

**IN THE MATTER OF THE APPLICATION)
OF ROCKY MOUNTAIN POWER FOR) CASE NO. PAC-E-14-01
AUTHORITY TO IMPLEMENT A NET)
DECREASE IN RATES THROUGH ITS)
ENERGY COST ADJUSTMENT) ORDER NO. 33008
MECHANISM (ECAM))
)**

The \$13.2 million recovery includes an amortization of Monsanto and Agrium's shares of the 2011-2013 deferrals, as set forth as part of the general rate case stipulation ("Stipulation") in Case No. PAC-E-11-12 and approved by Commission Order No. 32432. *Id.* The Company states that its Application incorporates further changes to the ECAM calculation in accordance with Commission Order No. 32910 in Case No. PAC-E-13-04. *Id.* at 4.

The combined amortization of the amounts from the three ECAM deferral periods result in tariff surcharge rates in this case for Monsanto (\$6.0 million) and Agrium's (\$.5 million) share in the Deferral Period. *Id.* at 5. RMP included a detailed ECAM calculation as Confidential Exhibit No. 1. *Id.* at 6.

As background, the Company noted that on September 29, 2009 the Commission issued Order No. 30904 approving the implementation 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 four 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, 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% (customers)/10% (Company) "sharing band" wherein customers pay/receive the increase/decrease in actual NPC compared to base NPC and RMP incurs/retains the remaining 10%. *Id.* at 4.

The Company notes that the Base NPC originated from the 2011 Stipulation approved by the Commission. *Id.* at 6. The Base NPC was set at \$1.205 billion for the 2012 calendar year and \$1.385 billion for the 2013 calendar year. *Id.* The combined Base NPC for the Deferral Period is \$1.369 billion. *Id.* For the Deferral Period, the NPC differential for deferral was approximately \$9.8 million before the 90/10 sharing band. *Id.* The LCAR reduced the deferral balance by approximately \$1.1 million before sharing due to higher usage during the Deferral Period. *Id.*

Credits for SO₂ allowance sales revenues received by the Company were also included as an offset to the NPC deferral (\$3,000 before sharing). *Id.* at 7. Additionally, Idaho's share of incremental load control costs, pursuant to Commission Order No. 32432, is tracked in the ECAM and resulted in an adjustment reducing the deferral by \$0.2 million before sharing. *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 difference 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 (\$41,000 before sharing). *Id.*

The deferred ECAM balance of \$24.3 million as of November 30, 2013 is derived from the following calculation: 90% X (deferred NPC + LCAR + SO₂ revenues + coal stripping costs adjustment) + interest charges + REC revenues. *Id.* at 8. The Company's Confidential Exhibit 1 illustrates the detailed calculations for tariff customers, with an ending balance of \$9.9 million; Monsanto, with an ending balance of \$13.4 million; and Agrium, with an ending balance of \$1.0 million.

RMP 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.* Copies of RMP's Application are available for review at the Company's local offices in its Idaho service territory. *Id.* at 8-9.

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.

MONSANTO COMMENTS

Monsanto states that it has discovered several errors made by the Company with respect to Monsanto's monthly energy usage and ECAM rider revenues paid over the period December 2012 through November 2013.

Monsanto Actual Energy Usage

Monsanto claims that RMP Exhibit 1 is erroneous in that it shows Monsanto's sales at customer meter in December 2012 of 100,500 MWh. Monsanto states that the 100,500 MWh sales figure is from November 2012, not December 2012. In December 2012, Monsanto's actual energy usage was 128,900 MWh based on Monsanto's invoice from Rocky Mountain Power dated January 3, 2013. In fact, the energy sales for Monsanto included in Exhibit 1 sheet "ID Actual Loads", row 21 titled "Monsanto sales @ customer meter (includes replacement)" are consistently off by a month over the entire period. Monsanto's Attachment A contains a comparison of the loads included in Exhibit 1 and Monsanto's correct loads.

Monsanto Replacement Energy

According to Monsanto, replacement energy is not subject to the net power cost differential and must be subtracted from Monsanto's metered energy. The Company's 9,447 MWh shown in July is in error and should be 9,649 MWh. See July 2012 Corrected Version invoice of Monsanto included in Attachment Monsanto 1.9 to RMP's response to Monsanto Data Request No. 1.9. Attachment A shows the corrected replacement energy amounts.

Monsanto ECAM Rider Revenues

Monsanto also claims that the ECAM revenues paid by Monsanto are off by a month. For December 2012, Monsanto paid ECAM revenues of \$218,071. However, the Company erroneously included \$174,468 of revenues for December 2012 in Exhibit 1. The ECAM revenues are again off by a month. Furthermore, corrections were made to several of Monsanto's bills in 2013, and those corrected amounts must also be incorporated into the ECAM analysis. In summary, the Company included \$3,735,441 of ECAM revenues paid by Monsanto, when the actual amount paid is \$3,860,239. Attachment A of Monsanto's comments display the correct ECAM revenues paid by Monsanto.

The total impact of correcting the sales and ECAM revenues lowers Monsanto's ending balance from the \$13,401,935 proposed by the Company, down to \$13,263,054.

REC Revenues

Monsanto offered a general comment regarding the Company's Application the lack of any detailed information supporting the renewable energy credit ("REC") revenue received by the Company throughout the ECAM period. The Company acknowledges that it received approximately \$15 million in REC revenues during the period, but does not provide any

supporting data that parties may use to verify this claim. It is especially important that the decline in the Company's REC revenues be fully disclosed and substantiated since the 2013 amount is less than 20% of the Company total REC revenues built into base rates, and there is currently no financial incentive for the Company to sell these RECs given any shortfall is made up 100% by Idaho ratepayers.

Monsanto believes that the Company should be compelled to provide sufficient information to prove that it is working diligently to maximize the value of these excess RECs. If RECs that Idaho ratepayers helped purchase do not get sold to third parties, they provide no value.

Monsanto remarked that Idaho ratepayers make the Company 100% whole on changes in REC revenue sales through the ECAM, the ratepayers are shouldering both the resource investment plus taking on all the downside risk of plummeting REC revenues. At the least, the Commission should require that the Company fully disclose and justify the dramatic decline in REC revenues in future filings and how it plans to mitigate the adverse effects on Idaho ratepayers.

Ongoing Requests for Quarterly Reports

Monsanto appreciates that the Company has provided ECAM reports on a quarterly basis that affords Monsanto the opportunity to review and analyze data and methodologies and attempt to identify and resolve problems in advance. Monsanto respectfully requests that the Company continue to transmit copies of its quarterly ECAM reports, and other relevant information relating to the ECAM filing to Monsanto and other interested parties.

STAFF COMMENTS

Staff recommended a total deferral amount of \$12,224,954 for the deferral period be approved for recovery from ratepayers: tariff customers \$6,760,146, Monsanto \$5,053,850, Agrium \$410,957. These new Schedule 94 rates proposed by Staff constitute a 2.6% reduction for tariff customers, a 1.6% increase for Monsanto, and a 2.0% increase for Agrium from current Schedule 94 rates.

Staff also recommended that:

1. The Company should utilize Staff's base rate over-collection adjustment methodology to perform a check on deferral amounts in all future ECAM applications so that adjustments can be made as necessary;

2. The Company should maintain separate balancing accounts for Monsanto and Agrium amortized deferrals until the amounts have been fully collected;
3. Schedule 94 ECAM rates, as illustrated in Attachment D of Staff's Comments, should be approved by the Commission effective April 1, 2014.

Staff's review of the Company's Application focused on three different areas: the validity of the proposed cost deferral relative to the Company's operating conditions and environment; the method and basis used to calculate cost deferrals, account balances, and rates to ensure they were correctly and accurately calculated, aligned to the primary intent of the ECAM and consistent with previous Commission Orders; and an audit of contracts, invoices, and documentation of other components of actual cost to ensure completeness and accuracy of the information included in the Company's filing.

Analysis of Deferral

The two largest components of the Company's proposed deferral are the change in the NPC (\$9.8 million) and REC revenue (\$5.2 million) base-to-actual differentials. Staff believes the Company's NPC is reasonable and agrees with the Company that the largest factor contributing to the NPC deferral is a 41% reduction in actual wholesale sales revenue, 33% by volume, compared to what was assumed in base rates. Staff believes this is reasonable given that market prices were 12% lower. Another contributing factor was a nine percent increase in actual purchased power expense. Staff calculated an average unit price that was over \$53/MWh which was 62% higher than that assumed in the base, likely due to a larger proportion of peak-period real-time purchases than what was assumed in base rates. Higher prices explain why the Company reduced the amount of energy purchased by 33%.

Total coal fuel expense increased by 11%. This is partially explained by a slightly higher amount of coal-fired generation, but also due to a 6% higher coal cost than used in the base. Reduced natural gas expense moderated increases in other NPC categories by decreasing 18% from the base. This is mainly due to a 37% decrease in the price of natural gas since base rates were developed, which drove a 32% increase in the amount of natural gas generation.

Regarding the \$5.2 million true-up of REC revenue, there was \$6.5 million of revenue assumed in base rates and only \$ 1.3 million in actual revenue. This is likely a direct

result of significantly lower REC prices since the 2011 rate case. Staff believes this is reasonable.

Staff identified two adjustments to the Company's proposed ECAM deferral balance: (1) an improper application of the Wholesale Loss Adjustment (WLA); and (2) over-collection of revenue through base rates. The sum total of Staff's adjustments is a decrease in the deferral of \$584,827 (\$474,544 for tariff customers, \$102,230 for Monsanto, and \$8,054 for Agrium).

Wholesale Loss Adjustment: Staff discovered an error in the application of the WLA per Commission Order Nos. 32597, 32771, and 32910. The wrong WLAs were applied to January through May 2013 actual loads resulting in an incorrect allocation of deferral amounts between Agrium, Monsanto, and tariff customers. Staff's adjustment results in a \$135,328 reduction for tariff customers, a \$124,820 increase for Monsanto, and a \$9,901 increase for Agrium.

Base Rate Over-Collection Adjustment: Staff identified an issue in the Company's method of calculating the NPC deferral amount. Staff discovered inaccuracies due to a difference between line losses that actually occur during the deferral period and line losses used to calculate base rates. This error affects ECAM deferral the following components: NPC, LCA, DSM1 Load Control Program cost, and REC revenue.

In this year's ECAM, Staff calculated a 1.3% difference in the line loss between base and actual loads. Staff, in collaboration with the Company, proposed a method to check the accuracy of its deferral amounts. It is based on the ECAM's primary purpose: a mechanism to adjust for the over or under-recovery of ECAM-related actual cost through base rates. The method can be expressed by the following generic equation: [Actual Cost (e.g., NPC) = Revenue Recovery of Actual Cost through Base Rates + ECAM Cost Adjustment].

Staff believes using this equation to calculate the deferral is more precise as it eliminates inaccuracies caused by base and actual line loss differences by using sales at customer meter to calculate revenue generated through base rates.

While developing the method used to calculate the adjustment, Staff has been careful to be consistent with past Orders and to maintain the limited "scope" of the ECAM by only including those costs (and revenues) currently authorized for recovery minus sharing.

Staff recommended the total adjustment amount be allocated between Agrium, Monsanto and tariff customers based on proportion of actual energy sold. This allocation

method is in accordance with the current ECAM allocation method and other power cost adjustment mechanisms used by other utilities in Idaho.

NPC Deferral Adjustment – To calculate an adjustment to the Company’s proposed NPC deferral, Staff subtracted the recovery of NPC through Idaho base rates from actual jurisdictional NPC and then netted it against the Company’s proposed NPC deferral. Thus, Staff proposes to reduce the NPC deferral amount by \$644,459 after sharing.

LCA Deferral Adjustment – The load change adjustment rate (LCAR) was used to calculate the Company’s proposed LCA in the Company’s Application. By multiplying the LCAR by the difference of base and actual Idaho load measured at the point of generation, it is assumed that the amount of over or under-recovery of LCA related expense through base rates can be determined. However, due to differences in base and actual line losses and because the calculation uses loads measured at generation, the same inaccuracy identified for the NPC deferral occurs for the recovery of LCA-related costs.

Staff calculated an adjustment to the Company proposed LCA by directly calculating the amount of LCA expense recovered through base rates and netting it against (1) actual jurisdictional LCA-related cost, and (2) the LCA proposed by RMP. Staff eliminated the line loss error by calculating the amount of LCA expense recovered through base rates using the Commission approved LCAR based on Idaho jurisdictional cost and jurisdictional sales used to determine base rates. Multiplying the reformulated LCAR by Idaho actual sales determines the amount of LCA-related revenue RMP earned through base rates. When netted against actual cost and the Company’s proposed LCA deferral, it provides the basis for Staff’s adjustment: a reduction of \$269,177 after sharing.

Staff believes Idaho actual sales used to calculate the LCA adjustment must be adjusted for curtailment consistent with current ECAM methodology to comply with previous Commission orders. (*See* Reconsideration Order No. 32597 at 7, finding “that the proposed adjustment to Rocky Mountain’s ECAM Application presented by Staff and agreed to by Monsanto and Rocky Mountain, are fair, just and reasonable.”)

DSM Load Control Program Cost Adjustment – Staff believes the Company’s calculation is inaccurate because it does not account for the larger amount of sales that actually occurred during the deferral period over what was used in establishing base rates leading to an over-recovery through base rate revenue. Staff applied the same methodology it used to

calculate the NPC deferral adjustment resulting in a reduction in the DSM1 Load Control Program cost deferral of \$55,488 after sharing.

Renewable Energy Credit Revenue Deferral – The Company’s method calculates REC revenue deferral in the same way the DSM1 Load Control Program deferral is calculated which Staff maintains is inaccurate. Using Staff’s methodology, the recommended adjustment results in an increase to the Company’s proposed deferral because in this case, the larger amount of actual sales over the amount of sales used to determine base rates over-credits customers by \$384,904 after taking into account the Company’s proposed deferral. REC revenue is not subject to sharing through the ECAM.

Analysis of Balancing Accounts

Staff reviewed Agrium, Monsanto and tariff customer’s balancing accounts and believes they are accurately tracking ECAM revenues, monthly deferral amounts, and a Commission approved interest rate of one percent. If the Commission approves Staff’s deferral adjustments, these amounts should be subtracted from the ending balances of the Company’s respective balancing accounts as follows: \$8,504 for Agrium; \$102,230 for Monsanto, and \$474,544 from tariff customers.

In a settlement approved by Commission Order No. 32910, Agrium and Monsanto deferrals will be combined with remaining customer classes starting December 1, 2013, and allocated through line loss differentiated rates on a per kWh basis in next year’s ECAM. However, Monsanto and Agrium will have amortized balances that remain to be collected from the 2012 through 2014 ECAM deferrals (plus interest). Staff recommends that the separate balancing accounts be maintained until remaining amortized amounts from these deferrals are fully collected based on the amortization schedules set forth in Commission Order No. 32432.

Analysis of Proposed Rates

Staff thoroughly reviewed the Company’s methodology to establish rates for implementation starting April 1, 2014 and ending March 31, 2015. Staff believes the Company’s methodology and calculations properly comply with Commission Order No. 32432 for amortizing Agrium and Monsanto ECAM balances.

If the Commission approves Staff’s proposed deferral adjustments, Staff believes the new ending balances justify reductions in the Company’s proposed ECAM rates. In the ECAM rate for tariff customers, Staff’s adjustment would result in a 2.6% decrease instead of the 2.3%

decrease proposed by the Company; a 1.6% increase instead of the 1.7% increase for Monsanto; and a 2.0% increase instead of the 2.1% increase for Agrium.

The Customer Notice and Press Release were included in Rocky Mountain Power's Application. Both were compliant with Procedural Rule 125, IDAPA 31.01.01.125. According to RMP, Customer Notices were mailed with cyclical billings beginning February 7, 2014 and ending March 7, 2014. The Commission did not receive any comments from customers regarding the Company's Application.

RMP REPLY COMMENTS

On March 27, 2014, RMP filed reply comments to Monsanto and Staff comments. The Company states that it is not opposed to what it refers to as Staff's "back-cast" approach. However, the Company believes that (1) the Idaho actual energy should be net of incremental write-offs, and (2) all ECAM deferred balances included in bad debt write-offs should be transferred back into the balancing account for future recovery rather than expensed.

The Company's reply modifies its initial ECAM Application and now requests Commission approval of a revised ECAM deferral balance of \$12,399,041, a \$410,740 reduction, effective April 1, 2014. The Company states that it is not opposed to implementing Staff's proposed rate design for Electric Service Schedule No. 94. The Company provided revised tariff sheets consistent with Staff's proposed rates for Commission approval.

Reply to Monsanto Comments

RMP conceded that it made certain reporting errors in its Application referred to by Monsanto in their written comments. Correcting these errors reduces Monsanto's ECAM deferral balance by \$11,320 and reduced Agrium's actual energy used as well as its deferral balance by \$1,878. These corrections (1) shift the usage to the remaining customers, increasing their load by the exact amount and (2) increase their deferral balance by \$13,198, with no net impact to the total ECAM deferral balance.

The Company also concedes that the July 2013 replacement energy should be 9,649 MWh from the revised bill not 9,447 MWh. In addition to removing the 202 megawatt-hours of incremental replacement energy, the Company also adjusted NPC to remove the \$10,191 of incremental NPC associated with Monsanto's buy-through for replacement energy. This correction reduces (1) Monsanto's share of the ECAM deferral balance by \$258, (2) Agrium's

share by \$10 and (3) the remaining tariff customers' share by \$499, for a total reduction of \$766 to the total ECAM deferral balance.

RMP rejects Monsanto's argument that the ECAM revenues paid by Monsanto are off by one month. The Company states that it reduced Monsanto's ECAM balance by \$218,071 in January 2013, the month the revenues were received, not the month they were billed.

Contrary to Monsanto's argument that RMP has failed to provide information regarding its REC sales activity, the Company remarked that its witness, Mr. Brian Dickman, filed workpapers as part of his direct testimony containing the total Company and Idaho actual monthly REC sales in an excel file titled, "Exhibit 1 - ID ECAM (Dec 12-Nov13) CONFIDENTIAL Workpaper.xlsx, in the tab titled "ID Actual REC." Additionally, the Company noted that Monsanto had and took the opportunity to request additional information on REC sales in the form of data requests from the Company.

Finally, RMP believes that the ECAM is not the appropriate proceeding to address Monsanto's arguments pertaining to the threshold value of the Company's RECs.

Reply to Staff Comments

RMP states that it has worked cooperatively with Staff to develop its "back-cast" approach and does not oppose Staff's use of the approach conceptually. However, the Company states that acceptance of the back-cast approach is based on the assumption that the ECAM guarantees recovery of all NPC-related expenses. RMP believes that Staff's proposed adjustments do not capture all of the NPC incurred to serve customers. RMP asserts that the "back-cast" should take into account bad debt write-offs of NPC. The Commission should allow all ECAM deferred balances written-off as part of bad debt expense to be added back into the balancing account for recovery from remaining customers.

RMP argues that Staff's back-cast adjustments overstate the Company's actual collection of NPC by 4,501 incremental megawatt-hours, thereby reducing the back-cast adjustment by \$121,595. RMP explains that (incremental bad debt) = (the actual bad debt expense from the Deferral Period) - (the bad debt expense included in base rates). The base loads and bad debt expense for the Deferral Period were established by stipulation in PAC-E-11-12. That case included \$471,222 of Idaho bad debt expense, which is equivalent to approximately 5,868 megawatt-hours of energy. During the Deferral Period, the Company wrote-

off \$796,632 or 10,369 MWh. The incremental write-off of \$325,410 is equivalent to 4,501 incremental megawatt-hours.

The Company believes that “bad debt” write-offs should be added back into the ECAM balancing account to be collected from remaining customers. The bad debt expense included in customers’ rates is from calendar year 2009 (PAC-E-10-07). Collection of the ECAM deferral balance began April 1, 2010 and, therefore, no deferred ECAM revenues are included in the bad debt expense in customer rates. During the 2013 ECAM deferral period, \$53,256 of the tariff customers’ Commission-approved (PAC-E-13-03) 2012 ECAM balance was written off as bad debt expense. If the Company is guaranteed recovery of its NPC, the \$53,256 and any future ECAM balance amounts that are written off should be transferred back into the balancing account for recovery.

As a precaution against double counting of megawatt-hours or dollars, the Company states that it excluded the dollar amount of ECAM write-offs when it prepared the incremental megawatt-hours calculation and verified that no ECAM deferral write-offs were included in customers’ rates during the base period. If the Commission were to approve this adjustment, the Company would transfer the ECAM-related revenues written-off to the ECAM deferred balance rather than expense them when the Company prepares its monthly write-off.

COMMISSION FINDINGS AND DECISION

The Commission has thoroughly reviewed RMP’s Application, including attached testimony and exhibits, in Case No. PAC-E-14-01 and written comments filed by Monsanto and Staff. The Commission finds that the Company’s 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 finds that the main drivers of the ECAM deferral balance are changes in wholesale market prices and the declining demand and prices for RECs. As the Commission noted in the establishment of the ECAM process, “power supply costs represent a large portion of a utility’s revenue requirement and are notoriously volatile. . . .” Order No. 32206 at 6. The ECAM process exists in order to “track and defer deviations between normal and actual power supply costs.” *Id.* “The deferred costs that accumulate over a one-year period are then passed on to customers as a rate surcharge or credit.” *Id.*

Accordingly, the Commission approves a total ECAM deferral balance of \$12,236,048, \$6,910,329 from tariff customers, \$4,925,898 from Monsanto, and \$399,820 from Agrium, for recovery through Schedule 94 rates from Idaho customers during the Deferral Period.¹ The Commission approved ECAM deferral balances for Monsanto, Agrium and tariff customers are set forth in more detail as Attachment A to this Order.

The Commission's approval of the Schedule 94 ECAM surcharge rates proposed by Staff, *Staff Comments* – Attachment D, and accepted by the Company, *Reply Comments* at 9, shall be effective April 1, 2014. The ECAM surcharge rates approved herein constitute a 2.6% reduction for tariff customers, a 1.6% increase for Monsanto, and a 2.0% increase for Agrium from current Schedule 94 rates.

The Company's ECAM Application was the subject of vigorous analysis and debate. The Commission is always encouraged when interested parties provide substantive input, especially when it provides the Company "an incentive to actively control its net power costs." Order No. 30904 at 13.

The Commission discusses the three main proposed adjustments to the Company's ECAM filing:

1. Invoice Errors: In its initial comments, Monsanto stated that it found "several errors" in RMP's ECAM Filing pertaining to "Monsanto's monthly energy usage and ECAM rider revenues paid over the period December 2012 through November 2013." *Monsanto Comments* at 2. In its reply comments, RMP conceded to the errors in "actual energy usage" for Monsanto and Agrium. *RMP Reply Comments* at 4. Correcting these errors reduces Monsanto's ECAM deferral balance by \$11,320 and Agrium's by \$1,878. *Id.* The combined reductions for Monsanto and Agrium would then shift to remaining tariff customers with no net impact on the total ECAM deferral balance. *Id.*

The Company also removed 202 MWh of incremental replacement energy" and "adjusted NPC to remove the \$10,191 of incremental NPC associated with Monsanto's buy-through for replacement energy." *Id.* This correction results in a reduction of "Monsanto's share of the ECAM deferral balance by \$258, Agrium's share by \$10 and the remaining tariff customers' share by \$499, for a total reduction of \$766 to the Total ECAM deferral balance." *Id.*

¹ The ECAM deferral balances for Tariff Customers, Monsanto and Agrium do not reflect the exact amount of the proposed adjustments accepted by the Commission. They have been recalculated in order to more accurately reflect the interdependency between the various adjustments.

The Commission approves the aforementioned adjustments, proposed by Monsanto and acknowledged by the Company, correcting invoice errors in the Company's ECAM Filing.

2. Wholesale Loss Adjustment: Staff proposed an adjustment to correct what it designated an improper application of the Wholesale Loss Adjustment (WLA). Staff believes that the Company "misapplied" the WLA in its "calculation of the NPC deferral which results in an adjustment in the allocation between Monsanto (increase \$124,820), Agrium (increase \$9,901), and tariff customers (decrease \$135,328).

The Commission acknowledges Monsanto's concerns regarding Staff's interpretation of the WLA methodology. *Monsanto Reply Comments* at 2-3. Monsanto does not believe that Staff's interpretation comports with the stipulation approved by the Commission in Order No. 32910 (PAC-E-13-04). The Commission finds that Staff's proposed WLA adjustment merits additional fact-finding and analysis. The proposed WLA adjustment will not be incorporated at this time. The matter shall be set aside as an issue to be explored in the context of a workshop to be initiated as a separate docket.

3. Base Rate Over-Collection Adjustment: Staff proposes an adjustment to account for what it characterized as "inaccuracies due to a difference between line losses that actually occur during the deferral period and line losses used to calculate base rates." *Staff Comments* at 7-8. According to Staff, this alleged "error affects any ECAM deferral component that recovers cost or credits revenue through base rates[,] including deferrals for "NPC, LCA, DSM1 Load Control Program cost, and REC revenue." *Id.* at 8.

Monsanto objected to what it characterized as "an entirely new adjustment methodology to perform an 'after the fact' check on deferral amounts from the ECAM." *Monsanto Reply Comments* at 3. Further, Monsanto states that "it was not notified or included in any of these separate talks between Staff and the Company" in the development of this adjustment. *Id.*

RMP remarked that it worked cooperatively with Staff in the development of, and does not oppose, what it termed Staff's "back-cast" approach. *RMP Reply Comments* at 6. However, the Company argued that Staff's proposed adjustment "fall short of being accurate . . ." *Id.* The Company believes that Staff's adjustment "overstates NPC recovery by the incremental megawatt-hours associated with bad debt and the write-off of ECAM deferrals." *Id.* at 7. The Company proposes that the amount "written-off as bad debt expense during the

Deferral Period,” \$53,256 for tariff customers, “be added back into the tariff customers ECAM balancing account.” *Id.* at 8.

The Commission finds that Staff’s base rate verification approach is fair, just and reasonable. The Commission finds that Staff’s adjustment in the deferral balance of \$573,733 does not constitute a new “methodology” but rather a routine verification of the balances proposed in the Company’s annual ECAM filing. The Commission declines to add ‘bad debt write-off’s’ back into tariff customers’ ECAM deferral balance as proposed by the Company. The Commission finds that doing so would needlessly complicate the ECAM process. Moreover, the Company has an avenue to recover its bad debt expense through the establishment of base rates.

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-14-01 pursuant to Idaho Code, Title 61, and the Commission’s Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

ORDER

IT IS HEREBY ORDERED that the Commission hereby approves effective April 1, 2014, RMP’s Energy Cost Adjustment Mechanism (ECAM) Application subject to the adjustments set forth above and more fully described in Attachment A to this Order.


IT IS FURTHER ORDERED that the Company shall issue new tariff sheets in compliance with the new Schedule 94 rates, as proposed by Commission Staff.

IT IS FURTHER ORDERED that the parties convene a workshop in a separate docket to resolve issues associated with the Wholesale Line Loss adjustment and submit an agreement to the Commission for approval.

IT IS FURTHER ORDERED that the Company shall maintain separate balancing accounts for Monsanto and Agrium’s amortized deferrals until their balances have been fully collected by the Company.

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.

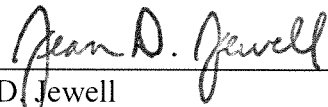
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 1st
day of April 2014.


PAUL KJELLANDER, PRESIDENT


MACK A. REDFORD, COMMISSIONER


MARSHA H. SMITH, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

O:PAC-E-14-01_np2

ATTACHMENT A

Summary of Adjustments	Tariff Customer (\$)	Monsanto (\$)	Agrium (\$)	Total Company (\$)
Company Proposed Deferral	7,234,690	5,156,080	419,011	12,809,781
Monthly Invoice Offset Adjustment (Monsanto)	13,198	(11,320)	(1,878)	-
Replacement Energy Error Adjustment (Monsanto)	(69)	(784)	(2)	(855)
Base Rate Overcollection Adjustment (Staff)	(337,490)	(218,078)	(17,311)	(572,878)
Total Adjustments	(324,361)	(230,182)	(19,191)	(573,733)
Deferral with Total Adjustments	6,910,329	4,925,898	399,820	12,236,048