homes and hospitals. BPA's Customer Load Eligibility Guidelines, however, provide the following guidance on qualifying loads:

**Nursing Home** - The loads associated with nursing homes are eligible to receive the Residential Exchange Program credit. When the average length of stay is 30 days or longer and does not provide full medical care similar to the medical facilities, equipment, and staff normally provided by hospitals, clinics, or similar institutions.

**Hospitals** - The loads associated with hospitals are ineligible to receive the Residential Exchange Program credit. These loads are neither a farm nor a residence.

The electrical loads for nursing homes, long-term care facilities, and assisted living care facilities generally qualify for the REP credit. A general guideline is that when the average length of stay is 30 days or longer, the dwelling or facility qualifies as a residence. Residences that qualify for the credit can be single family or multi-family dwellings. If the assisted living facility provides full medical care that is similar to the medical facilities, equipment, and staffing of a hospital, then that portion of the facility's electrical loads would be ineligible. Generally, most of the load associated with an assisted living facility would qualify for the credit.

As the demographics of our society change with the "graying of America," more and more people will be choosing to live in retirement centers and assisted living facilities. These facilities are the new residences of an increasing share of the population. The residents of these facilities are intended to receive a benefit from lower electrical rates due to the REP credit. It is also important that there is a level playing field associated with the ownership and operation of the facilities receiving the REP credit to ensure that there is not a competitive advantage or disadvantage due to disparate policies of utilities receiving REP benefits.

In order to ensure that all eligible residential ratepayers who are served by qualifying investor-owned utilities receive REP benefits and to ensure that there is a level playing field for the nursing home industry in the Pacific Northwest, it is important that all utilities participating in the REP Settlements review their regulatory practices surrounding the eligibility of these facilities.

#### Guidance in Determining the Eligibility of Loads Associated with Joint Use Facilities

There are a number of nursing home and care facilities in the region that are physically connected to hospitals or clinics providing higher levels of medical care. These occur for the most part in smaller rural communities that cannot afford to run separate facilities. Frequently the electric loads associated with the nursing home facility and the hospital are metered through a single meter. The utility administering the REP needs to make a reasonable attempt to separate the metered load associated with the nursing home facility in determining the loads that are eligible to receive the credit. BPA was asked to furnish guidance in developing a method to determine the portion of the metered load that qualifies for the credit.

One simple approach for estimating the portion of metered loads attributed to a nursing home facility is to base it on the square footage of the facility that is connected to nursing home care in relation to the total square footage of the nursing home and hospital areas combined. The first step in this calculation is to determine the square footage of the common areas of the joint facility such as administrative offices, maintenance facilities, food preparation areas, laundry facilities, and similar common areas. This amount should be subtracted from the total square footage of the combined nursing home and hospital facility. The second step is to determine the square footage that is directly used for the nursing home. The third step is to determine the square footage that is used directly for the hospital. The fourth step is to take the ratio of the nursing home square footage to the combined nursing home and hospital areas. The ratio determined by the fourth step is applied to the total facilities metered load (nursing home, hospital and common areas). This determines the REP-eligible load of the nursing home. This allocation approach assumes that the square footage of the direct usage areas (hospital or nursing home) is a reasonable indicator of what function (hospital or nursing home) the power used in the common area is supporting. An example of this allocation approach is presented below:

Example: A small rural town in southern Idaho has a combined hospital and nursing home facility that has a single electric meter. The total facility comprises 100,000 square feet. A review of the facility by the Investor-Owned Utility customer service representative disclosed that 60,000 square feet were directly used by functions associated with the hospital, 30,000 square feet were directly used in providing nursing home care, and 10,000 square feet were associated with common areas (food preparation areas, maintenance and storage, laundry facilities, and administrative offices). Ninety-percent of the facility (90,000 sq. ft. divided by 100,000 sq. ft.) was associated with direct usage. The nursing home care portion comprised 33 percent (one-third) of the direct use areas (30,000/

(30,000 + 60,000). The customer service representative determined that one-third of the total monthly metered amount would be eligible load qualifying for the REP credit.

The above allocation method of square footage was chosen for its simplicity and ease of use. For other joint use facilities, the utility administering the REP credit should develop a method for determining the allocation of the metered energy into eligible load qualifying for the REP credit versus ineligible load that does not qualify for the REP credit and apply the methodology on a consistent basis to all joint use facilities.

Determination: Nursing homes, assisted living facilities, and similar facilities qualify for the REP Credit. Nursing homes, assisted living facilities, and similar facilities that are physically connected to a hospital facility also qualify for the REP Credit. Where both the nursing home facility (qualifying load) and the hospital facility (non-qualifying load) have their electrical power requirements metered through a single meter, utilities should use the foregoing allocation method to determine that portion of the metered energy that is attributable to the qualifying load.



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Residential Exchange Settlement –  
Benefits Oversight Function