

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY MOUNTAIN) CASE NO. PAC-E-22-05
POWER’S APPLICATION REQUESTING)
APPROVAL OF \$28.4 MILLION ECAM) ORDER NO. 35419
DEFERRAL)
)

On March 30, 2022, PacifiCorp dba Rocky Mountain Power (“Company” or “Rocky Mountain”) applied for Commission authorization to adjust its rates under the Energy Cost Adjustment Mechanism (“ECAM”). The Company requested approval of approximately \$28.4 million in deferred costs from the deferral period beginning January 1, 2021, through December 31, 2021, and a 4.5 percent increase to Electric Service Schedule No. 94, Energy Cost Adjustment. The Company estimated that a residential customer using 783 kilowatt-hours (“kWh”) per month would see an increase of approximately \$2.97 a month on their electricity bill, and the Company provided a summary of the estimated increased percentage impacts by customer class:

- Residential Customers – (3.2%)
- Residential Schedule 36 – (3.7%)
- General Service Schedule 6 – (4.6%)
- General Service Schedule 9 – (5.8%)
- Irrigation Service Schedule 10 – (4.1%)
- General Service Schedule 23 – (3.8%)
- General Service Schedule 35 – (4.4%)
- Public Street Lighting – (2.2%)
- Tariff Contract 400 – (6.0%)

The Company requested that its proposed adjustment to the Electric Service Schedule No. 94, Energy Cost Adjustment, become effective on June 1, 2022.

On April 20, 2022, the Commission issued a Notice of Application and Modified Procedure setting comment deadlines. Order No. 35376. P4 Production, L.L.C. and PacifiCorp Idaho Industrial Customers (“PIIC”) petitioned to intervene, and the Commission granted their petitions. Order Nos. 35374 and 35393.

Having reviewed the record, the Commission approves the Company’s Application as discussed below.

BACKGROUND

The Commission approved the use of the ECAM in 2009. Order No. 30904. Every month, the Company tracks the difference between the actual net power costs (“NPC”) it incurred to serve

customers, and the base NPC it collected from customers through previously established base rates. Those costs vary by year with changes in the Company's gas and coal fuel costs, surplus power sales, power purchases, and associated transmission. The Company defers the difference between actual NPC and base NPC into a balancing account for later disposition at the end of the yearly deferral period. The ECAM allows the Company to credit or collect the difference between actual NPC and base NPC through a decrease or increase in customer rates.

In addition to the NPC difference, the ECAM includes: (1) the Load Change Adjustment Revenues ("LCAR"); (2) an adjustment for coal stripping costs under Emerging Issues Task Force ("EITF") 04-06; (3) a true-up of 100% of the incremental Renewable Energy Credit ("REC") revenues; (4) Production Tax Credits ("PTC"); (5) the Lake Side 2 generation resource adder; (6) a resource tracking mechanism ("RTM"); and (6) the reasonable energy price ("REP"), as defined in the 2020 Protocol, qualified facility ("QF") and energy imbalance market ("EIM") body of state regulators ("BOSR") costs. The ECAM also includes a "90/10 sharing band" in which customers pay/receive 90% of the increase/decrease in the difference between actual NPC and base NPC, LCAR, and the EITF 04-06 coal stripping costs; and the Company incurs/retains the remaining 10%.

COMMENTS

Commission Staff ("Staff"); the Company; and PIIC submitted comments.

A. Staff Comments

With respect to the ECAM calculation, Staff reviewed the Company's external audit reports, journal entries, invoices, contracts, and bills to customers. Staff also reviewed the Company's adjustment to actual costs, and the Company's hedge contracts and policies. Staff believed they reasonably safeguarded price and fuel stability. Staff also reviewed the transactions and invoices for the EIM revenues, and the calculations of the RTM adjustment included in the ECAM. Staff noted that the Company included three new items in this ECAM. The Company included the REP, BOSR and the Western Resource Adequacy Program ("WRAP") funding. Staff believed that because the BOSR and WRAP funding were not net power cost items, those costs should not be included in the ECAM. Staff believed that removal of the BOSR and WRAP funding would reduce the ECAM deferral by approximately \$15,000, and that the change would require only a minor adjustment to the Schedule 94 rates.

With respect to the rate adjustment, Staff verified that the rates in the Company's proposed Schedule 94, Energy Cost Adjustment, were calculated using the methodology approved in Order No. 33440. However, Staff noted that with the changes in the deferral balances proposed by Staff, the rates would be lower than what the Company proposed. Staff explained that the Company's proposed rates in Schedule 94 were voltage-level specific: 0.733 cents per kWh for secondary service; 0.720 cents per kWh for primary service; and 0.696 cents per kWh for transmission service. Staff's proposed rates were 0.733 cents per kWh for secondary service; 0.719 cents per kWh for primary service; and 0.695 cents per kWh for transmission service. Staff noted that both the Company's and Staff's proposed revision to Schedule 94 increased Company revenue by approximately 3.9%. However, Staff believed that revenue increases to specific classes would vary because of differences in rate design among the classes. Staff concluded that the overall revenue increase for residential Schedule 1 customers was 3.3%, and a typical residential customer using an average of 783 kWh per month would still pay \$2.97 more per month under Staff's proposed rates.

Staff recommended that the Commission: (1) approve the ECAM deferral balance without the BOSR and WRAP expenses; (2) approve the rates in Attachment A to Staff's comments, as provided by Staff's adjusted calculations; and (3); order the Company to provide revised tariffs for the proposed rates.

B. PIIC Comments

PIIC commented on three issues: (1) a Utah customer's load adjustment; (2) Navajo Tribal Utility Authority ("NTUA") partial requirements load; and (3) Lake Side II Outages.

With respect to the Utah customer, PIIC believed that when calculating total company load used to calculate the ECAM surcharge, the Company removed the Utah Customer's load, which resulted in an increase in costs allocated to Idaho. PIIC believed that this appeared to be a new adjustment that was not considered in the Company's most recent rate case and raised several important policy and allocation issues. Specifically, PIIC was concerned that the Company's treatment of the Utah Customer load was not consistent with the 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol ("2020 Protocol").

With respect to NTUA, PIIC believed that the Company had not made an adjustment to include the NTUA partial requirements loads in the adjusted total company load used to calculate

the ECAM deferral. PIIC recommended that adjusted total company loads be increased by 258,726 MW to account for the NTUA partial requirements load.

With respect to Lake Side II outages, PIIC noted that it had not been able to fully investigate the outages at Lakeside II, nor the impact of potential construction or other defects leading to its poor availability in recent years. PIIC requested that Staff further investigate those outages, including an evaluation of root cause analyses and other supporting information.

C. Rocky Mountain Reply Comments

With respect to the Utah customer issue, the Company explained that the customer at issue entered into a contract under a Utah-specific tariff that allowed the customer to offset their load with renewable resources. The Company reasoned that under the 2020 Protocol, the costs and benefits resulting from a state-specific initiative were allocated and assigned on a situs basis to the State adopting the initiative. The Company also noted that the customer contract was entered into pursuant to Utah Electric Service Schedule No. 34 (“Schedule 34”), a tariff implementing Utah Code section 54-17-806, and that the customer’s energy generation program had been in place since 2016 and would not be considered a “new issue” under the 2020 Protocol. Further, the Company noted that including the customer’s load as system load created a mismatch where all costs were situs assigned to Utah and system load was increased reducing the overall dollar-per-megawatt-hour cost in the Idaho ECAM. The Company believed that PIIC’s proposal was at odds with the 2020 Protocol, was not symmetrical, and did not match costs with benefits.

With respect to the NTUA issue, the Company explained that for purposes of calculating jurisdictional allocation factors, the Company begins with total metered load for each state, and that Utah’s metered load was inclusive of all customers, Federal Energy Regulatory Commission (“FERC”) and NTUA included, located in the state. The Company believed that no adjustment was necessary to Utah load to include NTUA’s metered load, as that load was already included in Utah’s metered load.

With respect to the Lake Side II outage issue, the Company believed that because PIIC did not provide any factual basis for its conclusion, the Commission should disregard the issue.

Finally, with respect to Staff comments, the Company believed that the BOSR and WRAP fees were directly associated with NPC and should be included in NPC. However, the Company reasoned that even if the Commission decided to remove those expenses, the Company did not believe it was necessary to revise rates or update Schedule 94. The Company explained that the

ECAM deferral was a balancing account, and the difference in the load used to develop Schedule 94 rates and actual energy consumed during the collection period would have a much larger impact on the balance than the approximate \$15,000 associated with the two adjustments requested by Staff.

COMMISSION FINDINGS AND DECISION

The Commission has jurisdiction over the Company's Application and the issues in this case under Title 61 of the Idaho Code including, *Idaho Code* §§ 61-501, -502, and -503. The Commission is empowered to investigate rates, charges, rules, regulations, practices, and contracts of all public utilities and to determine whether they are just, reasonable, preferential, discriminatory, or in violation of any provisions of law, and to fix the same by order. *Idaho Code* §§ 61-501, -502, and -503.

The Commission has reviewed the Company's Application including all submitted testimony and exhibits, Staff's comments, all Intervenor comments, and all Company reply comments. Based on its review of the record, the Commission finds it fair, just, and reasonable to approve the Company's Application with some exceptions. Specifically, the Commission finds that the BOSR and WRAP funding are not net power cost items, and those costs should not be included in the ECAM. However, given the totality of the ECAM calculation relative to the BOSR and WRAP funding, the Commission finds that the Company's Application complies with the Commission's prior orders and directives concerning the recovery of deferred NPC incurred by the Company during the deferral period.

Accordingly, the Commission approves the \$28.4 million in deferred costs from the deferral period beginning January 1, 2021, through December 31, 2021, and a 4.5 percent increase to Electric Service Schedule No. 94, Energy Cost Adjustment.

ORDER

IT IS HEREBY ORDERED that the Company's Application for \$28.4 million in deferred costs from the deferral period beginning January 1, 2021, through December 31, 2021, is approved, less the amounts for BOSR and WRAP funding. The Company's Application for a 4.5 percent increase to Electric Service Schedule No. 94 Energy Cost Adjustment, with new rates effective June 1, 2022, is approved.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date upon this Order regarding any

matter decided in 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 and 62-619.*

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 26th day of May 2022.



ERIC ANDERSON, PRESIDENT

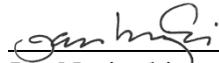


JOHN CHATBURN, COMMISSIONER



JOHN R. HAMMOND JR., COMMISSIONER

ATTEST:



Jan Noriyuki
Commission Secretary

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