



**ROCKY MOUNTAIN  
POWER**  
A DIVISION OF PACIFICORP

RECEIVED  
2007 MAY 25 AM 9:03  
IDAHO PUBLIC  
UTILITIES COMMISSION

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

May 24, 2007

**VIA EXPRESS MAIL**

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

PAC-E-07-10

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)

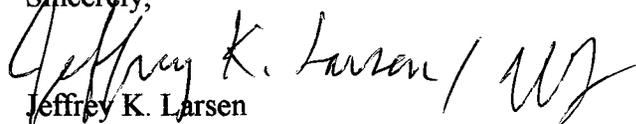
It is respectfully requested that all formal correspondence and Staff requests regarding this matter be addressed to:

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

By Fax:                               (503) 813-6060

By regular mail:                 Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, OR 97232

Sincerely,

A handwritten signature in black ink that reads "Jeffrey K. Larsen" followed by a stylized flourish.

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

RECEIVED  
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UTILITIES COMMISSION

*Attorney for Rocky Mountain Power*

PAC-E-07-10

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

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

Pursuant to Idaho Code §§ 61-301, -307, -622, and -623, Rocky Mountain Power, a division of PacifiCorp (the Company), applies to the Idaho Public Utilities Commission (the Commission) for approval of a revised Electric Service Schedule No. 34, submitted herewith. The Company seeks changes to sections of Rocky Mountain Power's Schedule 34 to revise the Kilowatt-Hour Credit Adjustment for all qualifying kilowatt-hours of residential and/or farm use. This schedule provides residential and small farm customers of Rocky Mountain Power with a direct pass through of monetary benefits received from the Bonneville Power Administration (BPA) under the Residential Exchange Program. BPA has announced that it is ceasing to pay these benefits for the time being; thus, the effect of this revision is to reduce the level of credits provided to Rocky Mountain Power's eligible customers as described below. In support of this Application, Rocky Mountain Power 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 section 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. The Residential Exchange Program is contained in section 5(c) of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act) and is a mechanism for allocating a share of the economic benefits of the federal hydroelectric system to the residential and small farm customers of the Northwest investor-owned utilities. This program is also available for publicly-owned utilities.

In contrast to BPA's public power utility customers, which benefit from the federal hydroelectric system primarily through their preferential access to low-cost federal power, investor-owned utility residential and small farm customers share in the benefits of the federal hydroelectric system through the Residential Exchange Program – typically receiving bill credits instead of low-cost federal power. These benefits, in total, are directly passed through to Rocky Mountain Power's Idaho customers as a credit on their electric bills via Schedule 34.

4. On May 3, 2007, the United States Ninth Circuit Court of Appeals issued a decision that concluded that the Residential Exchange Program 2000 Settlement Agreement for Fiscal Year 2002-2006 was inconsistent with the Northwest Power Act. As a result of this decision BPA announced on May 21, 2007, that it will cease providing payments to the investor-owned utilities – including Rocky Mountain Power – under the Residential Exchange Program. A copy of the letter announcing BPA's intentions is provided with this filing as Exhibit 1.

5. With BPA's immediate cessation of these payments, it is necessary to adjust the credit currently provided under Schedule 34. The proposed revisions contained herein will eliminate the credit for residential customers, and continue the credit to eligible irrigation customers into the first part of the current irrigation season. The Commission previously authorized Rocky Mountain Power to implement a balancing account for tracking the receipt of benefits from BPA and the payment of benefits to customers under Schedule 34. As of April 30, 2007, the balancing account contained a positive balance, i.e. Rocky Mountain Power had paid out less in benefits to eligible customers than it had received from BPA. As the credit continues to be passed on to irrigation customers the existing surplus in the balancing account will be reduced to zero, at which time all credits will be eliminated.

Because the irrigation season is now just beginning, eligible irrigation customers have not yet received a material level of the BPA benefits for the year. Continuing their credit until the balancing account funds are exhausted will provide some level of benefit during at least part of the current year's irrigation season. The Company expects that with the proposed changes the balancing account will be depleted in July 2007; as such, the credit for irrigation customers would continue to be effective for service through July 12, 2007, and the credit would then be eliminated for service on and after July 13, 2007. Actual disbursement of funds remaining in the balancing account is subject to actual customer usage. The Company will closely monitor the amount of credits remaining and, if necessary, will apply with the Commission to revise the rate of payment to accurately pass-on benefits previously received from BPA with payments made to eligible customers. Even with the proposed changes, the Company may ultimately disburse more or less than the funds currently in the balancing account. Such over/under-disbursement of

funds will be tracked in the existing balancing account and its treatment for ratemaking would be determined with the Commission at a future date.

As a result of the proposed revisions, the net monthly bill for Rocky Mountain Power's average Idaho residential customer using 1000 kWh will increase 28 percent. On average, the net monthly bill for Rocky Mountain Power's small farm customers taking service for irrigation will increase 51 percent for service rendered on and after July 13, 2007.

6. The Company submits the following to provide additional support for the relief requested in this Application:

- (a) Exhibit 1: A copy of a letter to Rocky Mountain Power announcing BPA's intentions regarding the elimination of benefits for the time being;
- (b) Exhibit 2: A balancing account study reflecting the Company's BPA balancing account history and its anticipated depletion;
- (c) Exhibit 3: The Company's Schedule 34 showing the proposed tariff changes, pursuant to Rule of Procedure 121.01a; and,
- (d) Affidavit of Jeffrey K. Larsen: Mr. Larsen confirms the urgent nature of the Company's request and its request for expedited treatment.

7. 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 (**preferred**)

datarequest@pacificorp.com

By regular mail

Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, OR 97232

By facsimile

(503) 813-6060

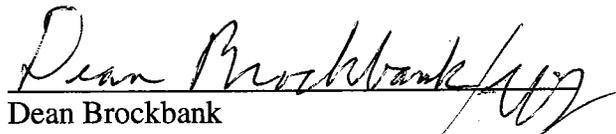
Informal inquires also may be directed to Brian Dickman at (801) 220-4975.

8. Rocky Mountain Power stands ready for immediate consideration of this Application. The Company respectfully requests expedited treatment of this filing, with the revised Schedule 34 to become effective on June 1, 2007. Pursuant to Idaho Code § 61-307 and Rule of Procedure 123 the Commission may order an effective date earlier than 30 days after the filing of an application for good cause. Less than the statutory delay is warranted given the urgent need to match the Schedule 34 credit with the level of benefits that BPA will be providing under the Residential Exchange Program – zero – in order to ensure an accurate price signal is relayed to small farm customers prior to the irrigation season and that customers are not paid credits that exceed the benefits received from BPA.

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission enter its Order authorizing the revision of the Schedule 34 Residential Exchange Program credit as described above.

DATED this 24<sup>th</sup> day of May, 2007.

Respectfully submitted,

  
Dean Brockbank  
Attorney for Rocky Mountain Power



## Department of Energy

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

POWER SERVICES

May 21, 2007

In reply refer to: PS-6

Mr. Colin Persechetti, Director  
Marketing and Trading Contracts  
PacifiCorp  
825 NE. Multnomah, Suite 2000  
Portland, OR 97232

Dear Mr. Persechetti:

As we have recently informed you or your representatives, the law provides that a Federal Certifying Officer is personally responsible and accountable for certifying the legality of a proposed payment, and is personally accountable for making a payment prohibited by law. *See* 31 U.S.C. § 3528; Principles of Federal Appropriations, Second Edition, Volume II, 9-88 – 9-145. In the Ninth Circuit Court of Appeals (Court) recent May 3, 2007, *PGE and Golden Northwest Aluminum* decisions, the Court concluded that certain Bonneville Power Administration (BPA) actions in entering residential exchange settlements in 2000 with your company and other Investor Owned Utilities were “not in accordance with law.” This quite understandably raised substantial question whether the BPA Certifying Officer could certify additional payments under the settlement agreements; indeed, the Court has asked for briefing as to the effect of its rulings on pending challenges to other outstanding settlement agreements.

We have concluded that this uncertainty created by the Court’s decisions means that we must at this time suspend payments. You have acknowledged that BPA is, thus, currently prevented by reasons beyond its control from continuing payment pending final decisions by the Ninth Circuit in the outstanding Ninth Circuit challenges, and that in light of this uncertainty created by the Court’s decisions you agree not to assert BPA is in breach of contract as a result of the suspension. Accordingly, BPA is immediately suspending payments (including conservation and renewable discounts and any other credits) under the challenged BPA agreements pending final decisions by the Ninth Circuit in the outstanding Ninth Circuit challenges. Such temporary suspension and acknowledgement shall not constitute an admission or waiver of, and is subject to, any statutory, contractual and other rights and obligations of the parties that may exist, so the suspension is without prejudice to the issue of whether the suspended amounts must at some later point be paid (or credited). BPA’s suspension in no way affects the continued existence of the settlement agreements.

We very much regret that it is necessary for us to suspend payments at this time, since we understand that this will rapidly result in large and, for some, severe rate consequences for your

residential and small farm customers. We have spent considerable effort seeking to find means to continue the payments to allow more time for the parties to find a way to address the issues raised by the Court, but without success.

BPA currently anticipates that such suspension will continue at least until any petitions for rehearing on the Court's decisions are finally resolved. We believe the Court's decisions on the settlements are in error, and we are exploring all potential viable avenues for rehearing, including by the full Court if possible. BPA agrees that this suspension is only an interim measure and does not represent a final action by the Administrator, and it will not assert otherwise. BPA agrees it will inform you of its final decision regarding the suspended and any remaining payments (and credits) within a reasonable period of time after the decisions by the Ninth Circuit are final in the outstanding Ninth Circuit challenges.

In the interim we will be consulting with key stakeholders informally as to any ideas for finding a way to resolve these issues consistent with the Court's decision. This is made more challenging by the fact that the Court has not ruled yet on the significant 2001 and 2004 amendments to the contracts that the Court did rule on. We want to resolve this issue as quickly as possible, but also recognize that any work now may be undone by further rulings from the Court.

This is a most vexing problem, and we look forward to working with you and others in the Pacific Northwest region to find a resolution that best serves the interest of all Northwest citizens.

Sincerely,

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

Mark O. Gendron  
Vice President, Requirements Marketing

cc:  
Scott Brattebo

**EXHIBIT 2  
ROCKY MOUNTAIN POWER  
BALANCING ACCOUNT STUDY**

<b>Idaho BPA</b>					
<b>Month</b>	<b>BPA Payments</b>	<b>Variance Booked</b>	<b>Customer Credits</b>	<b>Interest Booked</b>	<b>Accumulated Balance</b>
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
Adj 10/06	13,837			61	7,256,959
Nov-06	1,789,341	(420,798)	1,368,543	32,876	7,710,634
Dec-06	1,789,341	(168,008)	1,621,333	34,938	7,913,580
Jan-07	1,789,341	128,303	1,917,644	34,527	7,819,804
Feb-07	1,789,341	58,519	1,847,860	31,026	7,792,311
Mar-07	1,789,341	(529,995)	1,259,346	36,912	8,359,218
Apr-07	0	1,090,539	1,090,539	38,918	<b>7,307,597</b>
May-07	0	(1,538,201)	1,538,201	28,577	5,797,973
Jun-07	0	(777,730)	777,730	23,641	5,043,885
Jun-07	0	(2,142,510)	2,142,510	17,363	2,918,738
Jul-07	0	(3,310,040)	3,310,040	5,523	(385,779)



I.P.U.C. No. 1

~~First~~ Second Revision of Sheet No. 34.1  
Canceling ~~Original~~ First Revision of 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:

	<u>Service through</u>	<u>Service on and after</u>
	July 12, 2007	July 13, 2007
<u>Irrigation Customers:</u> Schedule No. 10	\$0.026415 per kWh	<u>\$0.00 per kWh</u>
<u>Non-Irrigation Customers:</u> Schedule Nos. 1, 6A, 7A, 23A 35A, 36, 19 with 6A 19 with 23A, 19 with 35A	\$0.00000016757 per kWh	<u>\$0.00 per kWh</u>

(Continued)

Submitted Under Advice ~~Case~~ Letter No. 07-01 & Docket No. PAC-E-07-01 PAC-E-07-XX

**ISSUED:** ~~January 4, 2007~~ May 24, 2007

**EFFECTIVE:** ~~February 16, 2007~~ June 21, 2007



I.P.U.C. No. 1

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

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(Continued)

Submitted Under Case No. PAC-E-07-XX

ISSUED: May 24, 2007

EFFECTIVE: June 1, 2007

Dean S. Brockbank, Sr. Counsel  
Rocky Mountain Power  
201 South Main Street, Suite 2300  
Salt Lake City, Utah 84111  
Telephone: (801) 220-45468  
Facsimile: (801) 220-3299

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  
RESIDENTIAL EXCHANGE CREDITS**

**AFFIDAVIT OF  
JEFFREY K. LARSEN**

JEFFREY K. LARSEN, first being duly sworn, hereby deposes and states:

1. I am the Vice President of Regulation for Rocky Mountain Power. As part of my responsibilities, I oversee the ratemaking process for Rocky Mountain Power in the State of Idaho and I have personal knowledge of the facts attested to in this Affidavit.

2. I am submitting this Affidavit in support of the Application of Rocky Mountain Power and specifically in Rocky Mountain Power's request for expedited treatment of that Application.

3. In the Application, the Company seeks changes to sections of Rocky Mountain Power's Schedule 34 to revise the Kilowatt-Hour Credit Adjustment for all qualifying kilowatt-hours of residential and/or farm use. This schedule provides residential and small farm

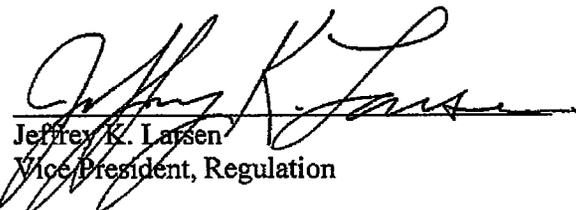
customers of Rocky Mountain Power with a direct pass through of monetary benefits received from the Bonneville Power Administration (BPA) under the Residential Exchange Program.

4. The BPA Residential Exchange Program is a mechanism for allocating a share of the economic benefits of the federal hydroelectric system to the residential and small farm customers of certain Northwest utilities.

5. On May 3, 2007, the United States Ninth Circuit Court of Appeals issued a decision that concluded that the Residential Exchange Program 2000 Settlement Agreement for Fiscal Year 2002-2006 was inconsistent with the Northwest Power Act. As a result of this decision, BPA announced on May 21, 2007, that it will cease providing payments to the investor-owned utilities – including Rocky Mountain Power – under the Residential Exchange Program. A copy of the letter announcing BPA's intentions is provided with the Application.

5. With BPA's immediate cessation of these payments, Rocky Mountain Power filed the Application in order to obtain a Commission order authorizing Rocky Mountain Power to adjust the credit currently provided under Schedule 34. Expedited treatment of the Application is necessary to ensure that when BPA ceases funding the credit, Schedule 34 accurately reflects that action.

DATED this 24<sup>th</sup> day of May, 2007

  
Jeffrey K. Larsen  
Vice President, Regulation

STATE OF UTAH            )  
  ) ss.  
COUNTY OF SALT LAKE )

Subscribed and sworn to me this 24<sup>th</sup> day of May 2007, by Suzanne Mangel.

Suzanne W. Mangel

