

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	
<b>OF ROCKY MOUNTAIN POWER FOR</b>	)	<b>CASE NO. PAC-E-15-01</b>
<b>AUTHORITY TO INCREASE RATES BY</b>	)	
<b>\$10.7 MILLION TO RECOVER DEFERRED</b>	)	<b>NOTICE OF APPLICATION</b>
<b>NET POWER COSTS THROUGH THE</b>	)	
<b>ENERGY COST ADJUSTMENT</b>	)	<b>NOTICE OF</b>
<b>MECHANISM (ECAM)</b>	)	<b>INTERVENTION DEADLINE</b>
	)	
	)	<b>ORDER NO. 33228</b>

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YOU ARE HEREBY NOTIFIED that, on February 2, 2015, PacifiCorp dba Rocky Mountain Power ("Rocky Mountain" 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, IDAPA 31.01.01.052.

YOU ARE FURTHER NOTIFIED that Rocky Mountain is requesting a Commission Order approving the recovery of total deferred net power costs of \$16.6 million for the period beginning December 1, 2013 through November 3, 2014 ("Deferral Period"). Rocky Mountain's Application seeks to revise Schedule 94, Energy Cost Adjustment, to recover approximately \$23.3 million in total deferred net power costs over the collection period beginning April 1, 2015 through March 31, 2016. The proposed \$23.3 million recovery represents an increase of approximately \$10.7 million from current Schedule 94 rates, as approved in Commission Order No. 33008 (Case No. PAC-E-14-01). The Company states further that the \$23.3 million recovery amount includes an amortization of Monsanto Company's ("Monsanto") and Agrium Inc.'s ("Agrium") share of 2012-2014 deferrals.

YOU ARE FURTHER NOTIFIED that the combined amortization of the amounts for the three ECAM deferral periods resulted in an increase in the tariff surcharge rates in this case of approximately \$12.7 million and \$1.0 million respectively for Monsanto and Agrium as their share in the Deferral Period.

YOU ARE FURTHER NOTIFIED that Rocky Mountain explained in its Application that the Commission established an annual ECAM through Order No. 30904. The costs included in the ECAM are net power costs ("NPC"), as defined in the Company's general rate cases and

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modeled by the Company's GRID model. Base and actual NPC are booked into specific FERC accounts outlined in the Application. 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. Rocky Mountain defers the difference into an ECAM balancing account.

YOU ARE FURTHER NOTIFIED that the Company further noted that the ECAM includes five additional components: the Load Growth Adjustment Rate ("LGAR") or Load Change Adjustment Rate ("LCAR"), a credit for SO<sub>2</sub> 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. 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 Rocky Mountain incurs/retains the remaining 10%.

YOU ARE FURTHER NOTIFIED that Rocky Mountain states that the Base NPC in this case originated from the 2011 stipulation approved by the Commission. The Base NPC was set at \$1.385 billion for the Deferral Period.

YOU ARE FURTHER NOTIFIED that the NPC deferral amount is calculated on a monthly basis by subtracting the monthly Base NPC rate from the Actual NPC rate. The NPC rate is calculated by dividing monthly NPC by the corresponding monthly load to express the costs on a dollar per megawatt-hour (MWh) basis. According to the Company, the average Base NPC was \$23.73 per MWh and the Actual NPC averaged \$27.05 per MWh, a difference of \$3.32 MWh. The monthly incremental difference is then multiplied by Idaho's actual load during the Deferral Period. For the 12-month period ending November 30, 2014, the NPC differential for deferral was approximately \$12.7 million before application of the 90/10% sharing band. The LCAR decreased the deferral balance by \$619,086, before sharing, due to higher usage during the Deferral Period.

YOU ARE FURTHER NOTIFIED that credits for SO<sub>2</sub> allowance sales revenues received by Rocky Mountain were also included as an offset to the NPC deferral (\$71 before sharing). 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 increasing the deferral by approximately \$1.0 million before sharing.

YOU ARE FURTHER NOTIFIED that 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, decreased the deferral by \$66,928 before sharing.

YOU ARE FURTHER NOTIFIED that the total NPC deferral adjusted for the aforementioned LCAR, SO2 revenue, load control, and EITF 04-6 is \$13.0 before application of the sharing band and \$11.7 million after its application. Additionally, the deferral balance reflects the difference between actual REC revenues during the Deferral Period and the amount of REC revenues included in base rates. The REC revenue true-up included in the ECAM is symmetrical but no sharing band is applied. During the Deferral Period actual REC revenue was approximately \$6.0 million lower than the amount in base rates on an Idaho-allocated basis.

YOU ARE FURTHER NOTIFIED that, pursuant to Order No. 33008, Rocky Mountain performed a back cast calculation in order to establish whether there was an over/under-collection of NPC, load control costs, and RECs, reducing the total deferral by approximately \$1.2 million and making the net deferral \$16.5 million before interest. Approximately \$0.1 million of interest was accrued on this balance during the deferral period for a final deferral of \$16.6 million.

YOU ARE FURTHER NOTIFIED that Rocky Mountain explained in its Application that the deferred ECAM balance of \$27.0 million as of November 30, 2014, is derived from \$10.4 million in uncollected deferrals from prior ECAM filings plus the components described above. Interest of 1% annually and totaling \$0.3 million was added to the uncollected balances. Exhibit 1 of the Application illustrates the detailed calculations for tariff customers, with an ending balance of \$1.8 million; Monsanto, with an ending balance of \$8.0 million; and Agrium, with an ending balance of \$0.6 million.

YOU ARE FURTHER NOTIFIED that Rocky Mountain's Application includes the direct testimony of Company witnesses Michael Wilding and Joelle Steward. Mr. Wilding's testimony details the Company's back cast calculation. Ms. Steward's testimony describes the calculation of the proposed Schedule 94 rates. Exhibit 2 of Ms. Steward's testimony illustrates this calculation based on metered loads, the line loss adjusted loads, the allocation of the ECAM price change, and the percentage change by rate schedule based on the present revenues ordered in Case No. PAC-E-13-04. Exhibit 3 of her testimony is a summary of the ECAM balances

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detailing the current deferral, prior deferred balances, ECAM rider revenues and an estimate of the net expected balance as of April 1, 2015. Exhibit 4 is a clean and legislative copy of Electric Service Schedule No. 94 containing the proposed rates by electric service schedule based on the customer's delivery voltage of electric service.

YOU ARE FURTHER NOTIFIED that Rocky Mountain intends to notify customers of its filing by "issuing a press release sent to local media organizations and messages in customer bills over the course of a billing cycle" beginning February 12, 2015. Copies of the press release and bill insert were included in the Company's Application. Copies of Rocky Mountain's Application are available for review at the Company's local offices in its Idaho service territory.

YOU ARE FURTHER NOTIFIED that the Application, exhibits, and testimonies have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. The Application, exhibits, and testimonies are also available on the Commission's web site at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on the "File Room" tab at the top of the page, scroll down to "Open Electric Cases," then click on the case number as shown on the front of this document.

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 specifically *Idaho Code* §§ 61-503 and 61-328. The Commission may enter any final Order consistent with its authority under Title 61.

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

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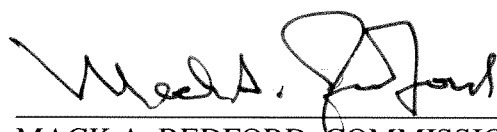
YOU ARE FURTHER NOTIFIED that **persons desiring to intervene** in this matter **must file a Petition to Intervene** with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IAPA 31.01.01.072 and -.073. **All Petitions to Intervene must be filed within fourteen (14) days from the service date of this Order.** Persons desiring to present their views without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or the parties.

## ORDER

IT IS HEREBY ORDERED that persons desiring to intervene in Case No. PAC-E-15-01 should do so no later than fourteen days from the date of this Order.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 12<sup>th</sup> day of February 2015.

  
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PAUL KJELLANDER, PRESIDENT

  
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MACK A. REDFORD, COMMISSIONER

  
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MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
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Jean D. Jewell  
Commission Secretary

O:PAC-E-15-01\_np