

DECISION MEMORANDUM

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

**FROM: DAYN HARDIE
DEPUTY ATTORNEY GENERAL**

DATE: APRIL 17, 2020

**SUBJECT: IN THE MATTER OF ROCKY MOUNTAIN POWER’S
APPLICATION REQUESTING APPROVAL OF \$21.2 MILLION
NET POWER COST DEFERRAL; PAC-E-20-02**

On April 1, 2020, PacifiCorp dba Rocky Mountain Power (“Company”) 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 collect \$21.2 million from its Idaho customers between June 1, 2020 and May 31, 2021. The Company Requested that its Application be Processed by Modified Procedure and have an effective date of June 1, 2020.

The Company explains that the deferral amount includes a difference of about \$13.5 million between actual net power costs and the net power costs included in base rates. It also includes a credit of about \$0.8 million in load change adjustment revenues, which account for over- or under-collection of the Company’s energy-related production revenue requirement (excluding net power costs) due to variations in Idaho load. In addition, it includes a credit of \$115,324 related to the accounting treatment of coal-stripping costs. Pursuant to the ECAM’s sharing band, 90% of the above costs are allocated to customers and 10% are allocated to the Company.

The deferral amount also includes approximately \$4.5 million associated with the Lake Side 2 resource adder, \$4.7 million for the difference between actual production tax credits and those included in base rates, and \$0.5 million for the resource tracking mechanism. In addition, it includes approximately \$32 thousand in credit for the difference

between actual renewable energy credits revenue and that included in base rates, due to actual revenue being higher.

The ECAM deferral is partially offset by approximately \$3.1 million in tax reform credits which include amortization of current tax savings, 2019 protected excess deferred income tax (“EDIT”), 2019 non-protected EDIT (7 year amortization), 2013 depreciation offset, and EDIT rate base offset.¹

In summary, the Company requests approval of a total of \$21.1 million in 2019 deferred costs, approximately \$0.5 million in interest, and the existing deferral balance of \$5.7 million. The balance will be reduced by \$0.1 million credit balance in the depreciation deferred balance and further reduced by approximately \$4.9 million from Schedule 94 revenue collections less interest accrued. The total ECAM deferral balance is approximately \$22.3 million.

STAFF RECOMMENDATION

Staff recommends the Commission issue a Notice of Application and Notice of Modified Procedure setting a May 14, 2020 public comment deadline and a May 21, 2020 Company reply deadline.

COMMISSION DECISION

Does the Commission wish to issue a Notice of Application and Notice of Modified Procedure setting a May 14, 2020 public comment deadline and a May 21, 2020 Company reply deadline?



Dayn Hardie
Deputy Attorney General

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¹ See Table 1 on page 5 of Steven R. McDougal’s direct testimony included with the Rocky Mountain Power’s Application.