

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF PACIFICORP DBA ROCKY MOUNTAIN)	CASE NO. PAC-E-11-07
POWER FOR AUTHORITY TO INCREASE)	
RATES BY \$11.0 MILLION TO RECOVER)	NOTICE OF APPLICATION
DEFERRED NET POWER COSTS)	
THROUGH THE ENERGY COST)	NOTICE OF
ADJUSTMENT MECHANISM (ECAM))	MODIFIED PROCEDURE
)	
)	ORDER NO. 32187

On February 1, 2011, PacifiCorp dba Rocky Mountain Power filed an Application for authority to recover its deferred net power costs pursuant to the Energy Cost Adjustment Mechanism (ECAM) approved in Order No. 30904 (Sept. 2009). The ECAM is designed to annually adjust Rocky Mountain's rates upward or downward to reflect the difference between the Company's actual power supply costs and those costs embedded in base rates. Rocky Mountain's actual costs of providing electric service (its "power supply costs") vary from year to year depending on the Company's fuel (gas and coal) costs, the surplus power sales, the power purchases, and the market price of power. In this Application, the Company is proposing to recover an additional \$11 million in deferred net power costs starting April 1, 2011, and ending March 31, 2012. The energy cost adjustment rates are contained in service Schedule No. 94. Rocky Mountain requested that this Application be processed by Modified Procedure.

BACKGROUND

A. *The ECAM*

YOU ARE HEREBY NOTIFIED that the ECAM is designed to recover all components of net power costs as traditionally defined in the Company's general rate cases and modeled in its production dispatch model GRID. The ECAM is calculated to collect or credit the accumulated difference between total Company base net power costs ("Base NPC") and the total Company actual net power costs ("Actual NPC") incurred to serve customers in Idaho calculated on a cents-per-kilowatt-hour basis. In this case the Company requests authority to recover its net power costs for the deferred period December 1, 2009 to November 30, 2010. Application at 1. The annual ECAM surcharge or credit is combined with the Company's base rates to produce a customer's

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overall energy rate. The ECAM rate adjustment is applicable to all customer classes excluding tariff contract customers (Monsanto Company and Agrium, Inc.).¹

YOU ARE FURTHER NOTIFIED that the ECAM rate component is in effect for one year, usually from April 1 through March 31 of the following calendar year. The mechanism addresses only power cost expenses and does not include any costs associated with fixed-cost recovery, i.e., capital investment in rate base. Specifically, base and actual NPC will include costs typically booked to the following Federal Energy Regulatory Commission (FERC) accounts:

Account 447 – Sales for resale, excluding on-system wholesale sales and other revenues that are not modeled in GRID.

Account 501 – Fuel, steam generation, excluding fuel handling, start-up fuel/gas,² diesel fuel, residual disposal and other costs that are 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.

Account 565 – Transmission of electricity by others (wheeling).

In addition to the comparison between actual NPC to base NPC, the ECAM includes four additional components: (1) the load growth adjustment rate (LGAR); (2) a credit for the sale of SO2 emission credits; (3) an adjustment for coal stripping costs; and (4) a renewable resource adder for renewable resources not yet in rate base.

YOU ARE FURTHER NOTIFIED that under the ECAM, the Company and its ratepayers share the differences between the actual NPC and base NPC, SO2 sales, and LGAR revenues. The sharing percentage is 90% for ratepayers and 10% for the Company. In good years, Rocky Mountain's Idaho customers are credited with 90% of the below normal cost savings. In high cost years, Idaho customers pay 90% of the Company's abnormal power supply costs. In last

¹ Tariff contract loads (Monsanto and Agrium) are not subject to any ECAM surcharges/credits until January 1, 2011. Order No. 30482 (Case No. PAC-E-07-05).

² Start-up fuel is accounted for separately from the primary fuel for steam-powered generation plants. Start-up costs are not accounted for separately for natural gas plants, and therefore all fuel for natural gas plants is included in the determination of both base NPC and actual NPC.

year's ECAM case, the Commission approved recovery of approximately \$2.0 million in deferred net power costs for the first ECAM deferral period from July 1, 2009 to November 30, 2009. Order No. 31033.

B. The Current Application

YOU ARE FURTHER NOTIFIED that the current Application represents an increase of \$11.0 million over the Schedule 94 ECAM rates currently in effect. Application at 2. The current Application would recover the deferred power supply costs for the 12-month period ending November 30, 2010. Application at ¶ 12. As shown below, the Company is requesting authority to recover a total of \$12.8 million (existing \$1.8 million + \$11 million increase).

YOU ARE FURTHER NOTIFIED that the ECAM includes a deferral for renewable resources that recognizes the Company's 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.³ Pursuant to Commission Order No. 30904, the Commission approved a renewable resource adjustment of \$55 per megawatt-hour (MWh) multiplied by the actual MWh output generated by the renewable resources that were not included in rate base in Case No. PAC-E-08-07. *Id.* at ¶ 20.

YOU ARE FURTHER NOTIFIED that the components making up the deferred ECAM balance are reflected in the following table:

NPC Differential for Deferral	\$ 6,073,522
LGAR	5,286,046
SO2 Credit	(93,906)
EITF 04-6 Adjustment	<u>(108,588)</u>
Total	\$11,157,074
	90%
Customer Responsibility	\$10,041,366
Renewable Resource Adder	2,696,763
Unamortized Previous Balance	760,036
Interest	<u>61,885</u>
November 2010 Deferral Balance	\$13,560,051
Less ECAM Balance	<u>(760,036)</u>
Proposed ECAM Recovery	\$12,800,015

Source: Dir. Testimony at 10.

³ The renewable wind resources included in this Application are: Glenrock; Glenrock II; Seven Mile; Seven Mile II; Rolling Hills; High Plains; McFadden Ridge; and Dunlap. Dir. Testimony at 8.

YOU ARE FURTHER NOTIFIED that the Company calculates that the change in ECAM rates in Schedule 94, if approved, will result in an overall increase of 7.4% or \$11 million for the ECAM year (April 1, 2011 through March 31, 2012). The ECAM will increase the following rates schedules:

Residential Customers (Schedule 1) – a 6.1% increase, i.e., approximately \$5.00 per month for the average residential home using 839 kWh per month.

Residential Time-of-Day (Schedule 36): 7.5%

Irrigation Customers (Schedule 10): 7.9%

General Service

Schedule 23/23A: 7.1%

Schedule 6/6A: 8.6%

Time-of-Day (Schedule 35): 11.2%

High Voltage (Schedule 9): 10.9%

Commercial/Industrial (Schedule 19): 8.2%

Public Street Lighting (Schedules 7/7A, 11, 12): 2.8%

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YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission **no later than March 16, 2011**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this Application shall be mailed to the Commission and the Applicant at the addresses reflected below:

Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

Ted Weston
Idaho Regulatory Affairs Manager
Rocky Mountain Power
201 S. Main, Suite 2300
Salt Lake City, UT 84111
E-mail: ted.weston@pacificorp.com

Yvonne R. Hogle
Senior Counsel
Rocky Mountain Power
201 S. Main, Suite 2300
Salt Lake City, UT 84111
E-mail: Yvonne.hogle@pacificorp.com

All comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Click the "Comments and Questions" icon and complete the comment form using the case number as it appears on the front of this document. These comments must also be sent to PacifiCorp at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the **deadline for the Company to file reply comments is March 23, 2011.**

YOU ARE FURTHER NOTIFIED that the Application, prefile testimony and exhibits may be viewed at www.puc.idaho.gov by clicking on "File Room" and "Electric Cases," and then click on the case number of this case. The document in this case may also be viewed during regular business hours at the Idaho Public Utilities Commission, 472 W. Washington Street, Boise, Idaho and at the Idaho offices of PacifiCorp dba Rocky Mountain Power, located in Rexburg, Preston, Shelley and Montpelier, Idaho.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the deadline, the Commission may consider the matter on its merits and may enter its Order without a formal hearing. If comments or protests are filed within the deadline, the Commission will consider them and in its discretion may set the matter for hearing or may decide the matter and issue its Order based on the written positions before it. IDAPA 31.01.01.204.

YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and specifically *Idaho Code* §§

61-307, 61-503, 61-524, and 61-622. The Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

YOU ARE FURTHER NOTIFIED that the Commission Staff will convene a public workshop for the purpose of dispensing information about the case and advising customers how to participate in the case. The schedule for the public workshop will be issued in a separate document.

YOU ARE FURTHER NOTIFIED that on February 1, 2011, PacifiCorp filed a Motion for Limited Admission of Yvonne R. Hogle pursuant to Bar Commission Rule 227 and Commission Rule 43.05. The Motion certifies that Ms. Hogle is an active member in good standing with the Utah Bar and that she maintains a regular practice of law at Rocky Mountain Power. The Motion states that local counsel for the Company in this matter is John R. Hammond, Jr., Fisher Pusche & Alderman, LLP.


Based upon our review of the Motion, we find that reasonable grounds have been provided to grant limited admission to Ms. Hogle to represent PacifiCorp in this matter. We further find there is good reason to excuse the appearance of Mr. Hammond in this proceeding unless needed by Rocky Mountain Power.

ORDER

IT IS HEREBY ORDERED that this matter be processed under Modified Procedure. Persons desiring to comment on PacifiCorp's Application shall file written comments with the Commission by March 16, 2011. If necessary, PacifiCorp may file reply comments by March 23, 2011.

IT IS FURTHER ORDERED that the Motion for Limited Admission is granted.

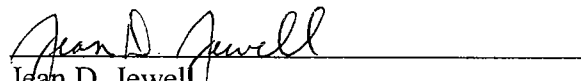
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 17th
day of February 2011.


JIM D. KEMPTON, PRESIDENT


MARSHA H. SMITH, COMMISSIONER


MACK A. REDFORD, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

bls/O:PAC-E-11-07_dh

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