Idaho Public Utilities Commission
P.O. Box 83720, Boise, ID 83720-0074

C.L. Butch Otter, Governor
Paul Kjellander, Commissioner
Kristine Raper, Commissioner
Eric Anderson, Commissioner

PUC taking comment on updated multi-state agreement

Case No. PAC-E-15-16, Order No. 33485
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BOISE (April 22, 2016) – PacifiCorp, which does business as Rocky Mountain Power in eastern Idaho, is asking the Idaho Public Utilities Commission to approve an update of a "Multi-State Protocol" used to determine how the utility's costs to serve customers are equitably allocated among customers served in each of its six states. The commission is taking public comment on the application through May 23.

The agreement builds on one approved in 2010 that expires on Dec. 31 of this year.

PacifiCorp claims the protocol adopted in 2010 did not fully recover its costs. The proposed 2017 Protocol still does not fully recover the company's costs, the company claims, but makes progress toward reducing the shortfall.

To address the shortfall, PacifiCorp and the signers of the agreement propose a fixed-dollar "equalization adjustment" to be added to the revenue requirement that PacifiCorp will seek from each state. The total for all states is an additional $9.1 million, or about two-tenths of 1 percent of each state's annual revenue requirement. Idaho's allocation is about $986,000, an increase of $150,000 from the 2010 agreement. While the current application does not impact rates, PacifiCorp may file a rate case in Idaho to recover the 2017 adjustment that would be effective Jan. 1, 2018 at the earliest.

In 1989, Pacific Power and Light merged with Utah Power & Light to create PacifiCorp. After that merger, each of the six state commissions in PacifiCorp's territory apportioned costs to customers using different methods. PacifiCorp claimed at the time that each state's differing methods resulted in the utility not being able to fully recover its costs. That led to uncertainty in financial markets about whether PacifiCorp would be able to recover its investment in capital improvements and additions. A multi-state process was formed in about 2002 to allow the company and all six states to continue discussions about an equitable way to allocate costs so that customers pay for the benefits they receive, while not subsidizing customers in other states. The first protocol was adopted in 2005 and the second in 2010.

The 2017 Protocol, if approved, would determine how PacifiCorp's costs will be allocated in all rate proceedings beginning in 2017 and continuing through 2018 with the possibility of a one-year extension. The protocol does not make significant changes to the 2010 agreement because of uncertainty over the impact of the EPA's proposed Clean Power Plan as well as the possibility that PacifiCorp may become part of a regional independent system operator.

Costs that are unique to each state, such as those related to state demand-side management programs, Renewable Portfolio Standards and PURPA contracts are not apportioned to all states, but allocated to each state with the unique programs or contracts.

The 2017 Protocol was negotiated and agreed to by representatives of PacifiCorp, the staffs of the Idaho, Oregon, Utah and Wyoming commissions and other interested stakeholders. California did not participate in the discussions but implements the allocation methodology adopted by the other states. Washington participated in early discussions, but previously adopted a different allocation methodology.

Comments can be submitted electronically by going to www.puc.idaho.gov. Click on "Case Comment Form" under the "Consumers" heading and enter the case number, PAC-E-15-16, with your comment. Comments can also be mailed to P.O. Box 83720, Boise, ID, 83720-0074.