

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF ROCKY MOUNTAIN ) CASE NO. PAC-E-23-13**  
**POWER’S PETITION FOR APPROVAL OF )**  
**AN EXTENSION OF THE 2020 INTER- )**  
**JURISDICITONAL ALLOCATION ) ORDER NO. 35984**  
**PROTOCOL )**  
**)**

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On April 12, 2023, PacifiCorp dba Rocky Mountain Power (“Company”) petitioned for an order modifying Order No. 34640 (adopting a temporary cost allocation methodology that is set to expire on December 31, 2023 (“Interim Period”)) and approving the First Amendment to the 2020 Protocol (“Petition”). The First Amendment proposes to extend the Interim Period through December 31, 2025, clarify the Oregon exit dates, and modify Appendix C of the 2020 Protocol. Most Idaho jurisdictional stakeholders executed the First Amendment. The Company requested an effective date of January 1, 2024.

On May 5, 2023, the Commission issued a Notice of Petition and Notice of Intervention Deadline, setting an intervention deadline of May 26, 2023. Order No. 35770. No intervenors appeared.

On September 1, 2023, the Commission issued a Notice of Modified Procedure, setting a public comment deadline of September 19, 2023, and a company reply deadline of September 26, 2023. Staff filed the only comments.

Having reviewed the record, the Commission issues this Order approving the Company’s Application as follows.

**BACKGROUND**

On April 22, 2020, the Commission issued Order No. 34640 adopting the 2020 Protocol, which established a temporary cost allocation methodology schedule that is set to expire on December 31, 2023. The 2020 Protocol has four core sections: an Interim Allocation Methodology and three sections that detail categories of issues for the development of a future allocation methodology—Implemented Issues, Resolved Issues, and Framework Issues.

After execution of the 2020 Protocol the parties to it (“Framework Issues Workgroup”) began developing a successor methodology, meeting over twenty-two times to resolve framework issues. After three years of development, the Company states that the Framework Issues

Workgroup needs additional time beyond that contemplated in Order No. 34640 to complete work on a successor to the 2020 Protocol. During the development process “new regulatory actions from federal agencies, along with operational and market considerations” have impacted the development of the successor methodology. Petition at 4.

### **THE PETITION**

The Company attached a copy of the proposed First Amendment to the 2020 Protocol (“Amendment”) to its Petition. The primary effect of the Amendment is to extend the termination date of the Interim Period from December 31, 2023, to December 31, 2025. However, the Amendment also clarified exit dates established by the Oregon Public Utility Commission for certain coal plants. Additionally, the Amendment contains a minor change to Appendix C of the 2020 Protocol that specifies the Division Generation Utah Factor will be based on the four most recent years.

### **STAFF COMMENTS**

Staff recommended approval of the Company’s Petition to extend the 2020 Protocol through December 31, 2025. Staff indicated that additional time would facilitate further development of a hybrid fixed-dynamic allocation method for both new and existing resources that, despite being in the early stages of development, shows promise in both mitigating risk of a changing regulatory environment while maintaining the benefits of a combined system. Similarly, Staff noted that an extension would permit additional review of outputs from the Nodal Pricing Model (“NPM”) currently used to dispatch the Company’s resource fleet. Staff is reviewing NPM outputs to evaluate the model’s impact on Net Power Costs (“NPC”). Although the NPM is not currently used to allocate the NPC, the Company intends to join the Extended Day Ahead Market (“EDAM”) with CAISO, which is nearly identical to the NPM in practice but would involve consideration of all EDAM participants instead of only the Company’s system. Staff also indicated that extending the 2020 Protocol would provide additional time for member states to form a consensus on issues like the allocation of special contracts and interim capital additions.

Furthermore, in addition to Staff’s observation that, should the 2020 Protocol lapse, there will not be a common allocation method between the member states. The varying jurisdictional allocation methods that could arise may result in the Company recovering more or less than all its prudently incurred costs. Additionally, the Company could encounter incentives to favor certain states based on their allocation protocols—not the health of the system. In sum, Staff

believes that extending the 2020 Protocol through December 31, 2025, will provide additional time for the Framework Issues Group to reach consensus on a durable allocation method going forward.

### **DISCUSSION AND FINDINGS**

The Commission has jurisdiction over the Company's Petition and the issues in this case under Title 61 of the Idaho Code including, *Idaho Code* §§ 61-501, 502, and -503. Based on our review of the record, we find it reasonable to grant the Company's Petition. We previously found that the 2020 Protocol provided for the fair and reasonable allocation of the Company's system costs between jurisdictions during the Interim Period and was, therefore, in the public interest. *See* Order No. 34640 at 4. We also recognized the importance of the thorough examination of long-term allocation options due to evolving nature of state policies relevant to carbon based electric generation and the continued use of coal fueled generation assets. *Id.*

Despite efforts by the Framework Issues Workgroup, the parties have yet to reach consensus on important issues necessary for the formation of a durable allocation method going forward. Moreover, should the 2020 Protocol lapse, there will no longer be a common allocation method between member states. The varying jurisdictional allocation methods that could subsequently arise may result in the Company recovering more or less than its prudently incurred costs. This could also lead to the Company encountering incentives to favor certain states based upon their allocation protocols—not the health of the system. Additionally, if 2020 Protocol is extended, it is reasonable to clarify the Oregon exit dates and revise Appendix C as the Amendment proposes. Accordingly, we find it reasonable to facilitate further discussion and consensus building by extending the Interim Period for two years to December 31, 2025—contingent upon the approval of the First Amendment without material alteration by the other utility commissions that approved the 2020 Protocol.

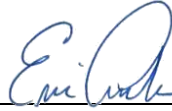
### **ORDER**

IT IS HEREBY ORDERED that the Company's Petition for approval of the First Amendment to the 2020 protocol and modification of Order No. 34640 to approve the 2020 Protocol as amended through December 31, 2025, is conditionally granted, effective January 1, 2024. This grant is contingent upon the approval of the Amendment without material change by other utility commissions.


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.*

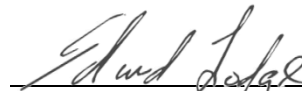
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 2<sup>nd</sup> day of November 2023.



ERIC ANDERSON, PRESIDENT

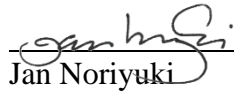


JOHN R. HAMMOND JR., COMMISSIONER



EDWARD LODGE, COMMISSIONER

ATTEST:



Jan Noriyuki  
Commission Secretary

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