

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	
OF PACIFICORP DBA ROCKY MOUNTAIN)	CASE NO. PAC-E-13-04
POWER TO INITIATE DISCUSSIONS WITH)	
INTERESTED PARTIES ON ALTERNATIVE)	NOTICE OF
RATE PLAN PROPOSALS)	PROPOSED SETTLEMENT
)	
)	NOTICE OF SCHEDULE
)	
)	NOTICE OF PUBLIC HEARINGS
)	
)	ORDER NO. 32831

On March 1, 2013, PacifiCorp dba Rocky Mountain Power (“Rocky Mountain”) filed an Application requesting that the Commission open a case “to identify interested parties that would like to participate [in] settlement discussions” regarding alternatives to the Company filing a general rate case. Application at 1.

Accompanying the Application was Rocky Mountain’s “Notice of Intent” to file a general rate case. Rule 122 requires certain utilities to file a notice of intent at least 60 days before filing a general rate case. IDAPA 31.01.01.122.01. The Company acknowledges in its Notice that it cannot file a general rate case before May 31, 2013, and that rates resulting from such rate case will not become effective until January 1, 2014. Notice at 1; Order No. 32432 at 6.

On March 12, 2013, the Commission issued a Notice of Application and Intervention Deadline directing Staff counsel to convene an informal prehearing conference so that the parties may discuss a schedule for settlement conference and other preliminary matters. Order No. 32761 at 3. Subsequently, the Commission issued Orders granting intervention to Monsanto Company (“Monsanto”); Idaho Irrigation Pumpers Association, Inc. (“IIPA”); Idaho Conservation League (“ICL”); Snake River Alliance (“SRA”); PacifiCorp Idaho Industrial Customers (“PIIC”); and Community Action Partnership Association of Idaho (“CAPAI”). *See* Order Nos. 32761, 32779.

On April 19, 2013 and May 2, 2013, representatives of Rocky Mountain, Staff, Monsanto, IIPA, ICL, SRA, PIIC, and CAPAI met at the Commission offices and participated in

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informal settlement discussions. On June 3, 2013, the Company filed a Stipulated Settlement Agreement (“Stipulation”) signed by all of the parties, except CAPAI, that proposes, in lieu of a general rate case filing by the Company, to implement a two-year rate plan beginning on January 1, 2014.

NOTICE OF PROPOSED SETTLEMENT

YOU ARE FURTHER NOTIFIED that the following is a summary of the relevant terms of the parties’ Stipulation:

Base Rates

1. The parties agree that the Stipulation is filed in lieu of a general rate case. Rocky Mountain agrees that it will not file another general rate case before May 31, 2015, with new rates not effective prior to January 1, 2016.
2. The parties agree that the base revenue requirement for all customer schedules will increase by a uniform percentage of 0.77% in the energy rate of each schedule. New rates will be effective on January 1, 2014.
3. These rates allow recovery of the 27% of the Populus to Terminal transmission line investment that was deemed plant held for future use in Order No. 32196. Commission Order No. 32432 determined that this investment is now used and useful and shall be included in rates on or after January 1, 2014. The base rate increase is designed to collect approximately \$2.0 million annually from Idaho customers.

ECAM

4. The parties agree to the inclusion of and paying for a resource adder for the Lake Side II generation facility that will be recovered through the ECAM at 100%, for the period that the investment in the facility is not reflected in rates as a component of rate base, beginning January 1, 2015, subject to the Lake Side II generation facility having achieved commercial operation as of that date. The ECAM deferral will be determined by multiplying the actual megawatt-hours of generation from the Lake Side II generation facility by \$1.99 per megawatt-hour Idaho Resource Adder.

The recovery of the Lake Side II resource adder will be capped after the first 2,729,500 megawatt-hours of generation, or recovery of approximately \$5.43 million from Idaho customers through the ECAM. Pursuant to Commission Order No. 32771, the parties have agreed to modify the ECAM calculation by removing the wholesale

sales line loss adjustment from Monsanto and Agrium's actual load used to calculate all deferral balances except for the Load Change Adjustment Revenue (LCAR) portion of the ECAM deferral. This change will be effective for the ECAM deferral period starting June 1, 2013 and ending on November 30, 2013.

Effective December 1, 2013, the ECAM deferral will be calculated on a total Idaho basis; Monsanto and Agrium's share will not be calculated and deferred separately. The rates will be designed based on energy sales data. Specifically, as in past ECAMs, the proposed rates will be calculated by effectively dividing the total target amount for Idaho customers by the energy sales data at their appropriate delivery voltage levels.

DEPRECIATION STUDY AND CARBON PLANT

5. The parties request Commission approval of the proposed accounting treatment for the Company to establish a regulatory asset that would allow the Company to defer, on a monthly basis, any aggregate net increase or decrease in Idaho allocated depreciation expense for the period beginning on the latter of January 1, 2014, or the effective date in the Commission Order approving new depreciation rates, until the date that new depreciation rates are reflected in customer rates.
6. The parties agree that the Company will be allowed to recover or be required to refund the deferred depreciation expense beginning on the effective date of the next general rate case. The balance shall be amortized over a period not to exceed 10 years from the effective date of the next rate case. The parties agree that depreciation of the Carbon Plant should not be included in this deferral.
7. Commission Order No. 32701 authorized the Company to create a regulatory asset to transfer the remaining Carbon Plant balances upon retirement from electric plant in service and accumulated depreciation to be amortized from the date of transfer to the regulatory assets through December 31, 2020. The regulatory asset as of the date of transfer will include the undepreciated book balance assuming that existing depreciation rates were used prior to the plant retirement date. The difference between the depreciation rate effective in 2014 and the current depreciation rate based on the prior decommissioning date of 2020 will be included in the Remaining Carbon Balances regulatory asset until Carbon depreciation rates are updated in the next general rate case.

8. The parties agree to the creation of a regulatory asset for future recovery from Idaho ratepayers of Idaho's allocated share of the prudently incurred Carbon Removal Costs. The projected removal costs were identified in the calculation of the new depreciation expense as part of Case No. PAC-E-13-02, which is subject to Commission review and approval.
9. The parties agree that the Company shall be allowed to recover from customers Idaho's share of the prudently incurred Carbon Removal Costs over a reasonable period determined by the Commission in a future proceeding. The amortization of the Carbon Removal Costs will begin when the amortization expense is included in rates in the next general rate case.

MONSANTO CONTRACT

10. The parties agree that a new Electric Service Agreement ("ESA") between the Company and Monsanto will replace the Agreement set to expire on December 31, 2013, and shall begin on January 1, 2014, with an initial term through December 31, 2015; the ESA shall include a new section allowing for an Interruptible Credit Annual True-up; the ESA shall include the increase associated with the Populus to Terminal Transmission line described above; Monsanto and the Company agree to prepare and execute an ESA that reflects these changes to the contract and provide it to the Commission for approval; Monsanto and the Company will continue to work collaboratively and in good faith to address the terms and conditions and to optimize the value of Monsanto's curtailment products to Monsanto and the Company, including a discussion of cost of service methodologies as applied to the Monsanto load and how said methodologies could be utilized in the next general rate case. Monsanto and the Company will report to the Staff and Commission as appropriate on the progress made.

RATE DESIGN

11. If CAPAI is a signatory to the Stipulation, the parties agree to the following: the parties agree to conduct a rate design collaborative process to evaluate potential changes to rate design for the Company's residential service, Schedule 1, and general service, Schedule 6 and 23. The parties further agree to meet within one month after the Stipulation is filed to begin the collaborative discussions. If CAPAI is not a signatory to the Stipulation, the parties agree that this Paragraph is of no effect and does not apply.¹

¹ As of the release date of this Order, CAPAI is not a signatory to the Stipulation.

YOU ARE FURTHER NOTIFIED that the Stipulation and the Company's Application, in Case No. PAC-E-13-04 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 Application and Stipulation are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Open Electric Cases," and then click on Case No. PAC-E-13-04.

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.

NOTICE OF SCHEDULE

YOU ARE FURTHER NOTIFIED that pursuant to agreement between the parties the following scheduling has been adopted for the filing of testimony in this case:

August 16, 2013	Deadline for filing direct testimony in support of/opposition to the Proposed Settlement
August 30, 2013	Deadline for filing rebuttal testimony

The prepared testimony and exhibits must conform to the requirements of Rules 231, 266 and 267 of the Commission's Rules of Procedure. Reference IDAPA 31.01.01.231 and .266-267. The above deadlines are for testimony and exhibit filing with the Commission. E-copy service on parties of record should be made on the same date to the extent practicable with full service of testimony and exhibits provided to parties of record no later than the following business day.

The parties are apprised that discovery is available pursuant to Commission Rules of Procedure, IDAPA 31.01.01.221-234. The parties should coordinate discovery requests and responses so that they are able to comply with the established prefile deadlines. No party submitting testimony pursuant to prefile deadline shall be required to respond to discovery within a five working day window preceding the prefile deadline.

NOTICE OF PUBLIC HEARINGS

YOU ARE FURTHER NOTIFIED that the Commission will hold a public hearing for Rocky Mountain customers on **TUESDAY, AUGUST 27, 2013, AT 7:00 P.M., RIGBY CITY HALL, 158 W. FREMONT, RIGBY, 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 the Commission will hold a telephonic public hearing for Rocky Mountain customers on **WEDNESDAY, AUGUST 28, 2013, AT 7:00 P.M., IDAHO PUBLIC UTILITIES COMMISSION HEARING ROOM, 472 W. WASHINGTON, BOISE, IDAHO**. The purpose of the telephonic 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 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

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.

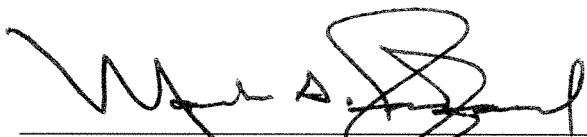
YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

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 19th
day of June 2013.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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