

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY MOUNTAIN)	CASE NO. PAC-E-24-04
POWER’S APPLICATION FOR)	
AUTHORITY TO INCREASE ITS RATES)	
AND CHARGES IN IDAHO)	ORDER NO. 36452
)	
)	

On May 31, 2024, PacifiCorp dba Rocky Mountain Power (“Company”) applied for authority to increase its Idaho jurisdictional revenue requirement by \$92.4 million, or approximately 26.8 percent. Order No. 36229. The Company proposed increasing its revenue requirement by \$66.7 million, or 19.4 percent, effective January 1, 2025, with a second increase of \$25.7 million, or 7.4 percent, effective January 1, 2026.

On June 20, 2024, the Commission issued a Notice of Application and a Notice of Intervention Deadline. Order No. 36229. Idaho Irrigation Pumpers Association, Inc. (“IIPA”), P4 Production, LLC, an affiliate of Bayer Corporation (“Bayer”), Idaho Conservation League (“ICL”), and PacifiCorp Idaho Industrial Customers (“PIIC”) (collectively, the “Intervenors”) intervened in the case. *See* Order Nos. 36230, 36240 & 36253.

On September 25, 2024, Commission Staff (“Staff”) notified the Commission that the parties intended to enter settlement discussions with the intent to resolve the outstanding issues in the case. *See* IDAPA 31.01.01.271 through .277.

On November 22, 2024, the Commission set a schedule for processing this case, including dates for Staff and Intervenor prefiled testimony, a customer hearing, Company rebuttal testimony, and a technical hearing. Order No. 36364.

On December 6, 2024, a proposed Stipulation and Settlement (“Settlement”) were filed with the Commission. *See* IDAPA 31.01.01.056, .272, and .274. The Settlement was signed by the Company, Staff, Bayer, IIPA and PIIC (collectively the “Parties” or individually “Party”).¹

On December 16, 2024, the Commission held a customer hearing in Pocatello. No one testified.

¹ The only non-signatory—ICL—had already filed a notice of withdrawal on November 14, 2024.

On December 19, 2024, the Commission issued a Notice of the Proposed Settlement, amended the procedural schedule, and provided notice of a written comment deadline for customers. Order No. 36424.

On January 9, 2025, the Commission held a technical hearing. Staff, IIPA, and the Company all offered pre-filed testimony in support of the Settlement to be spread on the record. PIIC and Bayer filed comments in support of the Settlement. Fourteen other public comments were filed. Conforming Tariffs were included in the Company’s testimony.²

Having reviewed the record, we now issue this Order approving the Settlement filed in this case.

THE APPLICATION

The Company is a Commission-regulated electrical corporation. *See Idaho Code* § 61-119. It is an Oregon corporation that provides electric service to retail customers in six states. In Idaho, the Company provides retail electric service to about 91,000 customers.

The Company estimates that it would earn an overall return on equity (“ROE”) of about 1.10 percent during the test year under existing rates. The approved settlement from the Company’s most recent rate case in 2021 was silent on ROE, capital structure, and return on rate base. The Company thus requests a revenue requirement increase of \$92.4 million—approximately 26.8 percent—with a ROE of 10.30 percent. The proposed increase is based on a historical test year ending December 31, 2023, “adjusted for known and measurable changes through December 31, 2024, which is based on a forecast for 2025.” Application at 3.

The Company’s Application proposes the following changes to customer rates by schedule:

	Effective January 1, 2025	Effective January 1, 2026
Residential – Schedule 1	17.9%	5.3%
Residential – Schedule 36	19.2%	6.0%
General Service – Schedule 6	20.5%	6.8%
General Service – Schedule 9	18.6%	6.5%
Irrigation – Schedule 10	22.5%	6.8%
General Service – Schedule 23	19.9%	6.4%
General Service – Schedule 35	20.8%	6.9%
Public Street Lighting	6.7%	0%

² During the January 9, 2025, technical hearing, the Company noted that it had mistakenly omitted a copy of its proposed Tariff Schedule 74 from the exhibits associated with its testimony. The Company indicated that it would submit a copy of its proposed Schedule 74 as a compliance filing.

Contract – Schedule 400	18.5%	6.5%
Overall Increase	19.4%	6.3%

The Company’s Application includes written testimony and exhibits explaining and defending the calculation of the Company’s proposed rate increase.

The Company provided notice of the Application to its customers by means of “bill inserts included in customer bills over the course of a billing cycle, and, in some cases, personal contact with customers or their representatives.” *Id.* at 8. The Company is also issuing a press release to local media organizations and providing copies of the Application on its website and at local Company offices.

THE PROPOSED SETTLEMENT

Under the proposed Settlement, the Company would be allowed to increase base rates by \$57.94 million or 16.8 percent, effective January 1, 2025. The Schedule 94 Energy Cost Adjustment Mechanism (“ECAM”) rates for recovery of 2023 deferred costs will be reduced by 50 percent, effective on the latter of January 1, 2025, or when the rate increase described above becomes effective. The remaining 2023 deferral and costs deferred in 2024 would be collected over the following two years. This adjustment to ECAM rates described above reduces the net impact of the overall rate increase by \$32.5 million, resulting in a net rate change of \$25.44 million or 7.4 percent effective January 1, 2025. The Parties agreed that the increase does not represent agreement or acceptance by the Parties of any specific revenue requirement method, unless specified.

The Parties also agreed that the base rate increase includes recovery of the Gateway South and Gateway West transmission projects as well as the Rock River I, Foot Creek II-IV, and Rock Creek I wind projects. However, the Parties reserved the right to review and provide recommendations to the Commission regarding recovery of capital costs associated with the transmission level line extension for Project Specialized (Oregon) in the Company’s next general rate case.

Under the Settlement, the following base amounts for the ECAM are included in Attachment 1 to the Proposed Settlement:

- Net Power Costs - \$2,228,403,177 or \$36.66/megawatt hour (“MWh”) total-company, \$128,240,000 or \$36.91/MWh Idaho-allocated.

- Base production Tax Credits – equal to the amount filed in the Application at (\$4.31)/MWh
- Base Load Change Adjustment Revenue (“LCAR”) - \$6.29/MWh

The Company further agreed to withdraw its proposal for a Catastrophic Fire Fund but reserved the right to propose the fund in a future proceeding. Regarding Excess Liability Insurance Premium costs, the Parties agreed to \$9,806,312 as Idaho’s allocation of such costs. Excess liability insurance premium cost differing from the amount in base rates will be tracked separately in a deferral. Prudently incurred insurance cost exceeding the amount in base rates will be amortized in the Company’s next general rate case.

The Parties agreed that rate design will be established using the Company’s proposed class cost of service study with a cap of 110 percent of the overall average base rate increase and a floor of zero percent price change for all classes. The cap and floor percentage will apply to the base rate increase before application of the Insurance Cost Adjustment (“ICA”) and ECAM changes agreed to in the Settlement. Schedule 1 and Schedule 36 Customer Service Charges will continue to increase according to the timing specified in the Residential Rate Modernization Plan (Case No. PAC-E-22-15; Order No. 35802) with commensurate decreases in Energy Charges on June 1 each year of the plan. Schedule 1 Energy Charges will remain at the current 17 percent differential in tiers in both seasons. Rate schedules other than Schedule 1 and Schedule 36 will be consistent with the Company’s proposed rate design. Schedule 24 will be eliminated. Additionally, there will be a 30,000 kilowatt load limit for Schedules 6, 6A, 23, and 23A. Tariff changes shall be consistent with the Company’s proposals set forth in the Application.

The Parties also agreed to implementation of a Voluntary Renewable Energy Credit Option Tariff, subject to conditions contained in the Settlement.

Pursuant to Commission Rule 275, “[p]roponents of a proposed settlement carry the burden of showing that the settlement is reasonable, in the public interest, or otherwise in accordance with law or regulatory policy.” IDAPA 31.01.01.275.

The Commission is not bound by the Settlement reached by the Parties. The Commission will independently review any proposed settlement to determine whether the settlement is just, fair, and reasonable, and in the public interest, or otherwise in accordance with law or regulatory policy. The Commission may accept a settlement, reject a settlement, or state additional conditions under which a settlement will be accepted. IDAPA 31.01.01.274-.276.

If the Commission rejects any part or the entire Settlement or imposes any additional material conditions on its approval, then each party reserves the right to withdraw from the Settlement.

THE COMMENTS

1. Public Comments

Fourteen members of the public filed comments. A few asked questions about how the proposed rate increase related to another case the Company filed in 2022 or sought to have the Company resubmit certain documents. Most of the comments, however, suggested that the Commission should either deny the Company's request to raise rates, or, at a minimum, approve a smaller rate increase than the Company proposed.

2. PIIC Comments

PIIC supported the Settlement and recommended that the Commission find that it is in the public interest. PIIC's comments describe the Settlement process and components. In particular, PIIC noted its approval of the adjustments to the recovery of ECAM deferrals set forth in the Settlement. PIIC indicated that the two-year recovery period, combined with the two-year stay out, will mitigate the volatility and rate shock carried by a significant base rate increase.

3. Bayer's Comments

Bayer also supported the Settlement and recommended that the Commission find that it is in the public interest. Bayer believed the Settlement, though differing from the outcome it would have sought in a litigated case, produces a reasonable outcome to this proceeding.

THE TESTIMONY

Staff, IIPA, and the Company filed testimony in support of the Settlement. Staff, IIPA, and the Company each described the process, the components (described above), and their support of the Settlement. The Company's testimony included compliance Tariff Sheets incorporating the terms of the Settlement.

COMMISSION DISCUSSION 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 or 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’s process for considering settlement stipulations is set forth in its Rules of Procedure 271-277, IDAPA 31.01.01.271-277. When a settlement is presented to the Commission, it “will prescribe the procedures appropriate to the nature of the settlement to consider the settlement.” IDAPA 31.01.01.274. Here, the Commission convened both a technical hearing and customer hearing on the Settlement. IDAPA 31.01.01.274. Proponents of a proposed settlement must show “that the settlement is reasonable, in the public interest, or otherwise in accordance with law or regulatory policy.” IDAPA 31.01.01.275. Finally, the Commission is not bound by settlement agreements. IDAPA 31.01.01.276. Instead, the Commission “will independently review any settlement proposed to it to determine whether the settlement is just, fair and reasonable, in the public interest, or otherwise in accordance with law or regulatory policy.” *Id.*

The Commission has reviewed the record, including the Application, Settlement, testimony, and public comments. The Parties have built a substantial record through their filings, negotiations, and participation in hearings setting forth their justifications for signing and supporting the Settlement. We appreciate the investment of time and resources the Parties have made to participate in this case and promote their positions on the Company’s Application. The robust record has assisted the Commission in understanding the important issues raised in this case. Based on our review of the record, we find that the Settlement is fair, just and reasonable, in the public interest, and we approve it with one modification regarding the effective date of the rate increase described below.

The Settlement reduces the Company’s requested increase to its Idaho jurisdictional revenue requirement from \$92.4 million (26.8 percent) spread over two years (as requested) to a single increase of \$57.94 million (16.8 percent) effective January 1, 2025. In its Application, the Company stated it would earn 1.10 percent ROE under existing conditions and requested authorization of a 10.30 percent ROE. Although a specific ROE was not agreed to in the Settlement, the 7.25 percent rate of return agreed upon in the Settlement is fair, just and reasonable.

Additionally, establishing rate spread using the Company’s proposed class cost of service study, subject to the 110 percent cap and zero percent floor applied before application of the ICA and ECAM rate changes identified in the Settlement, is fair, just, and reasonable. We find that this rate design agreed to in the Settlement provides the Company a reasonable opportunity to earn a fair return.

The record suggests that the Parties spent considerable time investigating the Company's proposal and negotiating for an outcome that would provide reasonable rates for customers and an opportunity for the Company to earn a reasonable return on its investments. Significant discovery was conducted, which allowed the Parties to explore the Company's proposed rate increase and make informed decisions regarding settlement. Clearly the Parties worked hard through numerous settlement conferences to identify adjustments that would result in an outcome that could be agreeable to the Parties, the public and, ultimately, this Commission.

Notably, the Settlement dealt with recovery of 2023 deferred ECAM costs, reducing them by 50 percent. Any remaining 2023 deferral as of June 1, 2025, will be recovered over two years along with costs deferred in 2024. This adjustment to ECAM rates reduces the net impact of the overall rate increase by \$32.5 million, resulting in a net rate change of \$25.44 million or 7.4 percent. This reduces the overall increase customers will incur and diminishes the degree of rate shock they may experience.

Although we find the Settlement fair, just, and reasonable overall, one modification is necessary. Specifically, the Settlement proposes January 1, 2025, as the effective date for new rates. Although that date is already past, we see no reason to further delay the rate increase proposed in the Settlement. Accordingly, we find it fair, just, and reasonable to change the effective date of the rate increase described in the Settlement from January 1, 2025, to February 1, 2025. To accommodate this change, the Company will have to resubmit its proposed tariffs to reflect this effective date. We find it reasonable to direct the Company to do this through a compliance filing within 14 days of the service date of this Order.

ORDER

IT IS HEREBY ORDERED that the Settlement is approved with a modified effective date of February 1, 2025, instead of January 1, 2025. The balance of the regulatory asset granted in Order No. 36350, consisting of the revenue requirement increase granted in this Order, that began accruing on January 1, 2025, shall stop accruing when the Company's new rates become effective.

IT IS FURTHER ORDERED that the rates included in the conforming tariffs filed on December 19, 2024, as Exhibit No. 61 to the Direct Testimony of Joelle Steward in support of the Settlement are approved, effective February 1, 2025.

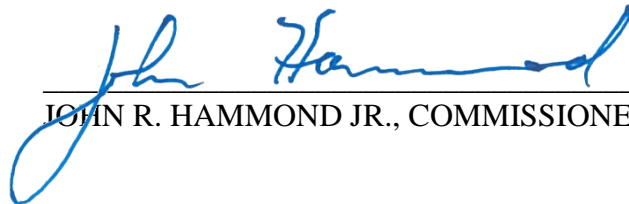
IT IS FURTHER ORDERED that the Company shall submit copies of its proposed tariffs, including a copy of its proposed Schedule 74 that was omitted from Exhibit No. 61, with an

effective date of February 1, 2025, as a compliance filing within 14 days of the service date of this Order.


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 about 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.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 31st day of January 2025.


EDWARD LODGE, COMMISSIONER


JOHN R. HAMMOND JR., COMMISSIONER

ATTEST:


Monica Barrios-Sanchez
Commission Secretary

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