

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. PAC-E-19-04
OF PACIFICORP DBA ROCKY MOUNTAIN)	
POWER FOR APPROVAL OF A \$15.1)	NOTICE OF APPLICATION
MILLION DEFERRAL OF NET POWER)	
COSTS, AND AUTHORITY TO INCREASE)	NOTICE OF
BY 0.4 PERCENT ELECTRIC SERVICE)	MODIFIED PROCEDURE
SCHEDULE NO. 94 (ENERGY COST)	
ADJUSTMENT))	ORDER NO. 34313

On March 29, 2019, 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). The ECAM allows the Company to adjust its rates each year to capture the difference between the Company's actual power supply expenses and the power expenses embedded in base rates. The adjustment is a separate line item on customer bills that increases if power supply costs are higher than the amount already included in base rates, or decreases if power supply costs are lower. The ECAM does not affect the Company's earnings.

The Company's present ECAM Application, if approved, would increase rates in all customer classes. However, these increases would be offset by a number of savings during the same period—most significantly federal tax cuts passed onto Idaho customers under Schedule 197. Therefore, Idaho customers would experience a net rate *decrease* even if the Company's present ECAM Application is approved. The Company asks that the Commission process its Application by Modified Procedure, and that the new rates take effect on June 1, 2019. With this Order, the Commission provides notice of the Application, and invites interested persons to comment.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that the Commission first approved an annual ECAM in 2009, and the mechanism has been modified several times since then. *See* Order Nos. 30904, 32432, 32910, 33008, 33440, 33492, 33776. In summary, the ECAM allows the Company to increase or decrease rates each year to reflect changes in the Company's power supply costs over the year. These costs vary with changes in the Company's fuel (gas and coal) costs, surplus power sales, power purchases, and associated transmission. Each month, the Company tracks the difference between the actual net power costs (NPC) it incurred to serve customers, and the embedded (or base) NPC it collected from customers through base rates. The Company defers the

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difference between actual NPC and base NPC into a balancing account for later disposition at the end of the yearly deferral period. At that time, the ECAM allows the Company to credit or collect the difference between actual NPC and base NPC through a decrease or increase in customer rates. This year, the deferred NPC difference was about \$15.1 million.

YOU ARE FURTHER NOTIFIED that, besides the NPC difference, this year's ECAM includes: (1) a Load Change Adjustment Rate (LCAR); (2) an adjustment for coal stripping costs; (3) a true-up of 100% of the incremental Renewable Energy Credit revenues; (4) Production Tax Credits; (5) Deer Creek amortization expenses; and (6) the Lake Side 2 generation resource adder. The ECAM includes a "90/10 sharing band" in which customers pay/receive 90% of the increase/decrease in the difference between actual NPC and base NPC, LCAR, and the coal stripping costs; and the Company incurs/retains the remaining 10%. The Company's Application includes the testimony of witnesses who explain each of these items in detail.

YOU ARE FURTHER NOTIFIED that with this ECAM Application, the Company ultimately seeks an Order approving the Company's: (1) deferral, for later recovery through rates, of \$15.1 million in power supply costs during the deferral period; and (2) revised Electric Service Schedule 94, Energy Cost Adjustment, which would reflect the ECAM adjustment and increase the Company's Schedule 94 revenues by approximately \$4.6 million.

As noted above, the Company states that if its proposal is approved, prices for customer classes would increase as follows:

- Residential Customers – 0.3%
- Residential Schedule 36, Optional Time-of-Day Service – 0.4%
- General Service Schedule 6 – 0.5%
- General Service Schedule 9 – 0.5%
- Irrigation Customers – 0.4%
- Commercial or Industrial Heating Schedule 19 – 0.5%
- General Service Schedule 23 – 0.4%
- General Service Schedule 35 – 0.6%
- Public Street Lighting – 0.2%
- Industrial Customer, Schedule 400 – 0.5%
- Industrial Customer, Schedule 401 – 0.5%

Source: Application, Exhibit No. 2 to Direct Testimony of Robert M. Meredith; *See also*, News Release and Customer Notice filed with Application.

The Company states that these increases will be offset by a number of savings during the same period. Most significantly, the Company received federal tax cuts because of the Tax Cuts and

Jobs Act, and will pass on the savings to customers as a \$0.957 per megawatt-hour credit. As a result, the Company states that Idaho customers will receive a net rate *decrease* of approximately \$131,000.

YOU ARE FURTHER NOTIFIED that the Application and its exhibits have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices. These documents are also available on the Commission's web site at www.puc.idaho.gov. Click on the "File Room" tab at the top of the page, scroll down to "Electric Cases" and click on the case numbers 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. The Commission may enter any final Order consistent with its authority under Title 61.

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

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter, and that it will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure. *See* IDAPA 31.01.01.201 through .204. The Commission notes that Modified Procedure and written comments have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on the Company's Application may file a written comment in support or opposition with the Commission **no later than May 14, 2019**. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning the Application shall be mailed to the Commission and the Company at the addresses reflected below:

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Commission Secretary
Idaho Public Utilities Commission
PO Box 83720
Boise, ID 83720-0074

Street Address for Express Mail:

472 W. Washington Street
Boise, ID 83702-5918

Ted Weston
Idaho Regulatory Affairs Manager
Rocky Mountain Power
1407 W. North Temple, Suite 330
Salt Lake City, UT 84116
E-mail: ted.weston@pacificorp.com

Yvonne R. Hogle
Assistant General Counsel
1407 W. North Temple, Suite 320
Salt Lake City, UT 84116
E-mail: yvonne.hogle@pacificorp.com

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.idaho.gov. Scroll to the "Consumers" tab, click the "Utility Case Comment or Question Form," and complete the form using the case number as it appears on the front of this document. These comments must also be sent to the Company at the e-mail addresses listed above.

YOU ARE FURTHER NOTIFIED that the Company shall file reply comments, if necessary, **no later than May 21, 2019.**

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure, Rules 201-204 (IDAPA 31.01.01.201-.204). Interested persons may file written comments no later than May 14, 2019. The Company may file a reply, if any, no later than May 21, 2019.

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DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this
day of April 2019.

17th



PAUL KJELLANDER, PRESIDENT




KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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