



Case No. PAC-E-16-12, Order No. 33668

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Update to Rocky Mountain Power costs results in slight decrease for eastern Idaho customers

BOISE (December 16, 2016) – Rates for Rocky Mountain Power’s eastern Idaho customers will decrease by 0.4 percent as the result of the company updating its net power costs to reflect reduced customer load and lower prices.

The decrease, approved by the Idaho Public Utilities Commission, becomes effective Jan. 1, 2017.

Because the decrease is small, Rocky Mountain Power proposed a “Rate Mitigation Plan,” that, instead of reducing rates now, would have taken this reduction along with a slightly larger reduction the company anticipates next fall and applied both against what could be a sizeable base rate increase in 2019. Rocky Mountain Power’s plan would have kept rates stable through 2018 and mitigated the size of a future base rate increase. Under the plan, the company said it would not file a general rate case before June 1, 2018 with new rates effective in early 2019 at the earliest.

However, customers and parties to the case stated their preference to receive a rate decrease now rather than implement the plan.

The update adjusted Idaho’s portion of net power costs to \$91.6 million, down from \$94.8 million now included in base rates. Net power costs are those costs the company pays to provide generation to customers, whether from its own generation plants, the wholesale market or power purchase contracts. Net power costs vary because of changing weather and market conditions. Because they vary each year, customers get either a one-year credit or a one-year surcharge through the annual Energy Cost Adjustment Mechanism (ECAM). If net power costs are greater than the \$91.6 million included in base rates, customers get a surcharge; if they are less, customers get a credit. The ECAM becomes effective every Oct. 1.

Rocky Mountain Power anticipated next fall’s ECAM could be a \$4.5 million to \$5.5 million reduction and proposed that it also be included in the Rate Stability Plan to offset the anticipated 2019 increase.

The 2019 base rate case Rocky Mountain Power anticipates will include updated depreciation expense that is to become effective Jan. 1, 2019. A 2013 depreciation study increased Idaho's annual depreciation expense by \$1.7 million. That has not yet been included in rates, and the company projects that balance will increase to \$6.9 million by Dec. 31, 2017. Also expected to be included in that rate case are Idaho's share of expenses related to the closure and reclamation of the Carbon coal plant and the Deer Creek mine.

The commission, in supporting staff and other parties' recommendation to not adopt the Rate Stability Plan, said not passing on reduced net power expense to customers now would result in the company over-collecting net power cost.

Rocky Mountain Power stated, "While the company believes the proposed Rate Stability Plan is in the best interest of all Idaho customers, it acknowledges the viewpoint of the parties who participated in this proceeding and respects their decision not to pursue the plan at this time."

Parties to the case included Rocky Mountain Power, Idaho commission staff, Monsanto Company and PacifiCorp Idaho Industrial Customers.

A copy of the commission's final order and other documents related to this case are available on the commission's website at www.puc.idaho.gov. Under the "Electric" heading, select "Open Cases," and scroll down to Case No. PAC-E-16-12.

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