



Idaho Public Utilities Commission

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John R. Hammond, Jr., Commissioner

Edward Lodge, Commissioner

Case No. PAC-E-24-05
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NEWS RELEASE: Commission issues decision on electric utility's application to adjust customer rates under the Energy Cost Adjustment Mechanism.

BOISE (May 31, 2024) – The Idaho Public Utilities Commission on Friday issued a decision regarding the amount an eastern Idaho electric utility will be allowed to adjust its rates under the Energy Cost Adjustment Mechanism (ECAM).

Rocky Mountain Power asked for \$62.4 million in ECAM deferred costs and a 10.5 percent increase to Electric Service Schedule No. 94, Energy Cost Adjustment. The Commission approved a revised deferral amount of \$60,093,960. The \$2.3 million difference reflects the Commission's disallowing recovery of costs Rocky Mountain Power incurred to comply with the Washington Climate Commitment Act. If the original amount had been approved, the monthly bill of the utility's average residential customer using 783 kilowatt-hours of electricity would have increased by approximately \$7.39.

The ECAM allows Rocky Mountain Power to increase or decrease the rates it charges customers each year to reflect changes in the utility's power supply costs. The costs vary year by year, reflecting changes in Rocky Mountain Power's gas and coal costs, surplus power sales, power purchases and associated transmission costs. Each month, the utility tracks the difference between the actual net power costs it incurs to serve customers, and the embedded net power costs it collects from customers through base rates. Rocky Mountain Power defers the difference between the actual net power costs and base net power costs into a balancing account for later disposition at the end of the yearly deferral period. At that time, the ECAM allows Rocky Mountain Power to credit or collect the difference between actual net power costs and base net power costs through a decrease or increase in customer rates. The utility and its shareholders do not receive a financial return as a result of the filing.

If Rocky Mountain Power's application to the Commission had been approved in full, prices for customer groups would have increased from 5.2 percent up to 13.5 percent. Under the approved \$60,093,960, a corresponding rate increase would result in a monthly bill increase of \$6.85 for the typical Idaho residential customer.

The Washington Climate Commitment Act establishes requirements designed to reduce certain greenhouse gas emissions from generating plants in Washington State. Rocky Mountain Power

operates a natural gas-fired generating facility in Chehalis, Washington, that exports a portion of the electricity it generates there to Idaho customers. The Chehalis facility releases carbon dioxide for which the utility must purchase and retire “allowances” through the Washington Department of Ecology. Each allowance allows for the emission of one metric ton of carbon dioxide. To ensure that certain legislative emissions standards are met, Washington’s Department of Ecology will issue a decreasing number of those allowances in coming years.

As part of its total requested ECAM deferred costs, Rocky Mountain Power asked for commission approval to recover approximately \$2.3 million from Idaho customers, which reflects the amount representing Idaho’s jurisdictional share of the costs to purchase the remaining allowances necessary to operate the Chehalis facility and export electricity to customers outside of Washington.

In its order issued May 31, the Commission determined that allowing the utility to recover costs incurred to comply with the Washington Climate Commitment Act from Idaho customers would violate a 2020 Protocol that is designed to protect Idaho customers from costs arising from state-specific initiatives like the Washington Climate Commitment Act. The protocol also is designed to recover costs from customers in the states where those types of initiatives are created.

Additional information on Rocky Mountain Power’s application and the commission’s decision is available at puc.idaho.gov/case/Details/7292.