



Idaho Public Utilities Commission

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Case No. PAC-E-15-02, Order No. 33228

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www.puc.idaho.gov

Rocky Mountain Power proposes 1.8% increase in annual Energy Cost Adjustment Mechanism

BOISE (Feb. 13, 2015) – Rates for most customers of Rocky Mountain Power would increase by an average of 1.8% if the Idaho Public Utilities Commission approves the utility's annual Energy Cost Adjustment Mechanism (ECAM). Rocky Mountain Power serves about 73,000 customers in eastern Idaho.

Most of the expense an electric utility incurs to provide power supply to its customers is included in base rates. However, some power supply expense varies from year to year due to changes in wholesale market prices for electricity and natural gas, transportation expense and expiration of contracts with energy suppliers.

Because these variable expenses can never be precisely forecast, the ECAM allows Rocky Mountain Power to make a one-year adjustment every April 1 to capture the difference between actual power supply expense and that included in base rates. The adjustment, which appears as a separate line-item on customer bills, is a one-year increase to customers if power supply costs are higher than the amount already included in base rates and a one-year decrease if power supply costs are lower. The company's earnings are not impacted by the ECAM because all the money collected from the ECAM must go directly to pay power supply expense and cannot be used for any other purpose. To encourage the company to be prudent in its power supply expenditures, the commission requires that shareholders pay 10 percent of ECAM expense.

Rocky Mountain Power claims its power supply expenses not already included in base rates for 2014 were \$23.3 million, \$10.7 million more than that already collected in the ECAM. The company said most of the increase is attributable to increased fuel costs, lower hydroelectric conditions and lower revenues from electricity sales to other companies. The Lake Side 2 combined cycle combustion turbine natural gas plant in Vineyard, Utah, began commercial

operation in May 2014 and is included as part of the ECAM until the company files its next rate case. At that time the commission will determine if the new plant is to be included in permanent base rates.

Rocky Mountain proposes that the increase for residential customers be 1.6%, commercial and most industrial customers would pay between 1.7% and 2.6%; irrigation customers, 1.9%; and its two large industrial customers – Agrium and Monsanto, would pay about 8%.

Commission staff will review the expenses to determine if they were prudently incurred and necessary to serve customers.

The commission has established a Feb. 26 deadline for parties wanting to intervene in the case for the purposes of presenting evidence, cross-examining witness and participating in settlement discussions. Customers may also comment and should do so by no later than March 13.

Comments are accepted via e-mail by accessing the commission’s Website at www.puc.idaho.gov and clicking on "Case Comment Form," under the “Consumers” heading. Fill in the case number (PAC-E-15-01) and enter your comments. Comments can also be mailed to P.O. Box 83720, Boise, ID 83720-0074 or faxed to (208) 334-3762.

Documents related to this case, including the company’s application and testimony, are available on the commission’s Website. Click on “Open Cases” under the “Electric ” heading and scroll down to the above case number.

Energy Cost Adjustment Mechanism 2010-15 for Tariff Customers

Year	ECAM rate	Net change
2010	0.10 cents per kWh	
2011	0.57 cents per kWh	5.8% increase
2012	0.57 cents per kWh	No change
2013	0.57 cents per kWh	No change
2014	0.32 cents per kWh	2.6% decrease
2015 <i>(proposed)</i>	0.5 cents per kWh	1.8% increase <i>(proposed)</i>