

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: KARL T. KLEIN
DEPUTY ATTORNEY GENERAL

DATE: FEBRUARY 3, 2016

SUBJECT: ROCKY MOUNTAIN POWER'S ECAM APPLICATION
CASE NO. PAC-E-16-05

On February 1, 2016, PacifiCorp dba Rocky Mountain Power applied to the Commission for an Order authorizing the Company to adjust its rates under the Energy Cost Adjustment Mechanism (ECAM). If approved, the Company's ECAM adjustment would *decrease* rates in all customer classes, with an average residential customer's bill decreasing by about 58¢ per month.

The Commission approved the ECAM in 2009, and the mechanism has been modified several times since then. *See* Order Nos. 30904, 32432, 32910, 33008, and 33440. In summary, the ECAM allows the Company to increase or decrease its rates each year to reflect changes in the Company's power supply costs. These costs vary by year with changes in the Company's fuel (gas and coal) costs, surplus power sales, power purchases, and the market price of power. The ECAM adjusts the Company's rates up or down to ensure the rates capture the difference between the Company's actual power supply costs and the base (or embedded) power supply costs the Company collected from customers through previously approved base rates.

With this Application, the Company seeks an Order approving the Company's: (1) deferral, for later recovery through rates, of \$16.7 million in power supply costs from December 1, 2014 through November 31, 2015; and (2) revised Electric Service Schedule 94, Energy Cost Adjustment, which would reflect the ECAM adjustment and decrease the Company's Schedule 94 revenues by \$9 million. The Company states that if its proposal is approved, prices for customer classes would *decrease* as follows:

- Residential Customers – 0.6%
- Residential Schedule 35, Optional Time-of-Day Service – 0.7 %
- General Service Schedule 5 – 0.9%
- General Service schedule 9 – 1.0%
- Irrigation customers – 0.8%
- Commercial or Industrial Heating Schedule 19 – 0.8%
- General Service Schedule 23 – 0.7%
- General Service Schedule 35 – 1.0%
- Public Street Lighting – 0.3%
- Industrial Customer, Schedule 400 – 7.1%
- Industrial customer, Schedule 401 – 7.3%

Source: Application, Exhibit No. 2 to Direct Testimony of Joelle R. Steward; *See also*, News Release and Customer Notice filed with Application.

The Company requests that the new rates take effect on April 1, 2016, and that the case be processed by Modified Procedure.

STAFF RECOMMENDATION

Staff concurs with the use of Modified Procedure. Staff recommends that the Commission issue a Notice of Application and Notice of Modified Procedure setting a March 10, 2016 comment deadline, and a March 15, 2016 reply deadline.

COMMISSION DECISION

Does the Commission wish to issue a Notice of Application and Notice of Modified Procedure setting a March 10, 2016 comment deadline, and a March 15, 2016 reply deadline?

/s/ Karl Klein
 Karl Klein
 Deputy Attorney General

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