

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF ROCKY MOUNTAIN POWER TO) CASE NO. PAC-E-17-10
INCREASE THE BPA REP CREDIT)
EFFECTIVE OCTOBER 2017 THROUGH)
SEPTEMBER 2019) ORDER NO. 33896
)

On August 18, 2017, Rocky Mountain Power, a division of PacifiCorp, applied to the Commission for authorization to increase its Schedule 34 residential and small farm energy credit rate. Application at 1. The Company indicated that the proposed rate of \$0.008403 per kilowatt-hour (kWh) represents an increase in the annual credit to qualifying customers of \$648,000, and a corresponding decrease to those customers' rates. *Id.* at 3-4. The Company requested that the new rate be effective October 1, 2017 through September 30, 2019, and requested that the Application be processed under Modified Procedure. *Id.* at 5. The Commission issued a Notice of Application and Notice of Modified Procedure setting a comment deadline. Order No. 33861. Commission Staff timely filed comments. No other comments were received.

Having reviewed the record, the Commission enters this Order approving the Company's Application, with the new rate to be effective October 1, 2017. The Commission's decision is set out more fully below.

BACKGROUND

This Application results from the Bonneville Power Administration's (BPA) Residential Exchange Program. The Residential Exchange Program was established by Section 5(c) of the Northwest Electric Power Planning and Conservation Act. 16 U.S.C. § 839c(c). That section makes low-cost power from the federal Columbia River power system available to investor-owned utilities in the Northwest. *See Assoc. of Pub. Agency Customers v. Bonneville Power Admin. (APAC v. BPA)*, 733 F.3d 939, 945 (9th Cir. 2013). The statute permits utilities to "exchange power they have purchased or generated for lower-cost power generated by BPA." *Portland General Elec. Co. v. Bonneville Power Admin. (PGE v. BPA)*, 501 F.3d 1009, 1015 (9th Cir. 2007). The exchange is a paper transaction—a utility may offer to sell power to BPA at the utility's average system cost (ASC) for producing power, which BPA compares to a Priority

Firm (PF) Exchange Rate that BPA calculates for purposes of the exchange. *See id.*, *APAC v. BPA*, 733 F.3d at 945-46. If BPA's PF Exchange Rate is lower than the utility's ASC, then the utility is entitled to a benefit from BPA. *APAC v. BPA*, 733 F.3d at 946. Generally, the utility benefit is the difference between BPA's PF Exchange Rate and the utility's ASC, multiplied by the utility's residential load. *Id.* at 945. The utility must pass the benefit on to its qualifying (residential and small farm) customers. *See id.* (citing 16 U.S.C. § 839c(c)(3)). The implementation of the exchange has been litigated over the years; the current implementation results from a settlement that took effect in 2012. *See id.* at 946-47 (describing litigation and settlement).

THE APPLICATION

The Application summarized the Residential Exchange Program and described the customers eligible to receive benefits. *Id.* at 2-3. The Company passes the benefits it receives under the program to qualifying customers via the residential and small farm credit rate. *Id.* at 2-4.

The Company's current residential and small farm credit rate is \$0.007762 per kWh. *Id.* at 3. The proposed credit rate is \$0.008403 per kWh. *Id.* The proposed credit rate is based on annual Residential Exchange Program benefits from BPA after those benefits are reduced by a "look-back" payment. *Id.* The look-back payment reflects credits the Company previously provided to customers that exceeded the benefits the Company actually received. *Id.* In this case, the initial annual BPA benefit is \$9.1 million and the look-back reduction is \$2.4 million, leaving a benefit balance of \$6.7 million. *Id.* at 4.

The annual benefit of \$6.7 million is then added to any additional undistributed balance in the Company's Idaho residential exchange balancing account, in this case, \$1.8 million annually. *Id.* Thus, the annual total credit to customers in this case is \$8.5 million, an increase of \$648,000 over the current credit. *Id.* The Company calculated the proposed credit rate of \$0.008403 per kWh by dividing \$8.5 million by the calendar year 2016 historical usage level of qualifying customers of 1.01 GWh. *Id.* at 4.

The Application provided supporting documentation, including a summary of the impact on retail revenues (Attachment 1), a summary of the calculation of the proposed credit rate (Attachment 2), a summary of the allocation of PacifiCorp's BPA Residential Exchange

Program benefits between the states in which PacifiCorp operates (Attachment 3), and clean and legislative copies of the tariff schedule for the credit rate, Schedule 34 (Attachment 4). *Id.*

STAFF COMMENTS

Staff reviewed the Application, audited the inputs to the rate, and independently recalculated the rate. Staff Comments at 3. Staff believed the Company correctly calculated the proposed rate of \$0.008403 per kWh and recommended it be approved. *Id.*

Staff indicated that the Company's press release and customer notice do not comply with Rule 125 of the Commission's Rules of Procedure. IDAPA 31.01.01.125. First, the press release and customer notice were not filed with the Application, as required by the Rule. *Id.* The Application was filed on August 18, 2017, and press release and customer notice were filed on September 12, 2017. *Id.* Further, the press release and customer notice "do not give the overall dollar amount of the proposed decrease as required by Rule 125.01.b." *Id.*

Finally, Staff explained that the Company included the customer notice in bills beginning September 6 and ending September 27. Because the comment deadline was September 20, some customers would not have had a reasonable opportunity to file comments by the deadline. *Id.* Staff thus recommended that the Commission accept late-filed comments. *Id.*

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-502 and 61-503. The Commission has the express statutory authority to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential discriminatory, or in violation of any provision of law, and may fix the same by Order. *Idaho Code* §§ 61-502 and 61-503. The Commission has reviewed the record, including the Application and comments.

We find that the proposed credit rate of \$0.008403 per kWh is just and reasonable. We therefore approve the Application and the proposed tariff Schedule 34, to be effective October 1, 2017.


We remind the Company that we expect it to comply with Rule 125 of our Rules of Procedure, IDAPA 31.01.01.125. We also acknowledge Staff's recommendation that we accept late-filed comments due to the timing of some customers' receipt of notice regarding this case. Adequate notice is important to ensure customers have a meaningful opportunity to participate. No public comments have been filed.

ORDER

IT IS HEREBY ORDERED that the Application of Rocky Mountain Power to increase the BPA Residential Exchange Program credit effective October 2017 through September 2019 is approved. The Company is authorized to implement its proposed credit rate of \$0.008403 per kWh and the proposed tariff Schedule 34 is approved, to take effect on October 1, 2017.

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 with regard to any matter decided in 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 *29th* day of September 2017.



PAUL KJELLANDER, PRESIDENT




KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary