



RECEIVED

2021 MAY 27 PM 1:22

IDAHO PUBLIC  
UTILITIES COMMISSION

1407 W North Temple, Suite 330  
Salt Lake City, Utah 84116

May 27, 2021

***VIA ELECTRONIC FILING  
AND OVERNIGHT DELIVERY***

Jan Noriyuki  
Commission Secretary  
Idaho Public Utilities Commission  
11331 W Chinden Blvd.  
Building 8 Suite 201A  
Boise, ID 83714

**Re: CASE NO. PAC-E-21-07  
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER  
FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES IN IDAHO  
AND APPROVAL OF PROPOSED ELECTRIC SERVICE SCHEDULES AND  
REGULATIONS**

Dear Ms. Noriyuki:

Rocky Mountain Power hereby submits for filing with the Idaho Public Utilities Commission its Application, direct testimony, and exhibits in the above-referenced matter. An original and nine paper copies of confidential and non-confidential versions of the Application, direct testimony, and exhibits will be provided separately, as well as flash drives containing all of the documents and work papers. The filing also includes a paper copy of all documents along with a flash drive containing all testimony and exhibits in their original formats for the court reporter.

All formal correspondence and regarding this Application should be addressed to:

Ted Weston  
Rocky Mountain Power  
1407 W. North Temple, Suite 330  
Salt Lake City, Utah 84116  
Telephone: (801) 220-2963  
Email: [ted.weston@pacificorp.com](mailto:ted.weston@pacificorp.com)

Emily L. Wegener  
Matthew D. McVee  
Rocky Mountain Power  
1407 W. North Temple, Suite 320  
Salt Lake City, Utah 84116  
Telephone: (801) 220-4526  
Email: [emily.wegener@pacificorp.com](mailto:emily.wegener@pacificorp.com)  
[matthew.mcvee@pacificorp.com](mailto:matthew.mcvee@pacificorp.com)

Communications regarding discovery matters, including data requests issued to Rocky Mountain Power, should be addressed to the following:

By E-mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

By regular mail: Data Request Response Center  
PacifiCorp  
825 NE Multnomah St., Suite 2000  
Portland, OR 97232

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,



Joelle Steward  
Vice President, Regulation

Enclosures

Emily L. Wegener (ISB #11614)  
Matthew D. McVee  
Rocky Mountain Power  
1407 W. North Temple, Suite 320  
Salt Lake City, Utah 84116  
Tel. (801) 220-4526  
[emily.wegener@pacificorp.com](mailto:emily.wegener@pacificorp.com)  
[matthew.mcvee@pacificorp.com](mailto:matthew.mcvee@pacificorp.com)  
*Attorneys for Rocky Mountain Power*

RECEIVED  
2021 MAY 27 PM 1:22  
IDAHO PUBLIC  
UTILITIES COMMISSION

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	
<b>OF ROCKY MOUNTAIN POWER FOR</b>	)	<b>CASE NO. PAC-E-21-07</b>
<b>AUTHORITY TO INCREASE ITS RATES</b>	)	
<b>AND CHARGES IN IDAHO AND</b>	)	<b>APPLICATION OF</b>
<b>APPROVAL OF PROPOSED ELECTRIC</b>	)	<b>ROCKY MOUNTAIN POWER</b>
<b>SERVICE SCHEDULES AND</b>	)	
<b>REGULATIONS</b>	)	

PacifiCorp d/b/a Rocky Mountain Power (“Rocky Mountain Power” or the “Company”) hereby applies to the Idaho Public Utilities Commission (“Commission”) for authority to increase its retail rates and approval of proposed changes to the Company’s electric service schedules. In accordance with Commission Rule of Procedure (“Rule”) 122.01, Rocky Mountain Power filed its Notice of Intent to File a General Rate Case on March 12, 2021. In support of this Application, Rocky Mountain Power states as follows:

1. The Company is an Oregon corporation providing electric service to retail customers as Rocky Mountain Power in the states of Wyoming, Utah, and Idaho, and as Pacific Power in the states of Oregon, California, and Washington.

2. Rocky Mountain Power is authorized to do and is doing business in the state of Idaho. The Company provides retail electric service to approximately 85,600 customers in the state of Idaho and is subject to the jurisdiction of the Commission.

3. Communications regarding this Application should be addressed to:

Ted Weston  
1407 W. North Temple, Suite 330  
Salt Lake City, Utah 84116  
Telephone: (801) 220-2963  
Fax: (801) 220-2798  
Email: [ted.weston@pacificorp.com](mailto:ted.weston@pacificorp.com)

Emily L. Wegener  
Matthew D. McVee\*  
1407 W. North Temple, Suite 320  
Salt Lake City, Utah 84116  
Tel. (801) 220-4526  
Fax (801) 220-4058  
Email: [emily.wegener@pacificorp.com](mailto:emily.wegener@pacificorp.com)  
Email: [matthew.mcvee@pacificorp.com](mailto:matthew.mcvee@pacificorp.com)

\*Rocky Mountain Power requests that the Commission allow for additional representatives to be identified for service under Rule 41(2). The Company agrees to accept electronic service under Rule 63(3).

In addition, the Company respectfully requests that all data requests regarding this matter be addressed to one or more of the following:

By e-mail (preferred)	<a href="mailto:datarequest@pacificorp.com">datarequest@pacificorp.com</a>
By regular mail	Data Request Response Center PacifiCorp 825 NE Multnomah, Suite 2000 Portland, OR 97232

4. Rocky Mountain Power is requesting a revenue requirement increase of \$19.0 million, or approximately 7.0 percent. The requested increase is based on a 10.20 return on equity ("ROE"), as recommended by Ms. Ann E. Bulkley, producing an overall Idaho revenue requirement of approximately \$290.5 million.

5. The request reflects rate mitigation adopted by the Commission in Case No. PAC-E-20-03, where the Commission approved using a portion of the 2017 Tax Cuts and Jobs Act (“TCJA”) deferred tax benefits to buy down the Cholla Unit 4 plant balance following the closure of the facility at the end of 2020. This reduced the requested increase by approximately \$5.5 million.

6. In this filing, the Company requests approval of further rate mitigation through the use of \$3.3 million of the remaining TCJA deferred tax benefits to offset five regulatory assets, which together, reduce the requested increase by \$1.1 million. The Company proposes to refund the remaining \$8.5 million in deferred TCJA savings to customers over two years through Electric Service Schedule No. 197 – Federal Tax Act Adjustment, if an increase in the corporate tax rate, as proposed by the U.S. Treasury, is not passed this year by the U.S. Congress.

7. The Company requests a July 1, 2021, effective date. Anticipating suspension of the proposed tariffs based on Idaho Code § 61-622(4), the revised tariff schedules included with this application reflect a rate effective date of January 1, 2022.

8. The proposed increase is based upon historical twelve-month period ending December 31, 2020, adjusted for known and measurable changes through December 31, 2021, (“Test Period”). The Test Period incorporates the Company’s updated depreciation study, which went into effect January 1, 2021, and the costs and benefits associated with the wind repowering and new wind projects, all of which will be in service by the end of 2021.

9. Rocky Mountain Power's system-wide costs are allocated to Idaho based on the approved 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol ("2020 Protocol").<sup>1</sup> The Company estimates that under existing rates the Company would earn an overall ROE of approximately 7.48 percent during the Test Period, which is significantly below the Company's currently authorized ROE of 9.9 percent and the requested ROE of 10.2 percent.

10. Net power costs for the Test Period are \$1,365.1 million on a total-Company basis, \$86.4 million on an Idaho-allocated basis. This represents a \$120 million, or 8.1 percent decrease on a total-Company basis in net power costs compared to the 2016 net power cost update. The decrease is driven by lower coal and natural gas fuel expense, increased wholesale sales, and increased zero-fuel-cost renewable generation. The decrease is partially offset by increased purchase power expense and a small increase in wheeling expense.

11. Without the requested increase in revenues, it will be increasingly difficult for the Company to maintain its utility infrastructure and continue to provide adequate, efficient, just, and reasonable service to its Idaho customers. The Company is in the midst of a multi-year program of investing in renewable energy and transmission facilities to serve its customers in Idaho and across its six-state system. At a total-Company level, the Test Period includes over \$4 billion of new plant investment partially offset by \$120 million in decreased net power costs. This Application includes in rates the investments, costs, and benefits of the Company's activities during the Test Period.

---

<sup>2</sup> *In the Matter of Rocky Mountain Power's Application for Approval of the 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol*, Case No. PAC-E-19-20, Order No. 34640 (Apr. 22, 2020).

12. Rocky Mountain Power also seeks approval of costs associated with its Energy Vision 2020 projects above the estimates approved by the Commission in Case No. PAC-E-17-07.<sup>2</sup> The additional costs are the result of changed circumstances due to factors beyond Rocky Mountain Power's control, and of such a unique nature that they could not reasonably have been anticipated or mitigated by the Company. These include the imposition of significant foreign import tariffs, market labor shortages due to massive construction initiatives by Pacific Gas & Electric, and the COVID-19 public health emergency. These factors go well beyond the normal allocation of risk anticipated in 2017 and 2018 when Rocky Mountain Power sought Commission approval and the Commission imposed a cost cap condition on the projects.

13. Rocky Mountain Power's direct case consists of the testimony and exhibits of fourteen witnesses. Below is a brief summary of their testimony.

(a) Gary W. Hooegeveen, President and Chief Executive Officer, Rocky Mountain Power, presents an overview of Rocky Mountain Power, its Idaho service area, and the strategies the Company is pursuing to provide its Idaho customers with safe, reliable, and affordable electricity to power their homes, businesses, and communities.

(b) Joelle R. Steward, Vice President, Regulation, Rocky Mountain Power, describes the policy decisions behind the Company's request in this proceeding.

---

<sup>3</sup> *In the Matter of the Application of Rocky Mountain Power for a Certificate of Public Convenience and Necessity and Binding Ratemaking Treatment for New Wind and Transmission Facilities*, Case No. PAC-E-17-07, Order No. 34104 (July 20, 2018); Order No. 34139, order on reconsideration (Sept. 6, 2018).

- (c) Nikki L. Kobliha, Vice President, Chief Financial Officer and Treasurer, provides the Company's overall cost of capital recommendation, including a capital structure to maximize customer value and minimize risk.
- (d) Ann E. Bulkley, economist and principal at Concentric Energy Advisors, provides a comparison of the Company's business and financial risk compared to peer utilities, recommends a cost of equity, and provides supporting analyses.
- (e) Rick T. Link, Vice President of Resource Planning and Acquisition, provides the economic analyses of repowering the Foote Creek I wind facility, the Energy Vision 2020 – new wind and transmission project, the Pryor Mountain Wind Project, and the conversion of Naughton Unit 3 to natural gas.
- (f) Timothy J. Hemstreet, Managing Director of Renewable Energy Development, provides an update on the implementation and costs of the new wind and repowering projects included in Energy Vision 2020 and an overview of the Foote Creek I repowering project.
- (g) Richard A. Vail, Vice President of Transmission Services, discusses important transmission system upgrades completed to serve customers and provides an update on the implementation and costs of the transmission projects included in Energy Vision 2020.
- (h) Robert Van Engelenhoven, Director of Resource Development, provides details on the development of the Pryor Mountain Wind Project, an overview of the

conversion of Naughton Unit 3 to natural gas, and details on the development of Lake Side 2 natural gas generating plant. He also sponsors the Company's updated decommissioning studies.

- (i) James C. Owen, Director – Environmental, supports the installation of selective catalytic reduction retrofit projects at three of the Company's joint owned coal plants: Craig Unit 2, Hayden Unit 2, and Jim Bridger Units 3 and 4.
- (j) Craig Eller, Vice President of Business Policy and Development, provides an updated analysis for the economic valuation of the interruptible products provided by Bayer.
- (l) Michael G. Wilding, Vice President of Energy Supply Management, presents the Company's proposed net power costs for the test period.
- (m) Melissa S. Nottingham, Manager of Customer Advocacy, proposes updates to certain customer service fees to reflect prices that are reasonable, fair, and cost-based.
- (n) Steven R. McDougal, Director of Revenue Requirements, summarizes the overall test year revenue requirement, normalizing adjustments, and the rate base calculation methodology.
- (o) Robert M. Meredith, Director of Pricing and Cost of Service, provides the Company's allocation and rate design, and discusses how the proposed tariff changes recover the proposed revenue requirement to achieve fair, just, and

reasonable prices for customers. Mr. Meredith also provides an exhibit with the proposed changes to existing tariffs in compliance with Rule 121.01(a).

14. Rocky Mountain Power is notifying its customers of this Application by means of a press release sent to local media organizations, bill inserts included in customer bills over the course of a billing cycle, and, in some cases, personal contact with customers or their representatives. In addition, copies of this Application will be made available for review on the Company's website or at local offices in its Idaho service territory.

15. This filing, specifically portions of the accompanying testimony and exhibits, includes confidential information exempt from public review under Idaho Code §§ 74-104-109 and Rule 67. The information includes trade secret and other Company, or third-party, confidential information and is protected from public inspection, examination or copying.

16. The Company respectfully submits that the Commission's approval of Rocky Mountain Power's Application, including the approval and implementation of the proposed electric service schedules as filed, is in the public interest. In accordance with Commission Rule 121.01(d), Rocky Mountain Power represents that it stands ready for immediate consideration of this Application.

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission issue a final order approving the Company's revenue requirement increase of \$19.0 million, or approximately 7.0 percent and the proposed electric service schedules effective, after suspension, January 1, 2022.

DATED this 27<sup>th</sup> day of May, 2021.

Respectfully submitted,

By Emily Wegener

Emily L. Wegener  
Matthew D. McVee

Attorneys for Rocky Mountain Power