

## BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

<b>IN THE MATTER OF THE APPLICATION</b>	)	<b>CASE NO. PAC-E-25-05</b>
<b>OF ROCKY MOUNTAIN POWER FOR A</b>	)	
<b>DEFERRED ACCOUNTING ORDER</b>	)	
<b>RELATED TO CHEHALIS COMPLIANCE</b>	)	<b>ORDER NO. 36628</b>
<b>COSTS</b>	)	
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On March 28, 2025, Rocky Mountain Power, a division of PacifiCorp, (“Company”) applied for an accounting order authorizing the Company to record a regulatory asset associated with the Company’s 2024 Energy Cost Adjustment Mechanism (“ECAM”) for approximately \$2.33 million in costs the Company incurred to comply with the Washington Climate Commitment Act (“WCCA”).

On April 25, 2025, the Commission issued a Notice of Application and Notice of Modified Procedure, establishing public comment and company reply deadlines. Order No. 36580. Staff filed comments to which the Company replied.

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

### BACKGROUND

The Company’s appeal of the Commission’s Order Nos. 36207 and 36367, in which the Commission disallowed recovery of \$2.3 million in costs the Company incurred to comply with the WCCA in the Company’s 2023 ECAM, is currently pending before the Idaho Supreme Court. Consequently, depending on the Court’s decision, there is a possibility that the Company will be allowed to recover its 2023 compliance costs for the WCCA in Idaho rates. The Company states it filed its 2024 ECAM and excluded WCCA compliance costs from its filing since the outcome of the appeal with the Idaho Supreme Court is unknown. This will allow the 2024 ECAM proceeding to conclude more efficiently.

### THE APPLICATION

The Company proposes tracking its 2024 WCCA compliance costs in a separate deferral account. Once the Idaho Supreme Court issues its opinion in the appeal of Order Nos. 36207 and 36367, the Company will seek recovery of these costs, if appropriate. The Company estimates

Idaho's share of the WCCA compliance costs it incurred during the 2024 ECAM deferral period to be about \$2.33 million.

### **STAFF COMMENTS**

Staff reviewed the Company's Application, its supporting documents, documentation of 2024 WCCA compliance costs, and information about the pending appeal to the Idaho Supreme Court. Staff agreed with the Company's plan to defer WCCA costs in a separate regulatory deferral account until the Court makes a final decision in the appeal of Order Nos. 36207 and 36367. However, Staff also recommended that no interest or carrying charges be added to the deferred balance.

Staff believed that removing the WCCA costs from the 2024 ECAM filing benefits everyone. Considering prior Commission decisions denying recovery of WCCA costs, the Commission almost certainly would have denied recovery of such costs had the 2024 ECAM filing requested them. Thus, Staff reasoned that excluding WCCA costs from the 2024 ECAM simplifies this case and streamlines the review process. Deferring 2024 WCCA compliance costs also benefits customers by reducing ECAM rates and avoiding additional legal costs from a potential second appeal to the Idaho Supreme Court.

Although not expressly addressed in the Application, Staff opposed any request to apply a carrying charge to the deferral balance. By removing WCCA costs from the ECAM, the Company avoids certain administrative and regulatory expenses. Thus, Staff asserted that adding a carrying charge to the deferral would give the Company an unjustified financial benefit.

### **COMPANY REPLY COMMENTS**

The Company opposed only Staff's recommendation to prohibit a carrying charge on the deferred WCCA costs. The Company argued that a carrying charge is appropriate as compensation for the time value of money the Company spends on costs incurred on behalf of customers that are not immediately recovered in rates. Thus, according to the Company, the lack of a carrying charge, the Company would be providing interest-free financing for 2024 WCCA compliance costs, which is not equitable. Because deferred costs are not included in current rates, carrying charges help recover reasonable financing expenses, such as loan interest, that the utility may incur.

The Company further argued that allowing a carrying charge on deferred WCCA-costs is consistent with Commission precedent. The ECAM deferral balance has a Commission approved carrying charge of the customer deposit rate. The Company characterized the deferred WCCA

costs as net power costs for which the Commission typically allows a carrying charge. The Company asserted that denying a carrying charge solely because the WCCA costs are subject to a pending Idaho Supreme Court appeal is contrary to the public interest. Despite acknowledging that deferring WCCA costs results in more efficient proceedings, the Company asserted that any savings generated by these administrative efficiencies do not compensate the Company for the lost time value of money while recovery is delayed.

### **DISCUSSION AND FINDINGS**

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 our review of the record, we find it reasonable to grant the Company's request to track its 2024 WCCA compliance costs in a separate deferral account. Considering our prior disallowance of recovery of these costs in the 2023 ECAM in Order Nos. 36207 and 36367, removing the Company's 2024 WCCA compliance costs from this year's ECAM simplifies this case, facilitating a more efficient resolution. This benefits the Company and its customers by reducing both the resources expended on this case and the overall deferral amount. However, we further find that relieving the Company of the expense of requesting recovery of its 2024 WCCA compliance in its ECAM filing and authorizing a carrying charge on those expenses would give the Company an unjustified financial benefit. Accordingly, the Company is not granted a carrying charge on the deferred 2024 WCCA compliance costs.

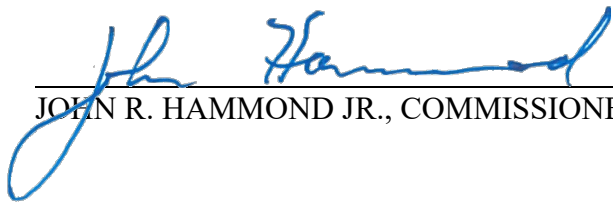
### **ORDER**

IT IS HEREBY ORDERED that the Company's request for authorization to record a regulatory asset for the approximately \$2.33 million in costs the Company incurred during 2024 to comply with the WCCA is approved without a carrying charge.

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 3<sup>rd</sup> day of June 2025.

  
EDWARD LODGE, PRESIDENT

  
JOHN R. HAMMOND JR., COMMISSIONER

  
DAYN HARDIE, COMMISSIONER

ATTEST:

  
Monica Barrios-Sanchez  
Commission Secretary

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