

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY MOUNTAIN) CASE NO. PAC-E-21-18
POWER’S APPLICATION TO INCREASE)
THE BPA RATE CREDIT EFFECTIVE)
OCTOBER 1, 2021 THROUGH SEPTEMBER) ORDER NO. 35185
30, 2023)

On August 30, 2021, PacifiCorp dba Rocky Mountain Power ("Company") applied to the Commission requesting an order approving an increase for the Company's current Electric Service Schedule 34—Pacific Northwest Electric Power Planning and Conservation Act Residential and Farm Kilowatt-Hour Credit rate ("Schedule 34"). Under the Company’s proposal, Schedule 34 customers would receive a Residential Exchange Program (“REP”) credit of \$0.010133 per Kilowatt-Hour ("kWh").¹ The Company requests its Application be processed by Modified Procedure, and proposes an effective date of October 1, 2021.

On September 9, 2021, the Commission issued a Notice of Application and Notice of Modified Procedure establishing public comment and Company reply deadlines. Order No. 35163. Commission Staff filed comments. No other comments were received.

Having reviewed the record in this case, the Commission issues this Order approving the Company’s Application.

BACKGROUND

This Application results from the Bonneville Power Administration’s (“BPA”) Residential Exchange Program (“REP”). The REP was established by Section 5(c) of the Northwest Electric Power Planning and Conservation Act. 16 U.S.C. § 839c(c). That section makes low-cost power from the federal Columbia River power system available to investor-owned utilities in the Northwest. *See Assoc. of Pub. Agency Customers v. Bonneville Power Admin. (APAC v. BPA)*, 733 F.3d 939, 945 (9th Cir. 2013). The statute permits utilities to “exchange power they have purchased or generated for lower-cost power generated by BPA.” *Portland General Elec. Co. v. Bonneville Power Admin. (PGE v. BPA)*, 501 F.3d 1009, 1015 (9th Cir. 2007). The exchange is a paper transaction—a utility may offer to sell power to BPA at the utility’s average system cost (“ASC”) for producing power, which BPA compares to a Priority Firm (“PF”)

¹ The currently authorized Schedule 34 rate credit is \$0.008403 per kWh. This credit is authorized through September 30, 2021.

Exchange Rate that BPA calculates for purposes of the exchange. *See id.*, *APAC v. BPA*, 733 F.3d at 945-46. If BPA’s PF Exchange Rate is lower than the utility’s ASC, then the utility is entitled to a benefit from BPA. *APAC v. BPA*, 733 F.3d at 946. Generally, the utility benefit is the difference between BPA’s PF Exchange Rate and the utility’s ASC, multiplied by the utility’s residential load. *Id.* at 945. The utility must pass the benefit on to its qualifying (residential and small farm) customers. *See id.* (citing 16 U.S.C. § 839c(c)(3)). The implementation of the exchange has been litigated over the years; the current implementation results from a settlement that took effect in 2012. *See id.* at 946-47 (describing litigation and settlement).

THE APPLICATION

The Company proposes to distribute \$10.3 million in REP payments annually to its Schedule 34 customers.

According to the Company’s rate design, using 1.1 Gigawatt-Hour as the historical usage level of Schedule 34 customers with the proposed distribution of \$10.3 million, the REP rate credit would be \$0.010133 per kWh beginning October 1, 2021 through September 30, 2023.

STAFF COMMENTS

Staff reviewed the Application, exhibits, and proposed tariffs to confirm the Company’s proposed REP rate credit was reasonable. Staff confirmed the Company correctly calculated the rate of \$0.010133 per kWh based on the BPA REP credit and that increasing the rate credit is correct based on the REP credit available to Idaho customers.

Staff noted the Company’s allocation of the BPA REP credit for October 1, 2021 through September 30, 2023 increased by approximately \$18.7 million, from \$67.9 million in 2019 to \$86.6 million in 2021. Additionally, 2021 was the last year of the \$4.3 million look back payment.² Together, these changes result in a \$23.0 million net increase to the Company’s REP credit available to Idaho customers—\$18.7 million increase plus \$4.3 million look back payment—during the two-year credit period.

The BPA REP credit available to qualifying Idaho customers is \$20.3 million plus an undistributed balance of \$0.2 million in Idaho’s REP balancing account for a total of \$20.5 million

² “In 2001, parties in a BPA REP case negotiated a settlement for the allocation of REP benefits for the period 2002 through 2008. This settlement was appealed by a group of northwest public utility districts (“PUD”), and the court ruled in favor of the PUDs. Pursuant to the court order, the allocation of the BPA’s REP credit was recalculated, and the participating investor-owned utilities (“IOU”) were ordered to pay back excess benefits that had been received. The agreement allowed the IOUs to refund the excess REP credits—the look back payments—by netting the look back payment against future REP benefits through BPA fiscal year 2021.” Staff comments at 2.

to amortize over the two-year period. The REP credit is \$10.3 million per year. Staff verified the \$10.3 million REP credit was divided by calendar year 2019 usage level of the qualifying customers of approximately 1.1 Gigawatt hours, to correctly produce the Schedule No. 34 rate of \$0.010133 per kWh.

COMMISSION DECISION AND FINDINGS

The Commission has jurisdiction over this matter under *Idaho Code* §§ 61-502 and 61-503. The Commission has the express statutory authority to investigate rates, charges, rules, regulations, practices, and contracts of public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provision of law, and may fix the same by Order. *Idaho Code* §§ 61-502 and 61-503. The Commission has reviewed the record, including the Application, exhibits, and Staff's comments.

We find that the proposal to increase the BPA rate credit for Schedule 34 customers to \$0.010133 per kWh is just and reasonable. We therefore approve the Company's Application, to be effective October 1, 2021 through September 30, 2023.


ORDER

IT IS HEREBY ORDERED that the Company's Application to increase the BPA REP credit from October 1, 2021 through September 30, 2023 is approved. As described above, the Company may increase its credit to \$0.010133 per kWh for Schedule 34 customers, as of October 1, 2021.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

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DONE by order of the Idaho Public Utilities Commission at Boise, Idaho this 30th day of September 2021.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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