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March 17, 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 Rocky Mountain Power's **Reply Comments** to Commission Staff's comments on the matter of the Energy Cost Adjustment Mechanism rate implementation.

Dear Ms. Jewell:

Please find enclosed for filing an original and seven copies of Rocky Mountain Power's Reply Comments in the above-referenced matter, along with two Attachments supporting calculation of the revised deferred balance and Schedule 94 rates.

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

Very truly yours,

Jeffrey K. Larsen *JAL*
Vice President, Regulation

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Attorney for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF ROCKY MOUNTAIN POWER FOR) **CASE NO. PAC-E-10-01**
AUTHORITY TO IMPLEMENT POWER)
COST ADJUSTMENT RATES FOR)
ELECTRIC SERVICE FROM APRIL 1, 2010) **REPLY COMMENTS OF**
THROUGH MARCH 31, 2011 THROUGH) **ROCKY MOUNTAIN POWER**
THE ENERGY COST ADJUSTMENT)
MECHANISM)

COMES NOW Rocky Mountain Power, a division of PacifiCorp (“Company”), by and through its attorney of record Yvonne Hogle, in accordance with the Notice of Comment/Protest Deadline and Notice of Reply Deadline issued on February 12, 2010, and in response to the comments of the Commission staff (“Staff”) received March 10, 2010, submits the following reply comments.

BACKGROUND

On February 1, 2010, the Company filed Case No. PAC-E-10-01 (the “Application”) with the Idaho Public Utilities Commission (“Commission”) requesting authority to implement power cost adjustment rates for all customer classes excluding certain tariff contract customers, including Monsanto Company (“Monsanto”) and Agrium, Inc. (“Agrium”) to collect \$2,170,096 of deferred Net Power Costs (NPC) for the deferral period of July 1, 2009 through November 30, 2009, pursuant to the Energy

Cost Adjustment Mechanism ("ECAM") approved by the Commission September 29, 2009 in Case No. PAC-E-08-08, Order No. 30904.

On March 10, 2010, after review and analysis of the Application, Staff submitted comments proposing two adjustments to the Company's ECAM deferred balance. Staff's proposal reduced the amount sought pursuant to the Application by \$156,434 for Idaho's allocation of the Goose Creek sale and by an additional \$34,104 to adjust the allocation of SO₂ sales. Based on these two adjustments and associated interest, Staff recommended an ECAM deferral balance of \$1,978,865.

COMPANY REPLY COMMENTS

The Company agrees with several of Staff's comments concerning the differences between this Application and the prospective applications the Company expects to file in the future. As noted by Staff, this initial Application was for a partial deferral period covering the five-month period of July 1, 2009 through November 30, 2009. Staff also noted that customer energy usage during this period was abnormally low. The Company agrees that usage was significantly lower than normal, however; even with the reduced usage, the NPC Differential was still \$121,504 above the ECAM base NPC. This is an indication that NPC continue to increase even with reduced usage. While the deferral period used in this Application was unique for many reasons, the Company posits that the ECAM worked as it was designed to do and fully supports the continued use of the mechanism.

The first adjustment Staff proposed was to reduce the ECAM balance by \$156,434 for Idaho's share of the Goose Creek sale as agreed to by the parties to the Stipulation in Case No. PAC-E-08-08, Order No. 30904. The day after the Company filed this Application, the Company realized that the Goose Creek adjustment was

inadvertently excluded from the Application and notified Staff. The Company agrees that the ECAM deferred balance of \$2,170,096 should be reduced by \$156,434 for the Goose Creek sale and by an additional \$522 of associated interest, resulting in a new ECAM balance of \$2,013,140.

The second adjustment Staff proposed in their comments was to reduce the amount sought in the Application by an additional \$34,104 for Monsanto's and Agrium's collective share of the SO₂ sales made during the deferral period. The Company opposes this adjustment because (i) in Order No. 30482 from Case No. PAC-E-07-05 the Commission stated: "[t]he cost of service methodology proposed by the Company in this proceeding will remain as the accepted methodology through the maximum duration of the rate plans for Agrium and Monsanto, which expire December 31, 2010." Stipulation ¶ 11, (ii) the Order further states "[t]he Company agrees that in any rate filing during the terms of such rate plans that it will not seek to recover any revenue shortfalls related to Agrium and Monsanto from other Idaho customers when compared to cost of service studies from those filings." Stipulation ¶ 10.

The Company has complied with this Commission order by excluding all Agrium and Monsanto (tariff contract customers) impacts from the ECAM deferral calculation, including the NPC Differential, Load Growth Adjustment, SO₂ Credit, and Renewable Resource adder. Staff acknowledges that the SO₂ sales should be allocated to Idaho using Idaho's share of the system energy factor. However Staff states that; "further adjustment by the percentage representing the tariff customer portion of total Idaho load is not consistent with prior rate case treatment." The Company disagrees with this statement. In order to comply with Commission Order No. 30482 and ensure that no revenue shortfalls associated with the tariff contract customers are sought from other Idaho customers in

any rate proceeding, the additional step in the calculation is necessary to exclude the tariff contract customer impact from all components of the ECAM deferral, which is what the Company has done. Neither the impacts associated with the components of the ECAM nor the revenue credits related to the SO₂ sales are being included for the tariff contract customers. Similar to the treatment in a rate case, jurisdictional allocation is first addressed, followed by customer class allocations. Customer class, or cost of service, allocation is based on the intra-jurisdiction usage relationship between customer classes within the state. Thus it is necessary to first allocate Idaho's share of the total Company SO₂ sales and then adjust or allocate total Idaho SO₂ sales to the tariff customers, removing Monsanto's & Agrium's share of the sales. This is consistent with the way the Company excluded Agrium's and Monsanto's share of NPC Differential \$/MWh (Line 5 from Ms. Shu's Exhibit 1) by only applying tariff customers' load to the NPC Differential \$/MWh rate. Had the Company used total Idaho load to multiply the NPC Differential \$/MWh rate, then:

- (i) the NPC Differential would have been \$204,247 instead of \$121,504,
- (ii) the Load Growth Adjustment would have been \$3.4 million rather than \$1.5 million, and
- (iii) the Renewable Resource Adder would have been \$1.4 million rather than \$811,412.

In total, the ECAM deferral balance would have been \$4.5 million rather than \$2.0 million. However, the Company acknowledges that this is counter to Commission Orders Nos. 30482 and 30904. Therefore, the Company has only deferred and requested recovery of the tariff customers' portion of the ECAM. The Company's position is that it is not appropriate to ignore the costs associated with the tariff contract customers while at

the same time taking the SO₂ revenues as an offset to the ECAM deferral balance. Staff's adjustment to SO₂ sales is counter to Commission Orders Nos. 30482 and 30904 which both specify that Agrium's and Monsanto's revenue shortfalls and costs would not be sought from other customers or included in the ECAM until January 1, 2011.

RECOMMENDATIONS

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission accept the Idaho ECAM deferral balance of \$2,013,140, as calculated in Attachment 1 to these comments, which represents the Company's original request of \$2,170,096 adjusted for the Goose Creek sale as agreed to by all parties to the ECAM stipulation, Order No. 30904. The Company's position is that it is not appropriate to reduce the ECAM deferral balance by Agrium's and Monsanto's share of the SO₂ sales and recommends the Commission deny Staff's adjustment. Alternatively, if the Staff adjustment is accepted, then corresponding and consistent adjustments must be made to the other components of the ECAM, including the NPC Differential, Load Growth Adjustment, and Renewable Resource adder, resulting in a Deferred NPC amount of \$4.5 million.

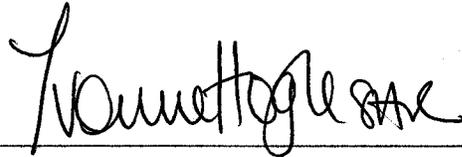
The Company recommends, based on the ECAM deferral balance of \$2,013,140, that the Commission approve the following loss differentiated energy rates to be included in Schedule 94. Attachment 2 to these comments support the calculation of the three loss differentiated rates listed below:

Secondary Distribution Rate	0.0100 ¢/kWh
Primary Distribution Rate	0.0093 ¢/kWh
Transmission Rate	0.0091 ¢/kWh

The Company supports Staff's recommendation and Order No. 30904 that rates become effective April 1, 2010.

Respectfully submitted this 17th day of March 2010.

ROCKY MOUNTAIN POWER

A handwritten signature in black ink, reading "Yvonne R. Hogle", written over a horizontal line.

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Attorney for Rocky Mountain Power

ATTACHMENT 1

Idaho ECAM Deferral (PAC-E-10-01)
July 2009 through November 2009

Line No.	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Total
1	23.64	21.87	13.80	17.50	15.99	
2	115,657,309	108,989,204	88,855,313	78,447,370	70,858,584	
3	5,323,973	5,022,310	4,596,422	4,508,840	4,753,268	
4	21.72	21.70	19.33	17.40	14.91	
5	(1.92)	(0.17)	5.53	(0.10)	(1.09)	
6	336,350	219,010	173,842	130,746	133,747	
7	(644,436)	(37,665)	961,608	(12,777)	(145,227)	121,504
8	354,204	264,049	172,532	144,866	143,855	
9	(17653.75)	(45038.89)	1,310	(14119.33)	(10108.15)	
10	\$17.48	\$17.48	\$17.48	\$17.48	\$17.48	
11	372,050	787,195	(22,902)	245,779	176,671	1,499,793
12	0	(1455000.00)	(950750.00)	0	0	
13	6.5865%	6.5865%	6.5865%	6.5865%	6.5865%	
14	0	(65833.58)	(62621.15)	0	0	
15	80.43%	79.95%	70.18%	51.96%	49.56%	
16	0	(76,617)	(43,945)	0	0	(120,562)
17	(332,386)	672,914	894,760	234,002	31,445	1,500,735
18	90.0%	90.0%	90.0%	90.0%	90.0%	
19	(289,147)	605,622	805,284	210,602	28,300	1,350,662
20	42,039	42,262	63,311	116,695	143,828	
21	\$55.00	\$55.00	\$55.00	\$55.00	\$55.00	
22	2,312,145	2,324,410	3,482,105	6,418,225	7,910,540	
23	6.0479%	6.0479%	6.0479%	6.0479%	6.0479%	
24	139,836	140,578	210,594	388,168	478,422	
25	80.43%	79.95%	70.18%	51.96%	49.56%	
26	112,464	112,389	147,787	201,680	237,092	
27	0	(186838.23)	531,460	1,329,777	1,744,619	
28	(299,147.12)	605,622	805,284	210,602	28,300	
29	112,464	112,389	147,787	201,680	237,092	
30	0	0	0	0	0	
31	(156)	287	(156,434.00)	2,560	3,129	
32	(186,638)	531,460	1,329,777	1,744,619	2,013,140	
33	2.00%	2.00%	2.00%	2.00%	2.00%	
34	0	0	0	0	0	
35	0	0	0	0	0	
36	0	0	0	0	0	
37	0	0	0	0	0	
38	0	0	0	0	0	
39	0	0	0	0	0	
40	0	0	0	0	0	
41	0	0	0	0	0	
42	0	0	0	0	0	
43	0	0	0	0	0	

(1) Base NPC Rate and Load from Case No. PAC-E-08-07 \$982 million
(2) Customers served under tariff contracts 400 and 401 are not impacted by the ECAM until January 1, 2011
(3) Includes only the loads which are part of the calculation

ATTACHMENT 2



ROCKY MOUNTAIN POWER
ELECTRIC SERVICE SCHEDULE NO. 94

STATE OF IDAHO

Energy Cost Adjustment

AVAILABILITY: At any point on the Company's interconnected system.

APPLICATION: This Schedule shall be applicable to all retail tariff Customers taking service under the Company's electric service schedules.

ENERGY COST ADJUSTMENT: The Energy Cost Adjustment is calculated to collect the accumulated difference between total Company Base Net Power Cost and total Company Actual Net Power Cost calculated on a cents per kWh basis.

MONTHLY BILL: In addition to the Monthly Charges contained in the Customer's applicable schedule, all monthly bills shall have applied the following cents per kilowatt-hour rate by delivery voltage.

	Delivery Voltage		
	Secondary	Primary	Transmission
Schedule 1	0.100¢ per kWh		
Schedule 6	0.100¢ per kWh	0.093¢ per kWh	
Schedule 6A	0.100¢ per kWh	0.093¢ per kWh	
Schedule 7	0.100¢ per kWh		
Schedule 7A	0.100¢ per kWh		
Schedule 9			0.091¢ per kWh
Schedule 10	0.100¢ per kWh		
Schedule 11	0.100¢ per kWh		
Schedule 12	0.100¢ per kWh		
Schedule 19	0.100¢ per kWh		
Schedule 23	0.100¢ per kWh	0.093¢ per kWh	
Schedule 23A	0.100¢ per kWh	0.093¢ per kWh	
Schedule 24	0.100¢ per kWh	0.093¢ per kWh	
Schedule 35	0.100¢ per kWh	0.093¢ per kWh	
Schedule 35A	0.100¢ per kWh	0.093¢ per kWh	
Schedule 36	0.100¢ per kWh		

TABLE A
ROCKY MOUNTAIN POWER
ESTIMATED IMPACT OF PROPOSED REVENUES ON NORMALIZED PRESENT REVENUES
FROM ELECTRIC SALES TO ULTIMATE CONSUMERS
DISTRIBUTED BY RATE SCHEDULES IN IDAHO
12 MONTHS ENDING DECEMBER 2007
Line Loss Adjusted to Generation

Line No.	Description (1)	Present Sch. (2)	Proposed Sch. (3)	Average No. of Customers (4)	MWH (5)	Base Revenue (6)	AT Meter MWH			AT Generation MWH			Revenues (000's)					
							Sec (7)	Pri (8)	Trans (9)	Total (10)	Sec (11)	Pri (12)	Trans (13)	Total (14)	Sec (15)	Pri (16)	Trans (17)	Total (18)
Residential Sales																		
1	Residential Service	1	1	39,215	399,023	\$56,237	399,023				444,467			399			399	1.10%
2	Residential Optional TOD	36	36	16,369	317,378	\$23,268	317,378				353,524			317			317	1.36%
3	AGA-Revenue	-	-	-	-	\$5	-				-			-			-	-
4	Total Residential	-	-	55,585	716,401	\$59,510	716,401				797,992			716			716	1.20%
Commercial & Industrial																		
6	General Service - Large Power	6	6	1,028	298,916	\$18,447	298,916				387,534			248	47		295	1.60%
7	General Svc. -lg Power (R&F)	6A	6A	247	36,068	\$2,482	36,068				40,176			36			36	1.45%
8	Subtotal-Schedule 6	-	-	1,275	334,984	\$20,930	334,984				373,135			284	47		331	1.58%
9	General Service - Med. Voltage	8	6	2	2,848	\$155	2,848				3,050			3			3	1.71%
10	General Service - High Voltage	9	9	12	130,895	\$6,009	130,895				136,842			119			119	1.98%
11	Irrigation	10	10	5,331	697,666	\$48,201	697,666				777,123			698			698	1.45%
12	Comm. & Ind. Space Heating	19	19	148	8,236	\$562	8,236				9,175			8			8	1.46%
13	General Service	23	23	6,183	122,778	\$9,709	122,778				136,761			121	1		123	1.26%
14	General Service (R&F)	23A	23A	1,383	18,166	\$1,515	18,166				20,234			18	0		18	1.20%
15	Subtotal-Schedule 23	-	-	7,567	140,944	\$11,224	140,944				156,996			140	1		141	1.25%
16	General Service Optional TOD	35	35	3	2,587	\$130	2,587				2,882			3			3	2.00%
17	Tariff Contract-Monssanto	-	-	1	1,319,624	\$53,545	1,319,624				1,379,575			0			0	0.00%
18	Tariff Contract-Nu West	-	-	1	109,115	\$4,239	109,115				114,072			0			0	0.00%
19	AGA-Revenue	-	-	-	-	\$477	-				-			-			-	-
20	Total Commercial & Industrial	-	-	14,340	2,746,900	\$145,472	2,746,900				3,008,969			1,132	51	119	1,303	0.90%
21	Total Commercial & Industrial (Excluding Monssanto)	-	-	14,339	1,427,276	\$91,926	1,427,276				1,629,394			1,132	\$51	\$119	\$1,303	1.42%
Public Street Lighting																		
23	Security Area Lighting	7	7	239	284	\$104	284				317			0			0	0.27%
24	Security Area Lighting (R&F)	7A	7A	195	138	\$54	138				154			0			0	0.25%
25	Street Lighting - Company	11	11	32	121	\$52	121				135			0			0	0.23%
26	Street Lighting - Customer	12	12	294	1,974	\$370	1,974				2,199			2			2	0.53%
27	AGA-Revenue	-	-	-	-	\$0	-				-			-			-	-
28	Total Public Street Lighting	-	-	760	2,517	\$581	2,517				2,804			3	0	0	3	0.43%
29	Total Sales to Ultimate Customers	-	-	70,685	3,465,818	\$205,562	3,465,818				3,809,764			1,851	51	119	2,021	0.98%
30	Total Sales to Ultimate Customers (Excluding Monssanto & Nu-West)	-	-	70,683	2,037,079	\$147,778	2,037,079				2,316,117			1,851	51	119	2,021	1.37%

	Proposed Revenue (\$000's)	Proposed Rate/kWh
Secondary	1,843	0.00100
Primary	51	0.00093
Transmission	119	0.00091
Total Revenue	2,013	0.00099
Rate @ Generator/kWh		0.00087