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201 S. Main Street, Suite 2300
Salt Lake City, UT 84111

IDAHO PUBLIC
UTILITIES COMMISSION

June 29, 2009

VIA OVERNIGHT DELIVERY

Jean D. Jewell
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

Re: In the Matter of the Application Rocky Mountain Power for Approval of an Energy Cost Adjustment Mechanism (ECAM) -- Case No. PAC-E-08-08; and Notice to Withdraw Application for Rocky Mountain Power's General Rate Case -- Case No. PAC-E-09-03

Dear Ms. Jewell:

Please find enclosed for filing an original and seven (7) copies of the ECAM Stipulation and Agreement entered into between Rocky Mountain Power and the following parties of record in the above captioned matter: Staff for the Idaho Public Utilities Commission; Idaho Irrigation Pumpers Association, Inc.; and Monsanto Company.

Testimony supporting this stipulation will be filed with the Idaho Public Utilities Commission no later than Friday, July 31, 2009.

Please be advised that this cover letter also serves as notice to the Idaho Public Utilities Commission of Rocky Mountain Power's intent to withdraw its application to file a general rate case (Case No. PAC-E-09-03) as agreed to and specified in item number 13 of the Stipulation and Agreement.

All formal correspondence regarding this filing should be addressed to:

Yvonne R. Hogle
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Thank you for your assistance with this filing.

Very truly yours,

Jeffrey K. Larsen / pm

Jeffrey K. Larsen
Vice President, Regulation

cc: Service List

CERTIFICATE OF SERVICE

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IDAHO PUBLIC
UTILITIES COMMISSION

I hereby certify that on this 29th day of June, 2009, I caused to be served, via E-mail and overnight delivery, a true and correct copy of Rocky Mountain Power's Stipulation in PAC-E-08-08 to the following:

Randall C. Budge (E-mail & Hard Copy)
Racine, Olson, Nye, Budge & Bailey,
Chartered
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Pocatello, ID 83204-1391
E-Mail: rcb@racinelaw.net

Eric L. Olsen (E-mail only)
Racine, Olson, Nye, Budge & Bailey,
Chartered
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E-Mail: elo@racinelaw.net

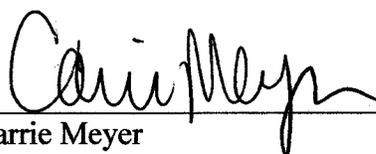
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Attorney for Rocky Mountain Power

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)
APPLICATION ROCKY MOUNTAIN) **CASE NO. PAC-E-08-08**
POWER FOR APPROVAL OF AN)
ENERGY COST ADJUSTMENT) **ECAM STIPULATION**
MECHANISM (ECAM))
)
)
)
)

This ECAM stipulation (“Stipulation”) is entered into by and among Rocky Mountain Power, a division of PacifiCorp (“Rocky Mountain Power” or “the Company”) and the following parties of record in Case No. PAC-E-08-08: *Staff of the Idaho Public Utilities Commission (“Staff”); the Idaho Irrigation Pumpers Association, Inc. (IIPA), and Monsanto Company (Monsanto)*. The Company, Staff, IIPA, and Monsanto shall hereinafter be referred to, collectively, as the Parties.

I. INTRODUCTION

1. The terms and conditions of this Stipulation are set forth herein. The Parties agree that this Stipulation represents a fair, just and reasonable compromise of the issues raised in this proceeding and that this Stipulation is in the public interest. The Parties, therefore, recommend that the Idaho Public Utilities Commission (“Commission”) approve the Stipulation and all of its terms and conditions. *See IDAPA 31.01.01.271, 272, and 274.*

II. BACKGROUND

2. On October 23, 2008, Rocky Mountain Power filed an application (“Application”) seeking approval of an energy cost adjustment mechanism (“ECAM”). Rocky Mountain Power’s proposed ECAM is designed to defer the difference between base net power costs set during a general rate case and collected from customers in their retail rates and actual net power costs incurred by the Company to serve retail customers. The calculation of the deferral would be on a monthly basis by comparing the monthly base net power cost (“NPC”) rate in dollars per megawatt-hour to the actual NPC rate also in dollars per megawatt-hour. The resulting monthly NPC differential rate would be applied to actual Idaho retail load to calculate the NPC differential for deferral. The net power costs of \$982 million, as stipulated and approved in Rocky Mountain Power’s general rate Case No. PAC-E-08-07, Order No. 30783, will be the base NPC for the ECAM until re-set in the next general rate case.

3. With a view toward resolving the issues raised in the Application, the Parties met on February 26 and May 11, 2009 and conference calls were held June 1 and June 2, 2009, pursuant to IDAPA 31.01.01.271 and -.272, to engage in settlement discussions. Based upon the settlement discussions among the Parties, as a compromise of the Parties’ positions in this proceeding, and for other consideration as set forth below, the Parties have reached a compromise agreement as set forth below that resolves all outstanding issues and which the Parties believe is in the public interest.

III. TERMS OF THE STIPULATION

4. Subject to the terms and conditions herein, the Parties agree that the design, format and accounts of the ECAM shall be as set forth in the Company’s Application in Case No. PAC-08-08 and as to be described in more detail by the Company in its Stipulation

supporting testimony. The Parties further agree that the ECAM is to be effective July 1, 2009, provided the Commission has issued an order approving the ECAM consistent with the terms in the Stipulation.

5. The Parties agree that the ECAM will include a symmetrical sharing band wherein when there is a difference between actual NPC and base NPC, customers pay (if there is an increase in NPC) or receive (if there is a decrease in NPC) 90 percent of the difference, and the Company is responsible for the remaining 10 percent.

6. The Parties agree that the annual deferral period to be used in the ECAM will be December 1 to November 30, and that annually, on February 1, the Company will file an application with the Commission to adjust the surcharge or surcredit ("ECAM Rate") effective April 1 each year, refunding or collecting the ECAM deferred balance from the prior deferral period.

7. The Parties agree that a symmetrical load growth adjustment rate (LGAR) of \$17.48 per MWH will be applied to the incremental load from the base load established in Case No. PAC-E-08-07, and that the LGAR and base load will be updated each time base net power costs are updated in a general rate case.

8. The Parties recognize that the Company has made significant investments in renewable generation projects that are not yet being recovered in Idaho rates and that these projects provide significant benefits to customers through the ECAM. Therefore from the effective date of the ECAM to the effective date of rates in the next rate case, the Parties agree that the ECAM will include a renewable generation investment offset adjustment. The adjustment recognizes that actual power costs have been reduced by power generated from these renewable generation projects, but that the costs of these projects are not yet being recovered in

Idaho rates. The adjustment will be based on \$55.00 per MWh, as calculated in Attachment 1, attached hereto, multiplied by the actual MWh output generated by the renewable resources that were not included in rate base in Rocky Mountain Power's Case No. PAC-E-08-07.

9. The Parties further agree that a carrying charge equal to the Commission-approved customer deposit rate will be applied symmetrically to the monthly ECAM deferred balance;

10. In the event the Company intends to seek an increase to the ECAM Rate exceeding seven (7) percent, the Company agrees to meet with the Staff and interested parties to discuss the underlying drivers of such a change at least 30 days prior to filing an application with the Commission for approval of the change to the ECAM Rate.

11. The Company agrees to work with the Parties to develop rates that reflect line losses and that distinguish transmission, primary and secondary voltage delivery service in the implementation of the ECAM Rates. A technical conference will be convened by August 15, 2009 to begin discussions on a methodology and will use line loss information from the 2008 general rate case (Docket PAC-E-08-7) as a starting point for the discussions. In the event an agreement on rate design for the ECAM Rate is not reached by April 1, 2010, the ECAM Rate will be applied to all schedules and customers on a flat kWh usage basis until an agreement is reached or a method is ordered by the Commission.

12. The Company agrees to hold a risk management hedging seminar to educate Parties about the Company's risk management practices and hedging strategies.

13. In recognition for and as a result of the implementation of the ECAM with an adjustment for renewable generation projects not yet in rate base as specified in Paragraph 8 above, the Company agrees not to file a general rate case prior to May 1, 2010.

14. The Parties agree that SO₂ sales made after June 30, 2009 will be included as an offset to the ECAM deferral with the same 90% / 10% sharing band explained above in Paragraph 5. The Parties further agree that sales made prior to such date will continue to be amortized over fifteen years consistent with current practice as reflected in Case No. PAC-E-06-04 (Larson Direct Testimony, Exh. 1, pp. 3.6 and 3.6.1.).

15. The Company's filed Case No. PAC-E-08-07 included an annual level of amortization of three regulatory liabilities for West Valley lease, administrative and general expense merger commitment, and the gain on the sale of the Goose Creek transmission line which reduced the revenue requirement used in establishing the current base rates. The current rates will continue until new rates are set at the end of 2010 or later and, as a result, customers continue to receive the benefit of the amortization in rates until that time. As of December 31, 2010, an unamortized balance of \$156,434 for the Goose Creek sale will remain on the Company's books and records. The Parties stipulate and agree that upon Commission approval of this Stipulation the Company will credit the ECAM deferral for the Goose Creek sale in the amount of \$156,434. Accordingly, the Parties agree that the Company can write-off the remaining balances of the regulatory liabilities after this transfer and upon Commission approval of the Stipulation.

IV. GENERAL PROVISIONS

16. The Parties agree that this Stipulation represents a compromise of the positions of the Parties on all issues in this proceeding. Other than the above referenced positions and any testimony filed in support of the approval of this Stipulation, and except to the extent necessary for a Party to explain before the Commission its own statements and positions with respect to the

Stipulation, all negotiations relating to this Stipulation shall not be admissible as evidence in this or any other proceeding regarding this subject matter.

17. The Parties submit this Stipulation to the Commission and recommend approval in its entirety pursuant to IDAPA 31.01.01.274. The Parties shall support this Stipulation before the Commission, and no Party shall appeal any portion of this Stipulation or Order approving the same. If this Stipulation is challenged by any person not a party to the Stipulation, the Parties to this Stipulation reserve the right to cross-examine witnesses and put on such case as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlement embodied in this Stipulation. Notwithstanding this reservation of rights, the Parties to this Stipulation agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

18. In the event the Commission rejects any part or all of this Stipulation, or imposes any additional material conditions on approval of this Stipulation, each Party reserves the right, upon written notice to the Commission and the other Parties to this proceeding, within 15 days of the date of such action by the Commission, to withdraw from this Stipulation. In such case, no Party shall be bound or prejudiced by the terms of this Stipulation, and each Party shall be entitled to seek reconsideration of the Commission's order, file testimony as it chooses, cross-examine witnesses, and do all other things necessary to put on such case as it deems appropriate.

19. The Parties agree that this Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.

20. No Party shall be bound, benefited or prejudiced by any position asserted in the negotiation of this Stipulation, except to the extent expressly stated herein, nor shall this Stipulation be construed as a waiver of the rights of any Party unless such rights are expressly

waived herein. Execution of this Stipulation shall not be deemed to constitute an acknowledgment by any Party of the validity or invalidity of any particular method, theory or principle of regulation or cost recovery. No Party shall be deemed to have agreed that any method, theory or principle of regulation or cost recovery employed in arriving at this Stipulation is appropriate for resolving any issues in any other proceeding in the future. No findings of fact or conclusions of law other than those stated herein shall be deemed to be implicit in this Stipulation.

21. The obligations of the Parties under this Stipulation are subject to the Commission's approval of this Stipulation in accordance with its terms and conditions and, if judicial review is sought, upon such approval being upheld on appeal by a court of competent jurisdiction.

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Respectfully submitted this 23RD day of June, 2009.

Rocky Mountain Power

By *Mark C. Melnick*

Idaho Public Utilities Commission Staff

By *Scott D. Walbury*

**Idaho Irrigation Pumpers Association,
Inc.**

By _____

Monsanto Company

By _____

Respectfully submitted this 23RD day of June, 2009.

Rocky Mountain Power

By Mark E. Menech

Idaho Public Utilities Commission Staff

By _____

**Idaho Irrigation Pumpers Association,
Inc.**

By Eric L. Olson 6-26-09
by RCB

Monsanto Company

By Randall C. Bridges 6-26-09

ATTACHMENT 1

1) Market Price Forecast for Mid-Columbia and Palo Verde.

Source: Company's Official Forward Price Curve dated 3/31/2009

Month	Mid-C	PV	Mid-C/PV Average
Jul 2009	\$ 31.28	\$ 37.03	\$ 34.15
Aug 2009	\$ 36.54	\$ 37.00	\$ 36.77
Sep 2009	\$ 33.08	\$ 30.88	\$ 31.98
Oct 2009	\$ 32.41	\$ 28.42	\$ 30.41
Nov 2009	\$ 36.04	\$ 28.56	\$ 32.30
Dec 2009	\$ 45.16	\$ 32.08	\$ 38.62
Jan 2010	\$ 49.89	\$ 38.69	\$ 44.29
Feb 2010	\$ 43.03	\$ 36.70	\$ 39.86
Mar 2010	\$ 35.54	\$ 34.10	\$ 34.82
Apr 2010	\$ 34.32	\$ 38.15	\$ 36.24
May 2010	\$ 24.93	\$ 35.81	\$ 30.37
Jun 2010	\$ 23.46	\$ 40.81	\$ 32.13
Jul 2010	\$ 44.10	\$ 53.66	\$ 48.88
Aug 2010	\$ 50.17	\$ 54.51	\$ 52.34
Sep 2010	\$ 49.16	\$ 47.02	\$ 48.09
Oct 2010	\$ 48.30	\$ 40.67	\$ 44.48
Nov 2010	\$ 49.05	\$ 39.74	\$ 44.40
Dec 2010	\$ 51.37	\$ 41.67	\$ 46.52
Average	\$ 39.88	\$ 38.64	\$ 39.26

2) Idaho Schedule 37 prices for Wind Resources.

Contract Year	Non-Levelized Rates (1)	Wind Integration Charge (2)	Wind Resource Rate (1) - (2)
2009	\$ 76.73	\$ 5.10	\$ 71.63
2010	\$ 75.83	\$ 5.10	\$ 70.73
		Average*	\$ 71.03

*Weighted average for the period 7/1/09 - 12/31/10

3) The resultant average cost per megawatt of wind generation is calculated as an average of 1&2 above.

$$\text{Average} = \frac{(\$39.26 / MWh + \$71.03 / MWh)}{2} = \boxed{\$55}$$