

## DECISION MEMORANDUM

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER REDFORD  
COMMISSIONER SMITH  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL

**FROM:** NEIL PRICE  
DEPUTY ATTORNEY GENERAL

**DATE:** JUNE 2, 2011

**SUBJECT:** PACIFICORP'S GENERAL RATE CASE APPLICATION, CASE NO.  
PAC-E-11-12

On May 27, 2011, PacifiCorp dba Rocky Mountain Power (“Rocky Mountain” 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%.

### THE APPLICATION

Rocky Mountain provides electricity to approximately 72,400 customers in southeastern Idaho. Rocky Mountain states that its request for an increase in its rates for electric service utilizes a test year of January 1, 2010 through December 31, 2010, with known and measurable adjustments throughout the 2011 calendar year. The table below outlines the proposed average increase for each customer class:

<b>CUSTOMER GROUP</b>	<b>PROPOSED INCREASE</b>
<b>Residential (Schedule 1)</b>	<b>7.2%</b>
<b>Time of Use Residential (Schedule 36)</b>	<b>15.9%</b>
<b>General Service</b>	
(Schedule 23/23A)	<b>11.8%</b>
(Schedule 6/6A)	<b>10.8%</b>
(Schedule 19)	<b>9.7%</b>
<b>Medium and Large General Service</b>	
(Schedule 9)	<b>11.2%</b>
<b>Irrigation (Schedule 10)</b>	<b>19.9%</b>

<b>Large Industrial/Special Contracts (Schedule 400)</b>	<b>18.7%</b>
<b>(Schedule 401)</b>	<b>19.9%</b>
<b>TOTAL AVERAGE INCREASE</b>	<b>15%</b>

In its Application, Rocky Mountain requests that the Commission grant a return on equity of 10.5%. The Company estimates an overall cost of capital of 8.25%. The Company claims that its net power costs have increased by approximately \$287 million above the costs “currently included in customers’ rates.” Additionally, Rocky Mountain cites certain “capital additions” and “incremental operating costs associated with added generation and environmental facilities” as cost-drivers of its proposal for an increase in rates. The Company’s Application also includes additional information regarding its investment in the Populus to Terminal Transmission Line. Rocky Mountain attached the testimony of 14 separate witnesses in support of its Application.

Rocky Mountain has attached a copy of the Notice it has provided to its Idaho retail customers regarding the proposed increase. The Company proposes June 27, 2011 as an effective date for these changes.

**COMMISSION DECISION**

1. Does the Commission wish to issue a Notice of Application, including an Intervention Deadline?
2. Does the Commission wish to suspend the proposed rates contained in Rocky Mountain’s Application for a period of 30 days plus 5 months pursuant to *Idaho Code* § 61-622?

  


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 Neil Price  
 Deputy Attorney General

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