

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION )**  
**OF PACIFICORP, DBA ROCKY MOUNTAIN )** **CASE NO. PAC-E-11-12**  
**POWER, FOR APPROVAL OF CHANGES )**  
**TO ITS ELECTRIC SERVICE SCHEDULES )** **NOTICE OF**  
**)** **PROPOSED SETTLEMENT**  
**)**  
**)** **NOTICE OF PUBLIC HEARINGS**  
**)**  
**)** **ORDER NO. 32399**

---

On May 27, 2011, PacifiCorp dba Rocky Mountain Power (“Rocky Mountain Power” or “Company”) filed an Application with the Commission seeking approval to increase its rates for electric service to its retail customers in Idaho by approximately \$32.7 million, or an overall average rate increase of 15%.

On June 8, 2011, the Commission issued a Notice of Application and Notice of Intervention Deadline and suspended the rates and schedules for electric service filed by Rocky Mountain Power in Case No. PAC-E-11-12 for a period of thirty (30) days plus five (5) months from June 27, 2011, or until such time as the Commission enters an Order accepting, rejecting or modifying the Company’s Application. *See* Order No. 32263. Subsequently, the following parties formally requested and were granted intervention by the Commission: Monsanto Company; Idaho Irrigation Pumpers Association, Inc.; PacifiCorp Idaho Industrial Customers; Community Action Partnership Association of Idaho; and Idaho Conservation League.

On August 3, 2011, the Commission issued a Notice of Schedule and Notice of Technical Hearing that included a settlement conference. *See* Order No. 32309. Thereafter, all of the parties participated in settlement conferences on August 23, 2011 and September 22, 2011. Following the settlement conferences, all of the parties,<sup>1</sup> except CAPAI, entered into a Stipulation that proposes to settle nearly all of the issues in the rate case. On October 18, 2011, Rocky Mountain Power filed the Stipulation and exhibits with the Commission.

---

<sup>1</sup> On October 14, 2011, ICL filed a Notice of Withdrawal from the instant case. Accordingly, ICL is not a signatory to the Stipulation.

On November 2, 2011, the Company and Staff filed testimony in support of the Stipulation.

### **NOTICE OF PROPOSED SETTLEMENT**

The following is a summary of the substantive terms included in the redacted settlement filed by the Company and signed by all the Parties except CAPAI:

1. A two-year rate plan with annual rate increases of \$17 million per year, resulting in an overall average annual revenue increase of approximately 7.8 percent in 2012 and 7.2 percent in 2013. The first increase to base rates will occur January 1, 2012. The second increase to base rates will occur January 1, 2013. The Company will make a compliance filing on November 1, 2012 to implement the second year increase of \$17 million effective January 1, 2013 and will include revised tariffs.
2. The Settlement is a “black box” settlement, with no agreement or acceptance by the Parties of any specific revenue requirement adjustments, cost allocation or cost of service methodology. The Parties agree that the starting point of the Stipulation was to accept all Commission ordered adjustments from Case No. PAC-E-10-07, Order No. 32196.

#### **Power Costs**

3. The Parties agree that based on the revenue requirement split specified in paragraph 1, net power costs in base rates will increase from the current level of \$1.025 billion to \$1.205 billion in 2012 and from \$1.205 billion to \$1.385 billion in 2013. These amounts will become the total Company base net power costs for tracking in the Company’s energy cost adjustment mechanism (“ECAM”).
4. The Parties agree that \$78.8 million, on a total Company basis, or \$6,526,622 allocated to Idaho (RMP Exhibit 2 page 3.5) of renewable energy certificate (“REC”) revenue is included in rates in 2012 and 2013. The Idaho-allocated amount will become the base for purposes of tracking at 100 percent in the Company’s ECAM mechanism.
5. The Parties agree to update the Idaho load in the 2012 ECAM load change adjustment revenue (“LCAR”) calculation to the 2010 actual load included in PAC-E-11-12 for the 2012 ECAM deferral calculation and use 2011 actual load reported in the Annual Results of Operations Report for the 2013 ECAM deferral calculation. The LCAR unit value would be frozen over the rate plan period at the current rate of \$5.47 per MWh, pursuant to Commission Order in Case No. PAC-E-10-07.

6. The Parties agree that the Company shall amortize and collect Agrium and Monsanto's share of Commission-approved ECAM balances, which includes deferred net power costs, deferred RECs, LCAR adjustments and other ECAM components, including the irrigation load control credit as specified in paragraph 10, over the following periods:
  - (a) The 2012 ECAM balance (2011 deferrals) over a period of three years;
  - (b) The 2013 ECAM balance (2012 deferrals) over a period of three years;
  - (c) The 2014 ECAM balance (2013 deferrals) over a period of two years;
  - (d) Beginning with the 2015 ECAM balance (2014 deferrals), Monsanto and Agrium will pay new ECAM costs based on a 12-month collection period.

Any over-collection or under-collection at the end of the amortization periods identified in paragraphs 6(a) through 6(c) above will be trued up for each contract customer and refunded or collected as part of a subsequent ECAM collection period from these contract customers and not from other retail customers. All other customers will continue to pay ECAM changes on the 12-month collection period as they currently do during the rate plan.

7. The Parties agree that Idaho's share of the customer load control service credit will be tracked in the ECAM. The Parties agree that \$1,045,423 (RMP Exhibit 2 page 4.4.1) is Idaho's base amount to be tracked in the ECAM for 2012 and 2013.

#### **Rate Spread and Rate Design**

8. The rate spread, based upon \$17 million in annual increases for 2012 and 2013, is described in detail in Attachment 1 to the Stipulation.
9. The Parties agree that the design of rates by rate schedule (rate design) shall be consistent with the Company's proposals filed in its Application and adjusted for the revenue requirement specified in this Stipulation. *See* Stipulation, Attachment 2.
10. The Parties agree that the Company's residential customer service charge for Schedule 1 and 36 will remain at \$5.00 per month and \$14.00 per month, respectively, during the time period covered by the Stipulation.

## Other Items

11. The Parties agree that the value of Monsanto's curtailment products will be increased from \$[redacted] million in 2011, to \$[redacted] million in 2012, and \$[redacted] million in 2013. Monsanto and the Company will execute a new energy service agreement for 2012 and 2013 in order to reflect the terms of the Stipulation.
12. The Parties agree that this Stipulation does not change or alter the irrigation load control service credit in 2012 or prior agreements governing the irrigation load control program that require the irrigation load control service credit to be renegotiated for the 2013 season and beyond.
13. The portion of the Populus to Terminal transmission line determined by the Commission in Case No. PAC-E-10-07 to be plant held for future use (PHFU) is now used and useful. The Parties agree that the Commission should make a specific finding that the entire Populus to Terminal transmission line is now used and useful. The portion of the transmission line deemed PHFU in Case No. PAC-E-10-07 shall not be included in rates until on or after January 1, 2014. As called for in the Stipulation, Staff and the Company have filed a Joint Motion to Suspend the Appeal now pending in the Idaho Supreme Court, Docket No. 38930-2011. Upon receipt of a final Order from the Commission approving the Stipulation, the Company agrees that it will, within 10 days thereof, file a stipulation for dismissal of the appeal with each party to bear its own costs.
14. The Parties agree that the Company will continue to defer the depreciation expense associated with the Populus to Terminal transmission line, pursuant to Order No. 32224, until it is included in rates on January 1, 2014, and that the accumulated deferral balance will be amortized over three years from the date the costs are included in rates.
15. The Parties agree that the Company will work with the Parties to establish hedging limits consistent with workgroup processes established in Utah and Oregon for costs beginning January 1, 2013, and forward.
16. The Parties agree that, in recognition of the two-year rate plan covered by this Stipulation, Rocky Mountain Power will not file another general rate case before May 31, 2013, with new rates not effective prior to January 1, 2014. Rocky Mountain Power will continue to file annual Results of Operations Reports with the Commission to enable the Commission to ensure that rates during the two-year rate plan continue to be just and reasonable. This Stipulation does not prohibit the Company from revising rates due to the ECAM, which will still occur April 1 each year.

## NOTICE OF PUBLIC HEARINGS

YOU ARE FURTHER NOTIFIED that the Commission has decided to convene three public hearings in this case. The Commission will hold a public hearing for Rocky Mountain Power customers on **WEDNESDAY, DECEMBER 7, 2011, AT 7:00 P.M., DOWNEY SENIOR CITIZENS CENTER, 21 S. MAIN STREET, DOWNEY, IDAHO.** The purpose of the public hearing is for the Commission to take the formal testimony of customers and interested members of the public. Testimony will be recorded and made part of the Commission's formal record. The Company's customers and interested members of the public are encouraged to attend and give testimony.

YOU ARE FURTHER NOTIFIED that the Commission will hold a public hearing for Rocky Mountain Power customers on **THURSDAY, DECEMBER 8, 2011, AT 7:00 P.M., FREMONT COUNTY ANNEX ROOM, 125 N. BRIDGE STREET, ST. ANTHONY, IDAHO.** The purpose of the public hearing is for the Commission to take the formal testimony of customers and interested members of the public. Testimony will be recorded and made part of the Commission's formal record. The Company's customers and interested members of the public are encouraged to attend and give testimony.

YOU ARE HEREBY NOTIFIED that the Commission will hold a telephonic public hearing for Rocky Mountain Power customers on **MONDAY, DECEMBER 19, 2011, AT 7:00 P.M., IDAHO PUBLIC UTILITIES COMMISSION HEARING ROOM, 472 W. WASHINGTON STREET, BOISE, IDAHO.** The purpose of the public hearing is for the Commission to take the formal testimony of customers and interested members of the public. Testimony will be recorded and made part of the Commission's formal record. The Company's customers and interested members of the public are encouraged to participate and give testimony.

YOU ARE FURTHER NOTIFIED that persons wishing to offer testimony telephonically or listen to the proceedings may dial the following toll-free number: **(1-800-920-7487) followed by the Participant Code- (76373262#)**. The telephonic hearing will be held in the following manner:

- All participants will be able to hear the proceeding;
- A participant's phone will be automatically muted except when testifying;

- If you would like to testify, press \* 1 (star one) on your phone key pad. This will sign you up (put you in the queue) to testify;
- When it is your turn to testify, you will hear the prompt “ask your question.” At that time, you will be sworn in, asked to state your full name, spell your last name, and give your full address;
- When you testify please be sure to eliminate any background noise, such as the TV, radio, etc., in order that your testimony can be heard clearly and recorded by the court reporter. At the conclusion of your testimony you may be asked questions;
- If at any time after you sign up to testify, you decide that you do not want to testify, simply push the # (pound) key on your phone and you will be taken (out of the queue) off the list to testify.

YOU ARE FURTHER NOTIFIED that the aforementioned telephonic hearing is **in addition to the previously scheduled on-site public hearings** occurring on December 7-8, 2011, in the Idaho cities of Downey and St. Anthony. Those hearings will continue to be held. The Commission has made the telephonic hearing option available to Rocky Mountain customers who wish to offer testimony regarding Rocky Mountain’s Application but were unable to do so at the December 7 and December 8 public hearings.

YOU ARE FURTHER NOTIFIED that the Stipulation and the Company’s Application, together with supporting workpapers, testimonies and exhibits, in Case No. PAC-E-11-12 have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices, 472 W. Washington Street, Boise, Idaho. The Company’s Application may also be viewed on the Commission’s web site, [www.puc.idaho.gov](http://www.puc.idaho.gov) by clicking on “File Room” and then “Electric Cases” under the corresponding case number, PAC-E-11-12, for this proceeding.

YOU ARE FURTHER NOTIFIED that the Commission is not bound by any settlement reached by the parties. The Commission will independently review any proposed settlement to determine whether the settlement is just, fair and reasonable, and in the public interest, or otherwise in accordance with law or regulatory policy. The Commission may accept the settlement, reject the settlement, or state additional conditions under which the settlement will be accepted. IDAPA 31.01.01.274-.276.

YOU ARE FURTHER NOTIFIED that all hearings in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act (ADA). Persons needing the help of a sign language interpreter or other assistance in order to participate in or to understand testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing. The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION  
PO BOX 83720  
BOISE, IDAHO 83720-0074  
(208) 334-0338 (Telephone)  
(208) 334-3762 (FAX)  
E-mail: [secretary@puc.idaho.gov](mailto:secretary@puc.idaho.gov)

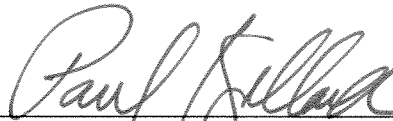
YOU ARE FURTHER NOTIFIED that all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final Order consistent with its authority under Title 61.

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.*

### **ORDER**

IT IS HEREBY ORDERED that public hearings in the instant case shall be convened on the dates and times described above.

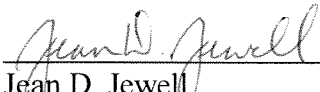
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 9<sup>th</sup>  
day of November 2011.

  
\_\_\_\_\_  
PAUL KJELLANDER, PRESIDENT

  
\_\_\_\_\_  
MACK A. REDFORD, COMMISSIONER

  
\_\_\_\_\_  
MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
\_\_\_\_\_  
Jean D. Jewell  
Commission Secretary

O:PAC-E-11-12\_np4\_Settlement