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

February 1, 2010

IDAHO PUBLIC
UTILITIES COMMISSION

VIA OVERNIGHT DELIVERY

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

Re: Case No. PAC-E-10-01
In the Matter of the Application of Rocky Mountain Power for Recovery of the Energy
Cost Adjustment Deferred Balance and Approval of tariff Schedule 94

Dear Ms. Jewell:

Please find enclosed for filing an original and nine copies of Rocky Mountain Power's Application in the above-referenced matter, along with nine copies of Rocky Mountain Power's direct testimony and exhibits. Also enclosed is a CD containing the Application, direct testimony and exhibits.

All formal correspondence and questions regarding this Application should be addressed to:

Ted Weston
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Salt Lake City, Utah 84111
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Email: yvonne.hogle@pacificorp.com

Communications regarding discovery matters, including data requests issued to Rocky Mountain Power, should be addressed to the following:

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

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

Idaho Public Utilities Commission

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Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,

Jeffrey K. Larsen / JTW

Jeffrey K. Larsen

Vice President, Regulation

Enclosures

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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) **CASE NO. PAC-E-10-1**
OF ROCKY MOUNTAIN POWER FOR)
AUTHORITY TO IMPLEMENT POWER) **APPLICATION OF ROCKY**
COST ADJUSTMENT RATES FOR) **MOUNTAIN POWER**
ELECTRIC SERVICE FROM APRIL 1, 2010)
THROUGH MARCH 31, 2011 THROUGH)
THE ENERGY COST ADJUSTMENT)
MECHANISM)

Rocky Mountain Power, a division of PacifiCorp (“Company” or “Rocky Mountain Power”), in accordance with Idaho Code §61-502, §61-503, and RP 052, hereby respectfully submits this application (“Application”) to the Idaho Public Utilities Commission (“Commission”) pursuant to its approved energy cost adjustment mechanism (“ECAM”), requesting approval to create Schedule 94, Energy Cost Adjustment, and establish the net power cost (“NPC”) rate for all customer classes initially excluding tariff contracts based on the deferral period beginning July 1, 2009 through November 30, 2009. The Company is proposing to recover approximately \$2.2 million in total deferred net power costs for the period beginning April 1, 2010 through March 31, 2011. Rocky Mountain Power respectfully requests that this increase in Idaho rates become effective on April 1, 2010, pursuant to Schedule 94. In support of its application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is a division of PacifiCorp, an Oregon corporation, which provides electric service to retail customers through its Rocky

Mountain Power division in the states of Idaho, Wyoming, and Utah. Rocky Mountain Power is a public utility in the state of Idaho and is subject to the Commission's jurisdiction with respect to its prices and terms of electric service to retail customers in Idaho. Rocky Mountain Power is authorized to do and is doing business in the state of Idaho providing retail electric service to approximately 69,000 customers in the state.

2. Communications regarding this filing should be addressed to:

Ted Weston
Idaho Regulatory Affairs Manager
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201 South Main, Suite 2300
Salt Lake City, Utah 84111
Telephone: (801) 220-2963
Email: ted.weston@pacificorp.com

Yvonne R. Hogle, Senior Counsel
Rocky Mountain Power
201 South Main, Suite 2300
Salt Lake City, Utah 84111
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Email: Yvonne.hogle@pacificorp.com

3. In addition, Rocky Mountain Power requests that all data requests regarding this application should be sent in Microsoft Word or plain text format to the following:

By email (preferred): datarequest@pacificorp.com

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

Informal questions may be directed to Ted Weston, Idaho Regulatory Affairs Manager at (801) 220-2963.

Brief Overview of the ECAM

4. On October 23, 2008, Rocky Mountain Power filed an application with the Commission, Case No. PAC-E-08-08, seeking approval of an ECAM. After meeting with staff and other parties over a period of approximately four months, the Company and the parties entered into a stipulation agreeing to the type of ECAM that would be acceptable to all the parties. On June 29, 2009, the parties filed said ECAM Stipulation with the Commission.

5. On September 29, 2009, by Order No. 30904 issued in Case No. PAC-E-08-08, the Commission approved the implementation of an annual ECAM.

6. By agreement, the costs that are to be included in the ECAM are all net power costs that are defined in the Company's general rate cases and modeled by the Company's production dispatch model GRID. Specifically, base and actual NPC include amounts booked to the following FERC accounts: Account 447 (sales for resale, excluding on-system wholesale sales and other revenues not modeled in GRID), Account 501 (fuel, steam generation, excluding fuel handling, start up fuel/gas, diesel fuel, residual disposal and other costs not modeled in GRID), Account 503 (steam from other sources), Account 547 (fuel, other generation), Account 555 (purchased power, excluding BPA residential exchange credit pass-through if applicable), and Account 565 (transmission of electricity by others).

7. The ECAM allows the Company to collect or credit the differences between the actual net power costs ("NPC") incurred to serve customers in Idaho and the NPC collected from Idaho customers through rates set in general rate cases.

8. On a monthly basis, the Company compares the actual system net power costs (“Actual NPC”) to the net power costs embedded in rates from the most recent general rate case (“Base NPC”), Case No. PAC-E-08-07, and defers the differences into the ECAM balancing account. This comparison is on a system-wide basis and in dollar per megawatt-hour basis.

9. In addition to the comparison of Actual NPC to Base NPC, the ECAM includes three additional components: the Load Growth Adjustment Rate (“LGARR”) revenues, a credit for SO₂ allowance sales, and a renewable resource adder. These components are described in more detail below.

10. Finally, the ECAM includes a symmetrical sharing band of 90 percent (customers) / 10 percent (Company) that shares the NPC differential between Actual NPC and Base NPC, SO₂ sales and LGAR revenues between the customers and the Company. The sharing band is also described in more detail below.

Proposed Deferred Net Power Cost Rate Increase

11. In support of this Application, Rocky Mountain Power has filed the testimony and exhibits of Company witness Hui Shu. Ms. Shu’s testimony provides the NPC rate to be effective April 1, 2010 for the April 1, 2010 through March 31, 2011 period. Ms. Shu describes the Actual NPC incurred by the Company to serve retail load for the historical 5-month period ended November 30, 2009. The deferral period, for the first year of the ECAM only, is from July 1, 2009 through November 30, 2009. Thereafter, the deferral period will be from December 1, through November 30, with a rate effective date of April 1.

12. In this Application, Ms. Shu’s **Exhibit 1** to her testimony illustrates the detailed calculation of the deferred NPC adjustment. Starting with the base NPC in the

amount of \$982 million, previously approved by the Commission in its Order 30783, the Company takes the monthly NPC from that amount and divides them by the monthly normalized load used to determine NPC to express the costs on a dollar per megawatt-hour basis [line 1 of **Exhibit 1**]. The actual NPC rate on a dollar per megawatt-hour basis is then calculated by taking the monthly actual NPC and dividing them by the actual monthly system load [line 4 of **Exhibit 1**].

13. Next, the deferrable amount is calculated on a monthly basis by subtracting the monthly base NPC rate from the actual NPC rate. This results in a monthly NPC rate differential [line 5 of **Exhibit 1**] which is then multiplied by actual Idaho retail load at input, excluding the tariff contract load [lines 6 and 7 of **Exhibit 1**]. This results in the NPC differential for deferral [line 8 of **Exhibit 1**].

14. As described in Ms. Shu's testimony, the LGAR is a symmetrical adjustment to offset over or under collection of the Company's production related revenue requirement, excluding NPC, due to variances in Idaho load. Pursuant to Commission Order No. 30904, the Commission-approved symmetrical LGAR is \$17.48 per megawatt-hour. Ms. Shu's testimony describes how the LGAR adjustment was derived. Line 12 of **Exhibit 1** in Ms. Shu's testimony illustrates the LGAR adjustment used in this docket.

15. Under this Application, credits for SO₂ allowance sales revenues received by the Company after June 30, 2009 are included as an offset to the NPC deferral. Ms. Shu's testimony describes how the SO₂ sales revenues were offset against deferred NPC in this docket. Line 17 of **Exhibit 1** in Ms. Shu's testimony contains the total Company SO₂ sales revenues credited against the deferred NPC.

16. Line 18 of **Exhibit 1** in Ms. Shu's testimony contains the NPC differential which is the sum of the deferral (line 8) plus the LGAR adjustment (line 12) plus the SO₂ sales revenues (line 17).

17. A sharing band between customers and the Company is included such that customers pay/receive the increase/decrease in Actual NPC when compared to Base NPC, and the Company incurs/retains the remaining 10 percent. The sharing bands also apply to the SO₂ and LGAR revenue components. Line 20 of **Exhibit 1** in Ms. Shu's testimony reflects the customers' share of the NPC differential SO₂ offset, and LGAR revenues.

18. Pursuant to the ECAM, a renewable resources adder recognizes that the Company has made significant investments in renewable generation projects that are not yet being recovered in Idaho rates, even though these projects provide significant benefits to customers. Specifically, the adjustment recognizes that actual NPC were reduced by power generated from these renewable generation projects. Pursuant to Commission Order No. 30904, the Commission approved a renewable resource adjustment of \$55.00 per megawatt-hour multiplied by the actual megawatt-hour output generated by the renewable resources that were not included in rate base in Case No. PAC-E-08-07. Lines 21 through 23 of **Exhibit 1** in Ms. Shu's testimony include a detailed calculation of this adjustment. Ms. Shu's testimony also includes the renewable generation projects that are included in the renewable resource adder in this docket.

19. The total amount to be recovered in the ECAM is the sum of the components described above: (90% X (deferred NPC + LGAR revenues + SO₂ revenues) + the renewable resource adder). The balance is then added each month to the prior month's balance, with a monthly carrying charge based on the Commission-approved

customer deposit rate for 2009 equal to two (2) percent. Lines 35 through 42 of **Exhibit 1** in Ms. Shu's testimony illustrate the detailed calculations. Finally, the Idaho deferred NPC is approximately \$2.2 million. Ms. Shu's testimony includes a more detailed explanation of (1) how the Company calculated the Idaho deferred NPC, (2) the types of adjustments that were made to Actual NPC during the deferral period for this Application, and (3) the primary drivers that caused Actual NPC to be different from Base NPC.

Allocation of Deferred NPC to Retail Tariffs

20. Pursuant to Schedule 94, the deferred NPC balance, plus interest, is allocated to all retail tariff rate schedules and, where applicable, to the demand and energy components within each schedule based on the applicable allocation factors and cost of service study relationships established in the 2008 general rate case in Case No. PAC-E-08-07. **Exhibit 2** of Ms Shu's testimony illustrates the allocation of the deferred NPC price change across rate schedules and the billing determinants used for each rate Schedule. **Exhibit 3** shows the proposed tariff Schedule 94.

21. Rocky Mountain Power is notifying its customers of this Application by means of a press release sent to local media organizations and messages in customer bills over the course of a billing cycle. In addition, copies of this Application will be made available for review at the Company's local offices in its Idaho service territory.

22. WHEREFORE, Rocky Mountain Power respectfully requests that the Commission issue an order (1) authorizing that this matter be processed by Modified Procedure; (2) approve the ECAM deferred balance; and (3) implement the proposed electric service schedule 94 as filed in **Exhibit 3**.

DATED this 1st day of February 2010.

Respectfully submitted,

ROCKY MOUNTAIN POWER

Yvonne R. Hogle /JTW

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