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Rocky Mountain Power files request to track energy costs

BOISE, Monday, Feb. 1, 2010—Rocky Mountain Power has filed a request to begin tracking fuel and other related costs of providing electricity to Idaho customers. The method, called an Energy Cost Adjustment Mechanism is the result of work with utility regulators and customer groups that began in October 2008.

The utility's request, if approved by the commission, would increase residential electric bills 1.29 percent, or approximately 91 cents per month for a typical residential home using 850 kilowatt-hours per month.

Rocky Mountain Power has been working with the staff of Idaho Public Utilities Commission and Idaho customer groups to design a mechanism to recover certain costs of providing electricity to customers in Idaho. The Energy Cost Adjustment Mechanism includes the cost of coal, natural gas and electricity purchased on the wholesale market. Any revenue the company realizes from electricity or natural gas sales on the wholesale market and emissions trading credit sales are credited to customers. These are the major components of the company's net power costs.

Based on an evaluation each year, if net power costs are higher than those set in the most recent general rate case, the company collects the difference through commission approval of the adjustment mechanism application and a line-item on customer bills. If costs are lower, the company credits customers on bills. In the current filing, net power costs have been higher than those currently in rates.

"Fuel and purchased electricity costs are a large portion of the costs of providing electric service to customers and tend to vary rapidly up and down," said Karen Gilmore, vice president of Rocky Mountain Power. "This mechanism allows the company to either collect rising costs or credit declining costs back to customers more quickly and efficiently than going through a full general rate case."

The Idaho Public Utilities Commission will study the company's request during the coming months and must approve the proposed changes before they can take effect. The public will have opportunity to comment on the proposal. A copy of the company's application is available for public review at the commission offices in Boise and at the company's offices in Rexburg, Preston, Shelley and Montpelier.

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