

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

|   |   |                             |
|---|---|-----------------------------|
| <b>IN THE MATTER OF THE APPLICATION</b> | ) |                             |
| <b>OF PACIFICORP DBA ROCKY MOUNTAIN</b> | ) | <b>CASE NO. PAC-E-13-03</b> |
| <b>POWER FOR AUTHORITY TO INCREASE</b>  | ) |                             |
| <b>RATES THROUGH THE ENERGY COST</b>    | ) |                             |
| <b>ADJUSTMENT MECHANISM (ECAM)</b>      | ) | <b>ORDER NO. 32771</b>      |
|   | ) |                             |

---

On February 1, 2013, PacifiCorp dba Rocky Mountain Power (“RMP” or “Company”) submitted its annual Energy Cost Adjustment Mechanism (“ECAM”) filing in accordance with *Idaho Code* §§ 61-502 and 61-503 and Rule of Procedure 52. The Company requests an effective date of April 1, 2013, for the proposed increase in Idaho rates.

On February 20, 2013, the Commission issued a Notice of Application, Modified Procedure and Intervention Deadline. *See* Order No. 32759. On March 8, 2013, Monsanto Company (“Monsanto”) was granted leave to intervene as a party. On March 13, 2013, Commission Staff (“Staff”) and Monsanto submitted written comments regarding RMP’s Application.

**THE APPLICATION**

RMP requested a Commission Order approving the recovery of power costs deferred for the period of December 1, 2011 through November 30, 2012 (“Deferral Period”). *Application* at 1. RMP requested approval to recover approximately \$15.9 million in deferred net power costs. *Id.*

RMP’s Application seeks to revise Schedule 94, Energy Cost Adjustment, to recover approximately \$15.2 million in total deferred net power costs for the collection period beginning April 1, 2013 through March 31, 2014. *Id.* RMP states that this amount represents an increase of approximately \$2.2 million over current Schedule 94 rates, *see* Order No. 32597 (Case No. PAC-E-12-03), and will apply exclusively to Monsanto and Agrium. *Id.* at 1-2. The Company is proposing no increase to the standard tariff customers. *Id.* at 2, 7. RMP estimated Monsanto (\$6.3 million) and Agrium’s (\$0.5 million) share in the Deferral Period. *Id.* at 5. The Company’s filing includes the first amortized payment of those amounts, approximately \$2.1 million for Monsanto and approximately \$0.1 million for Agrium. *Id.*

As background, the Company recounts that on September 29, 2009, the Commission issued Order No. 30904 approving the implementation and submission of an annual ECAM. *Id.* at 3. The costs included in the ECAM are net power costs (“NPC”), as defined in the Company’s general rate cases and modeled by the Company’s GRID model. *Id.* Base and actual NPC are booked into specific FERC accounts. *Id.* at 3-4. The ECAM process allows the Company to credit or collect the difference between the actual NPC incurred to serve its Idaho customers and the NPC collected through rates. *Id.* at 4. RMP defers the difference into an ECAM balancing account. *Id.*

The ECAM includes five additional components: the load growth adjustment rate (“LGAR”) or load change adjustment rate (“LCAR”), a credit for SO2 allowance sales, an adjustment for the treatment of coal stripping costs, a renewable resource adder for the renewable resources that are not yet in rate base and a true-up of renewable energy credit (“REC”) revenues, as authorized by the Commission in Order No. 32196. *Id.* at 4-5. The ECAM includes a 90 percent (customers)/10 percent (Company) “sharing band” wherein customers pay/receive the increase/decrease in actual NPC compared to base NPC and RMP incurs/retains the remaining 10 percent. *Id.* at 4.

Credits for SO2 allowance sales revenues received by the Company were also included as an offset to the NPC deferral. *Id.* Additionally, Idaho’s allocated differences between including coal stripping costs incurred by the Company and recorded on the Company’s books pursuant to accounting pronouncement EITF 04-6, and the amortization of the coal stripping costs when the coal was excavated was added to the NPC differential for deferral. *Id.*

In addition to the foregoing ECAM calculation components discussed above, the deferral balance reflects the difference between actual REC revenues during the Deferral Period and the amount of REC revenues included in base rates. *Id.* at 7. The 90/10 sharing band does not apply to the REC revenue true-up included in the ECAM. *Id.*

The deferred ECAM balance of \$25.5 million as of November 30, 2012, is derived from the following calculation: 90% x (deferred NPC + LCAR + SO2 revenues + coal stripping costs adjustment) + interest charges + REC revenues. *Id.* The sum of the three groups’ tariff

customers, Monsanto and Agrium, ending balances result in an ECAM deferral balance of \$25.5 million. *Id.*<sup>1</sup>

RMP stated that it notified customers of this filing by “issuing a press release sent to local media organizations and messages in customer bills over the course of a billing cycle.” *Id.* at 8. Copies of RMP’s Application are available for review at the Company’s local offices in its Idaho service territory. *Id.*

RMP attached a copy of the direct testimony, including exhibits, of Brian S. Dickman, Manager of Net Power Costs, and Joelle R. Steward, Director of Pricing, Cost of Service, and Regulatory Operations in the Regulation Department, in support of its Application. Mr. Dickman’s testimony and exhibit, describes the actual NPC incurred by the Company to serve retail load for the historical 12-month period and explains the main increases between actual NPC and Base NPC. *Id.* at 4-5. Ms. Steward’s testimony supports the new ECAM tariff surcharge rates. *Id.* at 5.

#### **STAFF COMMENTS**

Staff audited the Company’s ECAM filing and proposed two changes. First, Staff noted that some ECAM revenue had been double counted. According to Staff, a portion of Monsanto’s ECAM revenue was incorrectly credited as standard tariff customer ECAM revenue. The correction of this error affects only the tariff customer balancing account. The double counted revenue was \$1,252,995 before interest. *See* Staff Attachment D. Removing the double count of Monsanto ECAM revenues affects only the standard tariff customer group.

Staff went on to cite language in Order No. 32432, PAC-E-11-12, requiring that the Company track differences between actual and authorized customer load control costs in the ECAM. Staff remarked that the Company erred by not including \$1,045,423 as Idaho’s base share of the customer load control service credit to be tracked in the ECAM for 2012 and 2013. *See* Order No. 32432 at 5. Staff calculated the effect of including the customer load control deferral amounts in the ECAM beginning in January 2012 (prorated) in Attachment B of its comments. The attachment shows a reduction in Customer Load Control costs of \$9,757 before sharing and interest considerations. *See* Staff Attachments C, D.

---

<sup>1</sup> As stated above, the Company will amortize and collect Monsanto’s and Agrium’s share of the deferral balance, as approved by the Commission in this case, over three years pursuant to the 2011 general rate case Stipulation. As part of the deferral balance the Company is also collecting the second year of the amortized payment from Monsanto and Agrium that resulted from the 2012 ECAM case.

Staff's proposed changes to the ECAM deferral balance and balancing account do not alter the proposed surcharge rates recommended by the Company. Staff noted that the effect of including customer load control differences in the ECAM is small and would reduce rates for all three customer groups a negligible amount. The correction of the revenue double count is substantial but only impacts the standard tariff customer group.

Before Staff's changes, the standard tariff customer balancing account on April 1, 2014, was expected to show a customer credit of \$554,734. *See* Staff Attachment A, 1.36. After including Staff's proposed changes, the same account shows a surcharge amount of \$696,139. *Id.* Any amounts not included in rates in this case will be carried forward in the balancing account for future recovery.

Staff reviewed the Customer Notice and Press Release included in RMP's Application and believes that they are in compliance with Procedural Rule 125, IDAPA 31.01.01.125. Staff stated that RMP mailed Customer Notices with cyclical billings beginning March 4, 2013, and ending April 1, 2013. Thus, more than one-half of those customers receiving notices in their billings would be unable to send in comments before the March 13, 2013 deadline. According to Staff, the Company faulted an external printer for the delay in printing the inserts.

Ultimately, Staff recommended approval of the following deferral balances for the period December 1, 2011, through November 30, 2012, for recovery from ratepayers: Tariff Customers – \$9,052,139; Monsanto – \$6,345,072; and Agrium – \$463,254. The total amount recommended for recovery from Idaho customers is \$15,860,465. *See* Staff Attachment D, 1.11. Approval of the Schedule 94 ECAM, effective April 1, 2013, rates constitutes a 2.6% increase to Monsanto, a 2.4% increase to Agrium and no increase to standard tariff customers. Staff recommended the Commission re-emphasize the Company's obligation to send customer notices in a timely manner so that customers will have an opportunity to comment.

#### **MONSANTO COMMENTS**

Monsanto agreed with the RMP's calculations and proposed no adjustment to the Company's proposed ECAM deferral account balances or ECAM rates. In its comments, Monsanto expressed three general concerns regarding the Company's Application.

First, Monsanto asserted that the treatment of interrupted energy in the ECAM should be preserved for debate and resolution in the Company's next general rate proceeding. Second,

Monsanto believes that the Company should continue to transmit copies of its quarterly ECAM reports and other relevant information relating to the ECAM filing to all interested parties, including Monsanto, subject to confidentiality.

Third, Monsanto argued that the “monthly adjustment factors for moving wholesale energy sales” warrant additional review in the Company’s next general rate case. Monsanto’s concerns pertain to what it views to be a wide divergence in the monthly adjustment factors, from a high of 23% down to a low of negative 13.6%. Monsanto stated that the Company maintains the adjustment factors are primarily attributable to moving wholesale energy and also attributable to the different methods used to develop jurisdictional loads and cost of service loads. Monsanto recommended that the huge swings in these factors warrant special review in the next general rate case as to the nature and source of such discrepancies and whether it makes sense to adjust Monsanto’s actual loads by these factors for the NPC deferral balance.

#### **CONCLUSIONS OF LAW**

The Idaho Public Utilities Commission has jurisdiction over PacifiCorp dba Rocky Mountain Power, an electric utility, and the issues presented in Case No. PAC-E-13-03 pursuant to Idaho Code, Title 61, and the Commission’s Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

#### **COMMISSION FINDINGS AND DECISION**

The Commission has thoroughly reviewed RMP’s Application, including attached testimony and exhibits, in Case No. PAC-E-13-03 and written comments filed by Monsanto and Staff. The Commission finds that the Company’s Application is fair, just and reasonable. The Application complies with the Commission’s prior Orders and directives concerning the recovery of deferred net power costs incurred by the Company during the Deferral Period. The Commission approves a total amount of \$15,860,465, Tariff Customers – \$9,052,139; Monsanto – \$6,345,072; and Agrium – \$463,254, for recovery through Schedule 94 rates from Idaho customers during the Deferral Period.

The aforementioned amount approved for recovery incorporates the differential between actual and authorized customer load control costs that should have been included in the ECAM and removes the portion of Monsanto ECAM revenue incorrectly credited to the standard tariff customer balancing account. The Company has not offered any objections to these relatively minor revisions to its Application.

The Commission finds that approval of the Schedule 94 ECAM rates, effective April 1, 2013, will not result in an increase in the ECAM surcharge rate for standard tariff customers. The approved rates constitute a 2.6% increase for Monsanto and an increase of 2.4% for Agrium. Monsanto and Agrium did not file an objection to this increase.

The Commission also acknowledges Monsanto and Staff's complaints regarding RMP's continuing failure to send timely notice to customers regarding the Company's yearly ECAM filing. The Commission reiterates the importance of allowing an adequate time period for customers to review and file comments regarding the Company's Application. We expect that this will not be an issue in subsequent ECAM filings.

Finally, Monsanto's concerns regarding treatment of interrupted energy in the ECAM and the development of "monthly adjustment factors" for wholesale energy sales warrant further review. The Commission will entertain relevant arguments put forth by interested parties in the context of the Company's ongoing general rate case, PAC-E-13-04.

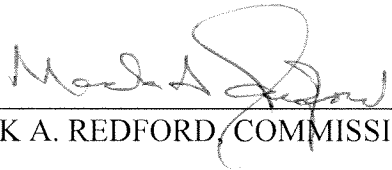
### **ORDER**

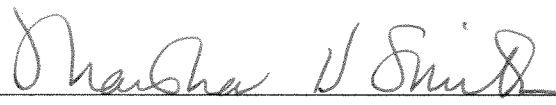
IT IS HEREBY ORDERED that the Commission hereby approves, effective April 1, 2013, RMP's Energy Cost Adjustment Mechanism (ECAM) Application subject to the adjustments described above. The Company is directed to file a Schedule 94 tariff in compliance with the Commission's decision.

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 27<sup>th</sup>  
day of March 2013.

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

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

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

ATTEST:

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

O:PAC-E-13-03\_np2