

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF PACIFICORP DBA ROCKY MOUNTAIN)	CASE NO. PAC-E-10-09
POWER FOR APPROVAL OF)	
AMENDMENTS TO REVISED PROTOCOL)	
ALLOCATION METHODOLOGY)	ORDER NO. 32346
)	

On September 15, 2010, PacifiCorp dba Rocky Mountain Power (“PacifiCorp” or “Company”) filed an Application with the Idaho Public Utilities Commission (“Commission”) requesting approval of amendments to the Revised Protocol allocation methodology.

On October 7, 2010, the Commission issued a Notice of Application and Notice of Intervention Deadline. On January 12, 2011, the Commission issued a Notice of Modified Procedure, Notice of Comment/Protest Deadline, and Notice of Reply Deadline.

Subsequently, the Commission received timely Petitions to Intervene from Monsanto Company (“Monsanto”) and the Idaho Irrigation Pumpers Association (“IIPA”). The Commission received written comments from Staff and Monsanto, as well as reply comments from the Company.

BACKGROUND – REVISED PROTOCOL

PacifiCorp is an electrical corporation and public utility in Idaho and provides retail electric service to more than 1.7 million customers in Idaho and five other western states. PacifiCorp owns substantial generation and transmission facilities. Augmented with wholesale power purchases and long-term transmission contracts, these facilities operate as a single system on an integrated basis to provide service to all customers in a cost-effective manner. PacifiCorp recovers costs of owning and operating its generation and transmission system in retail prices established from time to time in state regulatory proceedings.

Because all of the Company’s generation and transmission resources are deemed to be used to serve the Company’s customers in all of its state jurisdictions, the Company contends it is necessary to determine what portion of the costs associated with each of the rate-based resources ought to be allocated to customers in the state for which prices are being established. If different state commissions make different decisions regarding what resources should be deemed to be in PacifiCorp’s rate base or if different state commissions adopt different policies

for allocating the costs of resources among states, the Company may not be afforded the opportunity to recover its full cost of providing electric service.

Each of PacifiCorp's state regulatory commissions has the ability to pursue policies that it believes are in the public interest in its state. PacifiCorp also contends that it is important for the Company to be able to make business decisions in an environment where differing state policies do not result in denying the Company a reasonable opportunity to recover its prudently incurred costs. According to the Company, this would create a disincentive for PacifiCorp to invest in its system.

On March 5, 2002, PacifiCorp petitioned the Commission to initiate an investigation of inter-jurisdictional issues affecting the Company as a consequence of its status as a multi-jurisdictional utility subject to the jurisdiction of six state regulatory Commissions.

As a result of different cost allocation methods adopted for ratemaking purposes in the Company's various states of operation, PacifiCorp maintained that it was no longer being provided the opportunity to fully recover its costs. By Order No. 28978, the Commission established a docket for investigation, established an intervention deadline and approved a joint Multi-State Process (MSP) for analyzing PacifiCorp inter-jurisdictional issues (*Idaho Code* § 61-505) and established initial MSP scheduling (*Idaho Code* § 61-501).

On September 30, 2003, PacifiCorp filed a Motion, direct testimony and exhibits seeking Commission ratification of an Inter-jurisdictional Cost Allocation Method – Protocol (Protocol). On July 14, 2004, PacifiCorp filed a Revised Protocol and Supplemental Testimony. On November 4, 2004, PacifiCorp and Commission Staff filed a Joint Motion requesting acceptance and Commission approval of a Stipulation and Agreement (Stipulation) negotiated by PacifiCorp, Staff, Monsanto Company, and AARP as full settlement of the inter-jurisdictional cost allocation issues affecting PacifiCorp. *See* IDAPA 31.01.01.272-276. The Revised Protocol was approved by the Commission on February 28, 2005. *See* Order No. 29708, Case No. PAC-E-02-03.

Section XIII.B of the Revised Protocol establishes a Standing Committee for continued dialogue among the states. While not abridging the integrity of Commission decision-making processes within each respective state, the Standing Committee:

- Monitors and discusses inter-jurisdictional allocation issues facing PacifiCorp and its customers;

- Helps to organize and direct work group analysis of inter-jurisdictional allocation issues;
- Ensures work group analysis is supported by sound technical analysis;
- Shares views on possible amendments to the Revised Protocol, as they may arise;
- Seeks consensual resolution of issues arising under the Revised Protocol;
- Ensures wide dissemination of information regarding Standing Committee meeting locations and dates and information relating to its activities;
- Ensures and encourages open participation in Standing Committee meetings by all interested persons; and,
- Appoints a Standing Neutral to facilitate discussions among the states, to monitor issues and to assist the Standing Committee.

APPLICATION – 2010 PROTOCOL

Since the approval of the Revised Protocol, interested parties in Utah raised concerns that the continued use of the Revised Protocol may result in a Utah-allocated revenue requirement that is higher when compared to a revenue requirement allocated using the Rolled-In methodology that was anticipated by the Public Service Commission of Utah when it originally adopted the Revised Protocol. The Standing Committee and workgroups have been collaborating since September 2009, to come up with potential solutions acceptable to all parties in the context of the Revised Protocol allocation methodology, including the performance of various studies by the Company at the request of the Standing Committee.

In July 2010, the Standing Committee reached an agreement in principle to amend the Revised Protocol allocation methodology; such agreement to be known as the “2010 Protocol” and provided by the Company as Exhibit No. 1 to the direct testimony of Ms. Andrea L. Kelly. The 2010 Protocol describes how the costs and wholesale revenues associated with PacifiCorp’s generation, transmission and distribution system will be assigned or allocated among its six-state jurisdictions for purposes of establishing its retail rates. If adopted, the 2010 Protocol will remain in effect for Company filings made through 2016. The amendments are intended to allow

for greater movement to a Rolled-In allocation methodology, while retaining a Hydro Endowment for the former Pacific Power & Light states of Oregon, California, Washington and part of Wyoming.

The 2010 Protocol continues to identify state resources based on cost responsibility and regional resources for the Hydro Endowment calculation. Besides using a Rolled-In allocation methodology as the starting point, a significant change relates to the Embedded Cost Differential (ECD). The scope of the ECD has been reduced and limited, using a comparison of embedded costs based on resources in place on the Company's system prior to 2005. The ECD calculation has been based on pre-2005 resource costs and the projected value allocated to each state is fixed and levelized over the term of the 2010 Protocol. For the duration of the 2010 Protocol a fixed dollar amount per year deviation would be applied to each state's revenue requirement under the Rolled-In allocation methodology. The deviation is composed of two parts; a situs adjustment associated with the surcharge imposed under the Klamath Hydroelectric Settlement Agreement to Oregon and California with a corresponding credit to the other states, and the fixed levelized ECD.

As reflected in the 2010 Protocol, the assignment of a particular expense or investment, or allocation of a share of an expense or investment, to a state pursuant to the 2010 Protocol is not intended, and should not prejudice the prudence of those costs. Nothing in the 2010 Protocol shall abridge any state's right and/or obligation to establish fair, just and reasonable rates based upon the law of that state and record established in rate proceedings conducted by that state. Parties who have supported the ratification of the 2010 Protocol do so in the belief that it will continue to achieve a solution to multi-state issues that is in the public interest. However, a party's support of the 2010 Protocol is not intended in a manner to negate the necessary flexibility of the regulatory process to deal with changed or unforeseen circumstances. Any party's support of the 2010 Protocol will not bind or be used against that party in the event that unforeseen or changed circumstances caused that party to conclude, in good faith, that 2010 Protocol no longer produces results that are just, reasonable and in the public interest.

The requested amendments in the Revised Protocol allocation methodology, the Company contends, result in a consistent and fair cost allocation method that assures the Company a reasonable opportunity to recover all of its prudently-incurred costs and supports

further system investment. Adoption of the changes, the Company contends, are just, reasonable and in the public interest.

MONSANTO COMMENTS

Monsanto believes that the “Company’s proposed changes to interjurisdictional allocation contained in their filed testimony in this case fail to recognize or account for key drivers of increasing system cost.” Monsanto Comments at 2. Citing the testimony of Company witness Steven McDougal (p. 7, lines 16-18), Monsanto stated that “the move toward a ‘Rolled-In’ allocation procedure provides protection to states who are not growing as fast as others (in this case, Utah and Wyoming identified as states with the highest load growth).” *Id.*

Monsanto’s comments evinced concern that even though “Idaho’s load growth is not growing relative to the other states and is not projected to grow relative to the other states in the foreseeable future . . . Idaho remains economically exposed to the load growth in the other states.” *Id.* at 2-3.

Monsanto believes that “high load growth relative to the other states is but one contributing factor to the problem of creating an equitable distribution of cost across jurisdictions.” *Id.* at 3. Other factors include “the large capital investment the Company has undertaken in enhancing its renewable resource portfolio and the pending massive investment in the Gateway Transmission system.” *Id.* Monsanto is “unconvinced” that these investments are beneficial to all customers. *Id.* “The Company has yet to make a cogent argument as to why the Gateway System needs to be sized far beyond upgrades necessary for reliability and its own projected load growth.” *Id.* Monsanto asserts that there is no market to export its excess wind capacity to the desert southwest and southern California. *Id.* at 3-4. What’s more, utilities in those markets will not accept coal-fired generation from PacifiCorp. *Id.* at 3. “Monsanto firmly believes that Idaho should not be saddled with this over-aggressive capital program whose benefits are highly questionable and are likely to never materialize.” *Id.* at 4.

Monsanto avers that costs incurred for renewable resources “should be tagged as ‘state-specific resources’ – an approach that would more align the cause and effect of such acquisitions.” *Id.* As a state without a Renewable Portfolio Standard (RPS), Idaho should not be “underwriting a portion of these capital expenditures.” *Id.* “Monsanto believes that it is imperative that we hold firmly to the ratemaking principle of ‘cost causation’ versus the broad socialization of costs that we are seeing proposed today.” *Id.*

Given PacifiCorp's expanded transmission system and substantial renewable portfolio, Monsanto favors "a state specific (go-it-alone) jurisdictional arrangement" that "would entail undoing the current allocation process and having the state 'opt-in or opt-out' of certain resources." *Id.* at 4-5.

Monsanto emphasized that the "lion's share" of PacifiCorp's load in Idaho emanates from two sources, Monsanto and the irrigators, who are both interruptible customers. *Id.* at 5. Monsanto stated that it has not experienced any load growth since 1963, the year they installed Furnace No. 9, and that the irrigators have not experienced load growth since the 1980s. *Id.* According to Monsanto, the magnitude of Utah's interruptible load is nowhere near Idaho's interruptible load capacity. *Id.*

Monsanto laments PacifiCorp's purported failure to appropriately recognize Monsanto's interruptible service in its application and reiterated some of the same concerns and arguments it initially expressed during the technical hearings regarding the valuation of Monsanto's interruptible products. *Id.* at 5-6. Monsanto challenged the rationale behind PacifiCorp's treatment of Monsanto's interruptible load under Appendix D, Option 2. *Id.* Monsanto suggests that Option 2 is problematic because "the 'cost' of the interruptible resource must be separately valued – a valuation that is completely divorced now from any analysis of benefit to Idaho by way of lower allocation factors." *Id.* at 6. Monsanto believes that there has yet to be a "meaningful discussion on the advantages and disadvantages of Option 1 for use in Idaho." *Id.* at 7.

Monsanto went on to note the concerns raised by Staff in the last general rate case (PAC-E-10-07) "over the inequity of the interjurisdictional treatment of the Irrigation Load Control Program." *Id.* at 8. "Staff noted that despite a system benefit of \$20 million from the Irrigation Load Control Program, the Idaho jurisdiction was entirely paying for the cost of the program (\$11.4 million)" while receiving benefits totaling \$7.5 million. *Id.* at 7-8.

Monsanto recommends that "the Commission evaluate whether benefits are fairly attributed to host jurisdictions under Option 1." *Id.* at 8. Monsanto believes that the Appendix D, Option 1 requirement that a customer must actually be interrupted during system-peak in order for the host jurisdiction to benefit "is one-sided and open to manipulation by the utility." *Id.* Monsanto places the "ability to be interrupted during peak times" ahead of actual interruption as the underlying value of its interruptible load. *Id.*

Monsanto concludes its comments by asserting that “every state is looking out for its own best interests when it comes to the 2010 Protocol allocation methodology” and that Idaho should do the same. *Id.* at 9. “[I]t is imperative for the Commission to hold firmly to the ratemaking principle of ‘cost causation’ versus the broad socialization of costs that continue to be proposed.” *Id.*

STAFF COMMENTS

Limiting the Embedded Cost Differential (ECD) adjustment is an important provision for Idaho customers. Unexpected growth in the ECD resulted “in greater benefits to the states of Oregon, Wyoming, California and Washington.” Staff Comments at 4. Idaho and Utah did not see the expected reductions in the ECD level. *Id.* To date, Idaho customers have not been harmed due to the various caps for ratemaking purposes. *Id.* However, without a change to the ECD mechanism in the 2010 Protocol to correct this inequity, Staff believes Idaho and Utah customers would be harmed in future rate setting proceedings. *Id.*

Staff stated that it observed the following basic regulatory objectives during its review of PacifiCorp’s Application to adopt the 2010 Protocol:

- The protocol should lead to allocations that are fair to PacifiCorp’s Idaho ratepayers and to the Company’s ratepayers in each of the other states served by PacifiCorp.
- The protocol, when followed, should provide PacifiCorp with the opportunity to recover all of its prudently incurred costs.
- Explicit jurisdictional allocation methodologies, predominately based on a consensus methodology, are preferred to foster investor confidence and thus the ability to attract capital at a reasonable cost.
- Administration of the allocations protocol should be reasonably transparent, simple to understand, and not overly burdensome to administer.
- The allocations should not lead to undue revenue requirement volatility or gross unpredictability.
- The method should allow for states to independently pursue their energy policies.

Id.

Rolled-in methodologies have production, transmission, and selected other system defined non-production costs being allocated to jurisdictions as a function of their shares of the system loads. Accordingly, their expanded loads causes the high growth states to pick up an expanded share of the transmission and other system non-production costs, which are assumed to be fixed. This translates directly to a reduced percentage share of the fixed system non-production costs borne by the slower-growth states. That reduction for the slower-growth states substantially makes up for their increased dollar allocation of production costs that resulted from the addition of the high-cost new plants needed to accommodate the loads of high-growth states.

In order to remove some of the instability in the allocation results, the Company is proposing to project the hydro ECD adjustment over the entire six-year 2010 Protocol formal duration interval and then levelize that discounted series to produce the flat annual allocation inputs. See McDougal Exhibits No. 7 and 8 for a comparison of levelized versus unlevelized results. Levelized numbers are also shown for the Klamath surcharge.

Staff pointed out that “there will be a monetary benefit to Idaho customers with the move toward Rolled-In as reflected in the 2010 Protocol.” *Id.* at 5; See McDougal Exhibit No. 9 for a graph showing the 2010 Protocol difference from Revised Protocol on a percentage basis. The 2010 Protocol treats all Class 1 DSM, including the Idaho Irrigation Load Control Program, as situs. *Id.* “A MSP workgroup continues to evaluate Idaho’s request for an amendment to the 2010 Protocol to reflect the Idaho Irrigation Load Control Program as a system cost.” *Id.* Staff recommended that any Order issued by the Commission include a condition deviating from the proposed 2010 Protocol “for the system allocation of these cost(s).” *Id.*

Impact Studies

“The baseline study was designed as an analytical tool that is used by the MSP participants to compare the revenue requirement given varying allocation methods.” *Id.* Prompted by the Multi-State Process Standing Committee, PacifiCorp utilized the baseline study as a template for several alternative studies illustrating the impact of going from Revised Protocol to a more rolled-in 2010 Protocol, including: a structural separation study, go-it-alone study, market price sensitivity study, and growth impact study. *Id.*

Structural Separation and Go-It-Alone Studies

The Structural Separation Study treats PacifiCorp and Rocky Mountain Power as separate entities and the Go-It-Alone Study analyzes each state jurisdiction as a separate entity.

Id. at 6. Staff believes that the Structural Separation Study is useful because the balancing area assumptions are quantifiable and realistic. *Id.* However, Staff acknowledged the difficulty of “measuring the outcome of the Go-It-Alone study without assumptions about each jurisdiction’s transmission alignment, ability to dispatch resources, and access to wholesale markets.” *Id.*

Staff was critical of the Go-It-Alone Study because it “is only a high level evaluation” and does not evaluate “each jurisdiction’s resource portfolio and potential long term price sensitivity. . . .” *Id.* at 7. It simply values additional resource capacity as equivalent to the cost of a new combined-cycle combustion turbine outlined in the Company’s 2008 IRP. *Id.* at 6. Staff believes that “a stochastic GRID model that incorporates IRP assumptions would more accurately estimate the long term cost of additional resource capacity by balancing area and jurisdiction.” *Id.* at 7.

Market Price Sensitivity Study

The Market Price Sensitivity Study seeks to “measure the impact higher and lower prices would have on each jurisdictions revenue requirement” by increasing and decreasing Net Power Costs (NPC) by 20% system wide. *Id.* “Staff supports the Market Price Sensitivity Study as a way to show how Revised Protocol is impacted by price volatility.” *Id.*

Load Growth Study

Staff commented that “the Load Growth Study is necessary as a way to show the slower growing states are not subsidizing the faster growing states.” *Id.* at 7. This study adjusted the load growth in Utah and Wyoming, PacifiCorp’s fastest growing jurisdictions, for the time period of 2010 to 2019 by removing resources built in order to meet the projected load growth of those states. *Id.*

In conclusion, Staff recommended that the Commission adopt the 2010 Protocol “with the modification for the Idaho Irrigation Load Control Program.” *Id.* “Costs associated with this program should be allocated on a system basis.” *Id.* Staff advocates for the continued inclusion of reporting requirements allowing parties “to evaluate the ongoing reasonableness of the Revised Protocol allocation methodology.” *Id.*

Specifically, Staff recommended that the Commission order PacifiCorp to include, in its current general rate case filings, calculations of the Company’s Idaho revenue requirement under the 2010 Protocol, Revised Protocol, and the Rolled-In methods; and file with the Commission annual results of operations, including calculations of the Company’s Idaho

allocated results of operations under the 2010 Protocol, Revised Protocol, and the Rolled-In methods. *Id.* at 7-8. The submittals should “adequately explain all adjustments, assumptions, work papers and spreadsheet models used by the Company in making such calculations.” *Id.* at 8.

PACIFICORP REPLY COMMENTS

PacifiCorp begins its comments by conceding that “Staff has appropriately outlined the basic regulatory objectives that should be considered when reviewing and adopting a jurisdictional cost allocation methodology.” PacifiCorp Reply Comments at 3; Staff Comments at 4. “The Company believes the 2010 Protocol addresses each of these objectives.” *Id.*

PacifiCorp continues to object to the Commission’s “recent acceptance . . . to unilaterally adopt a system-wide allocation of the costs and benefits of the Idaho Irrigation Load Control Program.” *Id.* Nevertheless, “the Company is committed to work with Staff and other members of the MSP Standing Committee to address the allocation of this program and other Class 1 demand-side management (“DSM”) programs. . . .” *Id.* at 4.¹

PacifiCorp also “supports Staff’s belief that more thorough analysis of the alternative studies such as structure separation, go-it-alone, market price sensitivity and growth impact studies are warranted. . . .” *Id.* Prior to the expiration of the 2010 Protocol on December 31, 2016, PacifiCorp commits to working with the MSP Standing Committee, applicable workgroups and other interested persons “regarding appropriate allocation options for 2017 and beyond would provide parties with better information to evaluate the full impact of future changes.” *Id.* As part of these “discussions,” the Company states that it “will perform cost causation studies related to classification and allocation of costs, and a comprehensive evaluation of the costs and benefits of structure separation and other allocation options such as the Rolled-In allocation methodology.” *Id.* at 4-5.

Finally, PacifiCorp agrees to include a calculation of the Company’s Idaho revenue requirement under the 2010 Protocol, Revised Protocol, and the Rolled-In Methods in its general

¹ “The Parties agree to support efforts by the Company and the Idaho Staff to encourage the Multi-State Process (“MSP”) Standing Committee to propose a resolution at the next MSP Commissioner’s Forum on the issue of system allocation of the costs for the Idaho Dispatchable Irrigation Load Control Credit Rider Program. If the system allocation of Program costs is not accepted by the states of Utah, Oregon and Wyoming by June 1, 2012, then the Company may seek Program modifications and/or cost recovery before the Idaho Commission, including but not limited to inclusion in a general rate case filing or a request for deferred accounting treatment.” Case No. PAC-E-11-06 Stipulation at 5.

rate case and annual results of operations filings with the Idaho Commission made through December 31, 2016. *Id.* at 5.

PacifiCorp addressed the following issues raised by Monsanto: The “Utah Issue”; Load Growth; Future Transmission and Generation Investments; and Treatment of Interruptible loads. *Id.*

PacifiCorp asserts that Staff and the Commission “have expressed similar views and a shared concern . . . that the Utah results under the Revised Protocol were not materializing as expected when the Utah Commission adopted the Revised Protocol in 2005.” *Id.* The Company cited Commission Order No. 29708, p. 10, wherein the Commission noted “that the Company dispatches resources on a company or system-wide basis” which “seemingly argues for a Rolled-In approach as to allocation of costs.” *Id.*

PacifiCorp disputes Monsanto’s assertion that “‘approximately 60 percent of the load is attributable to two customers, Monsanto and the Irrigators, neither of which have experience any load growth for thirty (30) plus years nor are expected to grow in the future.’” *Id.* at 6. The Company states that the load derived from its 5,000 irrigation customers in its Idaho service territory “has grown from approximately 300,000 megawatt-hours in 1984 to a high of almost 700,000 megawatt-hours in 2007.” *Id.* This increase is greater than the percentage increase overall for the Idaho service territory for the same time period. *Id.* “Idaho is currently the second fastest growing jurisdiction in the Company’s service territory.” *Id.*

The Company also mentions that it is “currently working with a large industrial customer with plans to locate in Idaho that will add 40 megawatt of additional load.” *Id.* Moreover, by adding a thermal optimizer to scrub emission output at its Soda Springs plant, Monsanto’s energy consumption is likely to increase. *Id.*

PacifiCorp believes that Monsanto’s comments challenging the prudence of investment decisions and the treatment of Monsanto’s interruptible loads are not appropriate because those issues are not currently before the Commission. *Id.* at 7.

COMMISSION DISCUSSION AND FINDINGS

The Commission has reviewed and considered the filings of record in this case, including PacifiCorp’s Application, attached testimony, as well as the comments and recommendations forwarded by Staff and Monsanto. The Commission finds that the

Amendments to the Revised Protocol (2010 Protocol) are just and reasonable and herein adopts the use of the 2010 Protocol for ratemaking purposes in the Company's Idaho jurisdiction.

The current version of the Revised Protocol allocation methodology, for ratemaking purposes within PacifiCorp's Idaho jurisdiction, was last reviewed, and ultimately approved, by the Commission in Case No. PAC-E-02-03. *See* Order No. 29708 at 10. The Revised Protocol is the allocation method used to allocate and assign generation, transmission and distribution costs to PacifiCorp's six retail state jurisdictions. *Id.* at 9. "The Revised Protocol does not prejudge issues of prudence, rate spread, rate design or cost recovery." *Id.* at 9-10. Revised Protocol does not seek to supplant the autonomy of the individual state commissions of Idaho, Utah, Oregon, Washington, Oregon and Wyoming. "Each state Commission continues to establish fair, just and reasonable rates." *Id.* at 10.

The Commission finds that it is reasonable and necessary to continue to evaluate the proportional impact each of the various allocation methodologies considered by the MSP Standing Committee would have on Idaho's total revenue requirement. The Commission orders the Company to submit, in its current general rate case, PAC-E-11-12, as well as in its annual results of operations filings with the Commission through December 31, 2016, calculations of the Company's Idaho revenue requirement under the 2010 Protocol, Revised Protocol, and the Rolled-In Methods. We note that PacifiCorp has acquiesced to this requirement. *See PacifiCorp Reply Comments* at 5. PacifiCorp is also directed to undertake a more thorough analysis of the alternative studies described in Staff and Company comments, including the structural separation, go-it-alone, market price sensitivity and growth impact studies.

The Commission is concerned about the inequitable distribution of system benefits associated with the Idaho Irrigation Load Control Program ("Program") to Idaho. In short, if Idaho is going to receive less than its proportional share of the system benefits derived from the Program, then we exhort PacifiCorp to continue to work in a cooperative manner with Staff to exert its influence, within the context of the MSP Standing Committee, to secure the adoption of an Amendment to the 2010 Protocol allowing a system allocation of costs associated with the Program.

In the Company's last general rate case, PAC-E-10-07, we declared that such a directive was necessary in order to "provide impetus for RMP to act quickly to address the change in its other jurisdictional states." Order No. 32196 at 26. Subsequently, PacifiCorp

affirmed its commitment to work cooperatively with Staff to urge the MSP Standing Committee to adopt a system allocation of Program costs. Indeed, as recently as April 2011, Case No. PAC-E-11-06, the Company unequivocally agreed to:

. . . support efforts by . . . Staff to encourage the Multi-State Process (“MSP”) Standing Committee to propose a resolution at the next MSP Commissioners’ Forum on the issue of system allocation of the costs for the Idaho Dispatchable Irrigation Load Control Credit Rider Program. If the system allocation of Program costs is not accepted by the states of Utah, Oregon and Wyoming by June 1, 2012, then the Company may seek Program modifications and/or cost recovery before the Idaho Commission, including but not limited to inclusion in a general rate case filing or a request for deferred accounting treatment.

Order No. 32335 at 5.

The Commission acknowledges the unique dynamic that exists within the MSP Standing Committee wherein each of the regulatory agencies represented within the Committee attempts to secure the maximum level of benefits for the jurisdiction it represents. Nevertheless, this dynamic should not be allowed to obscure the fact that an objective technical analysis has shown that Idaho is not getting an adequate return on the benefit the Idaho Program offers to PacifiCorp’s electrical system as a whole. *See* Order No. 32196 at 24-25.

CONCLUSIONS OF LAW

The Commission has jurisdiction over PacifiCorp dba Rocky Mountain Power, an electric utility, and the issues presented in Case No. PAC-E-10-09 pursuant to the authority granted to the Commission under Title 61 of the Idaho Code and the Commission’s Rules of Procedure, IDAPA 31.01.01.000 et seq.

ORDER

IT IS HEREBY ORDERED that the Commission approves the 2010 Amendments to the Revised Protocol Inter-Jurisdictional Cost Allocation methodology for allocation of costs in Idaho.

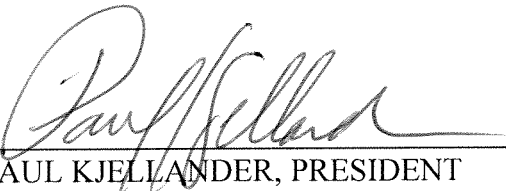
IT IS FURTHER ORDERED that PacifiCorp shall submit, in its current general rate case, PAC-E-11-12, as well as its annual results of operations filing with the Commission through the date of the scheduled expiration of the Revised Protocol, December 31, 2016, calculations of the Company’s Idaho revenue requirement under the 2010 Protocol, Revised Protocol, and the Rolled-In Methods.

IT IS FURTHER ORDERED that PacifiCorp shall conduct a more thorough analysis of the alternative studies described in Staff and Company comments, including the structure separation, go-it-alone, market price sensitivity and growth impact studies.

IT IS FURTHER ORDERED that PacifiCorp shall continue to recommend to the MSP Standing Committee to adopt an Amendment to the 2010 Protocol allowing the system allocation of costs associated with the Idaho Irrigation Load Control Program.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. *See Idaho Code § 61-626.*

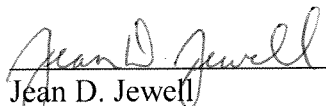
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 31st day of August 2011.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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