BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF ROCKY MOUNTAIN POWER'S APPLICATION FOR APPROVAL OF $66.7 MILLION ECAM DEFERRAL	)))))	**CASE NO. PAC-E-25-04** **ORDER NO. 36621**

On March 27, 2025, Rocky Mountain Power, a division of PacifiCorp ("Company"), applied for Commission authorization to adjust its rates under the Energy Cost Adjustment Mechanism ("ECAM"). Specifically, the Company seeks approval of approximately $66.7 million in ECAM deferral and a 2.2 percent increase to Electric Service Schedule No. 94, Energy Cost Adjustment ("Schedule 94"). The Company requests that this matter be processed by Modified Procedure and become effective on June 1, 2025.

On April 23, 2025, the Commission issued a Notice of Application and Notice of Modified Procedure, establishing public comment and Company reply deadlines. Order No. 36571. P4 Production LLC., an affiliate of Bayer Corporation ("P4"), Idaho Irrigation Pumpers Association ("IIPA"), and PacifiCorp Idaho Industrial Customers ("PIIC"), intervened. Order No. 36585.

Commission Staff ("Staff"), PIIC, and four members of the public filed comments. The Company responded to Staff's and PIIC's comments.

Having reviewed the record, the Commission approves the Company's Application with one caveat. Specifically, we authorize an ECAM deferral amount of $66,606,659 and direct the Company to credit customers $52,243 in next year's ECAM to address an error in the Company's Production Tax Credit ("PTC") calculation.

BACKGROUND

The ECAM allows the Company to increase or decrease its rates each year to reflect changes in the Company's power supply costs. These costs vary by year with changes in the Company's fuel (gas and coal) costs, surplus power sales, power purchases, and associated transmission costs. Each month, the Company tracks the difference between the actual net power costs ("NPC") it incurred to serve customers, and the embedded (or base) NPC it collected from customers through base rates. 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. At that time, 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. Neither the Company nor its shareholders will receive any financial return because of this filing.

THE APPLICATION

Besides the NPC difference, this year's ECAM includes: (1) the Load Change Adjustment Revenues ("LCAR"); (2) an adjustment for coal stripping costs under Emerging Issues Task Force 04-6 ("EITF");[1] (3) a true-up of 100 percent of the incremental Renewable Energy Credit ("REC") revenues; (4) PTCs; (5) reasonable energy price, as defined in the 2020 Protocol ("REP"); (6) qualified facility costs; and (7) wind availability liquidation damages.

With its Application, the Company seeks an order approving the Company's: (1) request for a $66.7 million ECAM deferral; and (2) a 2.2 percent increase for Schedule 94. The Company states that if its proposal is approved, prices for customer classes would *increase* as follows:

- Residential Schedule 1 – (1.7%)
- Residential Schedule 36 – (1.9%)
- General Service Schedule 6 – (2.2%)
- General Service Schedule 9 – (2.8%)
- Irrigation Customers – (2.0%)
- General Service Schedule 23 – (1.7%)
- General Service Schedule 35 – (2.1%)
- Public Street Lighting – (1.2%)
- Tariff Contract, Schedule 400 – (2.9%)

STAFF COMMENTS

1. ECAM Analysis and Calculation

Staff recommended the Commission (1) approve the Company's $66,606,659 million ECAM deferral for 2024 and (2) direct the Company to adjust the balancing account to address a $52,243 PTC error, with the amount credited to customers in next year's ECAM. To develop these recommendations, Staff reviewed the Company's ECAM deferral calculation, confirming it accurately reflected actual loads, costs, and revenues, and was consistent with prior Commission orders. Staff also verified that the Application of base rate components was correct.

After filing its Application, the Company identified a minor error in its PTC credit calculation, reducing recovery by $52,243 and lowering the overall rate from 2.22 percent to 2.21

[1] The ECAM 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 coal stripping costs; and the Company incurs/retains the remaining 10%.

percent. Staff considered the error immaterial and recommended maintaining the proposed Schedule 94 rates as filed, with the correction reflected in the balancing account and trued up in the next ECAM filing. Staff determined the revised deferral balance accurately captures the difference between energy costs in base rates and actual 2024 costs and revenues. To ensure accuracy, Staff also reviewed audit reports, journal entries, invoices, and contracts; evaluated adjustments to NPC costs; reconciled general ledger amounts; assessed hedge contracts for compliance; and verified Energy Imbalance Market revenues included in the ECAM calculation. A summary of Staff's analysis is provided below.

The NPC to serve Idaho customers in 2024 was $161.9 million but the revenue collected through base rates was only $91.5 million—leaving a $70.5 million under collected balance. After accounting for the 90/10 band, customers are responsible for $61.4 million through the ECAM.

The EITF—an adjustment measuring the difference between coal stripping costs incurred and recorded—decreased the deferral by $546,980.

The LCAR adjusts for the over- or under-recovery of "fixed energy-classified production cost (excluding NPC) resulting from the difference between Idaho sales used to determine base rates and the sales from the deferral year." Staff Comments at 5. A LCAR of $8.74 per megawatt hour ("MWh") was set in Case No. PAC-E-21-07, and the Company collected approximately $32.6 million through the LCAR. The difference between this amount and the $30.8 million embedded in base rates decreased the ECAM deferral by $1.76 million.

Under Order No. 35277, the PTC true-up is $4.16/MWh. In 2024, a $15.1 million PTC benefit from the ECAM fell short of the $15.5 million allocation to Idaho customers. The $363,786 difference between base rate PTCs and actual PTCs will be a surcharge to customers. As previously stated, the Company found a $52,243 error in its PTC calculation, which Staff believed has a minor impact on the rates. Staff recommended adjusting this amount in the balancing account and crediting it to customers in next year's ECAM.

A rate of $0.07/MWh in REC revenues was set in Order No. 35277. In 2024, base rates included $255,148 in benefits, but Idaho's actual share of REC revenues was $1,046,282. This $791,134 difference offset the deferral balance.

Per the 2020 protocol, all qualifying facility ("QF") contracts approved in 2020 and thereafter became subject to a REP adjustment. Idaho has 11 QF contracts that fall under the REP adjustment which resulted in a $1.5 million increase to the Idaho deferral in 2024.

The ECAM also included a $100,045 credit for a wind availability liquidated damages credit. This credit represents Idaho's share of the liquidated damages the Company receives from suppliers of repowered wind facilities not meeting required specifications.

The Company included forecasted interest of approximately $3.6 million for the deferred ECAM balance from June 1, 2025 to May 31, 2027. Staff reviewed the Company's interest calculation, method, and rate assumptions, including the use of a 5% interest rate, which matches the Commission-approved customer deposit rate for 2025. Although the settlement stipulation did not specifically allow interest recovery, Staff found the proposal reasonable, as it aligns with regulatory practices and fairly compensates the Company for the delay in cost recovery.

2. Analysis of Actual NPC

Staff asserted that the ECAM deferral increased due to a higher actual unit cost of energy at $40.86 per MWh, compared to the $23.41 per MWh cost included in base rates. To assess the prudency of the Company's NPC, Staff compared the energy amounts and costs in base rates to the actual energy use and costs in 2024 across various resource types. Staff found the higher NPC unit costs were mainly due to limits on using the Company's lower-cost resources (Coal, Gas, and Other), requiring greater reliance on higher-cost market purchases and gas-generating units.

According to Staff's analysis, the Company's base rates, set by Commission Order No. 35277, assumed higher use of lower-cost resources like coal and hydro. However, in 2024, actual coal, hydro, and other generation (*e.g.*, wind, solar, *etc.*) decreased by 39.0%, 41.7%, and 11.3%, respectively, while energy from gas plants and market purchases rose by 100% and 13%. Staff attributed this shift largely to the 2024 coal-to-gas conversion of Bridger units 1 and 2, resulting in 12 million fewer MWhs of coal generation. Coal, which typically provides price stability, was replaced by more volatile gas and market-sourced energy. This increases the Company's exposure to fuel and wholesale electricity price swings, emphasizing the need for strong hedging strategies and potentially more long-term market purchases—evidenced by the lower $34.35 per MWh cost of long-term contracts compared to the $69.06 per MWh average market cost. Additionally, wholesale energy sales were only about 20% of the amount included in base rates. Despite achieving a higher average sales price of $54.35 per MWh versus the $43.09 per MWh assumed in base rates, this likely reflects the overall rise in portfolio costs, making the Company's power less competitive in the wholesale market.

Staff also observed that excessive thermal plant downtime can significantly affect the Company's actual NPC passed through the ECAM. Staff reviewed planned and forced outages for each of the Company's thermal generating units, as provided in response to Audit Request No. 6. Based on this review, Staff reached two conclusions: (1) the amount and causes of forced outage downtime were reasonable compared to the previous year, and (2) both the planned downtime and any additional unplanned downtime had clear justification and were deemed reasonable.

Staff calculated line loss by comparing the Idaho load at input to the load at customer meters and found a 3.11% loss in 2024. Although higher than 2023, it remains below the 3.5% loss identified in the Company's last line loss study. This result indicates that the line loss during 2024 is within acceptable limits, and Staff considers it reasonable.

3. Proposed Rates

The Company's proposed Schedule 94 rates would raise overall revenue by about 2.2%, though the impact varies by customer class due to rate design differences. For residential customers, the average increase is 1.7%. A typical residential customer using 836 kWh per month would see a monthly bill increase of $1.94.

Staff confirmed that the Company's proposed Schedule 94 rates comply with Order No. 33440 and the two-year collection plan approved in Order No. 36452. The proposed rates are adjusted for line loss based on each customer's service type or voltage level. Staff's comments contain the following Table No. 3, which summarizes the rates by customer type.

Table No. 3: Comparison of Current and Proposed Rates

Service Type	Current Rates (cents/kWh)	Proposed Rates (cents/kWh)	Increase (%)
Secondary Distribution	0.905	1.137	25.64%
Primary Distribution	0.888	1.116	25.68%
Transmission	0.859	1.079	25.61%

4. Customer Notice and Press Release

The Company included a press release and customer notice with its Application, which Staff reviewed and found satisfies Rule 125 of the Commission's Rules of Procedure (IDAPA 31.01.01.125). The notice was mailed with customer bills between April 8 and May 6, 2025. However, because the Commission set a comment deadline of May 13, 2025, some customers in the last billing cycle may not have had enough time to respond. Staff recommended the Commission accept late-filed comments to ensure all customer input is considered. As of May 21, 2025, three customer comments opposing the proposed rate increase were received. A fourth customer comment was filed on May 27, 2025.

PIIC'S COMMENTS

PIIC focused on three issues. First, PIIC asserted the Company excludes unbilled ECAM revenues from its deferral calculation. By not using accrual accounting to include these revenues, the Company likely understated the deferral balance and overstated interest expense. PIIC believed this error could have affected the ECAM balance for several years and should be addressed and corrected. According to PIIC, it was unable to properly analyze this issue because the Company did not adequately respond to production requests seeking monthly unbilled revenues associated with ECAM collections.

PIIC acknowledged that the Company's ECAM calculations may include unbilled revenues at the class level, but it has not provided supporting workpapers showing such. Because Schedule 94 rates are separate from base tariff rates and are included in unbilled revenue calculations, PIIC believed the ECAM portion of unbilled revenues should be identifiable—regardless of how the Company computes the ECAM. PIIC reasoned the Company may have a financial incentive not to report unbilled revenues, as doing so would reduce its recovery.

According to PIIC, correcting the inclusion of unbilled revenues in the ECAM would lower the deferral balance and require interest to be calculated based on when revenues are earned, not billed. Additionally, unbilled revenues in May 2025 must be applied to the 2024 ECAM deferral. Because customer bills are sent after the energy is used, a portion of June 2025 bills—such as the first 16 days on a bill covering May 16 to June 15—should count toward the 2024 ECAM, not 2025. The Company's billing-month method incorrectly allocates all of that bill to the 2025 ECAM, overstating the 2025 balance and understating 2024 recovery. This misalignment results in inaccurate deferral accounting and unjustified cost recovery.

Second, PIIC objected to the Company including a new line item in the deferral to recover incremental forecasted interest accrued over the deferral period. PIIC argued that this method of prospective interest recovery diverges from the established practice of recovering interest through the ECAM deferral period during which it was incurred. Because such structural changes to the ECAM are ordinarily considered only in a general rate case, PIIC believed shifting to a system of prospective interest recovery in this case is inappropriate.

Finally, PIIC objected to the Company's inclusion of the REP adjustment without applying the 90/10 sharing band to it. PIIC asserted that the REP adjustment is intended to help determine Idaho's share of the total-system Actual NPC, which is subject to the 90/10 sharing mechanism. Thus, PIIC asserted that applying the sharing band to the REP adjustment is appropriate. PIIC reasoned that the REP adjustment in the 2020 Protocol was not meant to be a separate, pass-through item outside of ECAM structure because the 2020 Protocol, was not an agreement to change the existing ECAM structure.

PUBLIC COMMENTS

Four members of the public commented requesting the Commission deny the Company's Application.

COMPANY REPLY COMMENTS

The Company agreed to credit customers $52,243 in next year's ECAM filing to correct the PTC calculation update, but disagreed with all three of PIIC's recommendations. Regarding its request to recover $3.6 million of interest from June 2025 to May 2027, the Company acknowledged that interest rates may vary in the future, but noted that it has been stable over the last two years. To further support its request, the Company asserted that allowing it to recover interest prospectively serves the interest of both the Company and customers as it will prevent the accrual of compounding interest during the deferral period.

As for the use of billed revenues to calculate the ECAM, the Company argued that using billed revenues aligns with how deferred power costs are recovered. The Company reasoned that unbilled revenues are not actual recoveries. Rather, they are estimates of power delivered but not yet charged to customers. The Company asserted that it cannot recover costs until they are billed to customers, so unbilled revenues should not count as recovery.

The Company further argued that calculating and allocating monthly unbilled revenue for the ECAM would be a significant administrative burden. According to the Company, unbilled revenue is just an estimate, and PIIC's proposal would require a monthly adjustment, which is both complicated and inefficient. The Company believed that establishing and managing this process would be unnecessarily difficult, with no guarantee of improving the accuracy of receivables accounting. Accordingly, the Company opposed any departure from its established practice of using billed revenues to calculate the ECAM.

The Company also disagreed with PIIC's assertion that the $1.5 million in situs-assigned costs exceeding the REP for Idaho QFs should be included in the ECAM 90/10 sharing band. The Company asserted that the 2020 Protocol requires that the energy from new QF contracts be priced using a forecasted REP. Any costs exceeding that price are assigned to the state where the contract originated. The Company reasoned that utilities must buy power from QFs at rates set by state utility commissions under the Public Utilities Regulatory Policies Act of 1978 ("PURPA"). Because the extra costs are fully assigned to the state that sets the rate, the Company reasoned that it is appropriate for those costs to be excluded from the 90/10 sharing band. Furthermore, the Company observed that these situs-assigned costs have been reviewed and approved by Commission Staff in each ECAM filing since 2021.

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.

Based upon a review of the record, including the late filed comment, we find it fair, just, and reasonable to approve the Company's Application with some caveats. First, a minor error in the Company's PTC calculation reduces recovery by $52,243. This correction should be reflected in the balancing account and trued up in the next ECAM filing. Second, although we authorize the Company to recover incremental forecasted interest from June 2025 through May 2027, this should not be interpreted as a permanent modification to the ECAM. Rather, this is a one-time authorization given because of how the 2023 ECAM deferral is being collected following the Company's recent general rate case (Case No. PAC-E-24-04). These two issues and two others PIIC raised are discussed more thoroughly below.

1. PTC Error

An error in the Company's PTC calculation reduces its recovery by $52,243. Because this error is minor relative to the size of the requested ECAM deferral, we find it reasonable to address this error without modifying the Company's proposed Schedule 94 rates. Specifically, the Company agreed to Staff's recommendation to credit this amount to customers with an adjustment made in the balancing account that will be trued up in the ECAM filing for next year. We find this proposal to be just and reasonable.

2. Forecasted Interest

The Company is allowed to recover interest on the ECAM deferral balance. For prior ECAM filings, we have authorized the Company to recover the interest actually accrued during a particular deferral period. However, the Company seeks to diverge from this established practice by recovering incremental forecasted interest from June 2025 through May 2027. As PIIC noted, structural changes to the ECAM like this should generally be addressed in a general rate case. However, under present circumstances, we grant the Company one-time authorization to recover $3.6 million of incremental forecasted interest from June 2025 through May 2027. We find this recovery to be reasonable because, pursuant to the settlement agreement in the Company's most recent general rate case, the 2023 ECAM deferral has been split and will be recovered into 2027. Considering this extended recovery of the 2023 ECAM deferral, we find it reasonable to authorize recovery of the incremental forecasted interest proposed in the Application. If the actual interest rate allowed on the deferral diverges from the Company's forecasted rate, we direct the Company to take steps to address such divergence, if necessary to ensure recovery the proper deferral amount.

3. Unbilled ECAM Revenues

PIIC's arguments to the contrary notwithstanding, we find the Company's exclusion of unbilled revenues from the ECAM deferral to be reasonable. Although Generally Accepted Accounting Principles ("GAAP") may require a public utility to consider unbilled amounts when determining its revenue, GAAP does not control the calculation of rate adjustment mechanisms like the ECAM. Accordingly, we find it reasonable to adhere to the established method of calculating the ECAM deferral by excluding unbilled revenues from the deferral calculation.

4. Application of the 90/10 Sharing Band to the REP Adjustment

We also find it fair, just, and reasonable to allow the Company to recover the REP adjustment without applying the 90/10 sharing band. Utilities generally must buy electricity from QFs at rates we set under the PURPA. Because QF rates are outside the Company's control, we find it reasonable to adhere to the established practice of allowing recovery of the REP adjustment without application of the 90/10 sharing band.

In sum, we approve the Company's Application to recover $66,606,659 in deferred costs from the deferral period beginning January 1, 2024, through December 31, 2024, and a corresponding increase to Electric Service Schedule No. 94, Energy Cost Adjustment. We direct the Company to adjust the balancing account to address the $52,243 error in the PTC calculation and credit that amount to customers in next year's ECAM filing.

ORDER

IT IS HEREBY ORDERED that the Company's Application for deferred costs from the deferral period beginning January 1, 2024, through December 31, 2024, in the amount of $66,606,659 is approved, effective June 1, 2025. The Company's Application for a 2.2 percent increase to Electric Service Schedule No. 94, Energy Cost Adjustment is approved.

IT IS FURTHER ORDERED that the Company shall adjust the balancing account to address the $52,243 error in the PTC calculation and credit that amount to customers in next year's ECAM filing.

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.

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DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 30th day of May 2025.

EDWARD LODGE, PRESIDENT

JOHN R. HAMMOND JR., COMMISSIONER

DAYN HARDIE, COMMISSIONER

ATTEST:

Monica Barrios-Sanchez
Commission Secretary