

**IDAHO PUBLIC UTILITIES COMMISSION**  
**Case No. PAC-E-07-05, Order No. 30482**  
**December 28, 2007**  
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**Website: [www.puc.idaho.gov](http://www.puc.idaho.gov)**

### **Rocky Mountain Power granted average 6.4 percent increase**

Electric rates for customers of Rocky Mountain Power in eastern Idaho will increase by an average 6.4 percent on Jan. 1. The size of the increases varies by customer class. For residential and irrigation customers, the increase is 4.89 percent.

The Idaho Public Utilities Commission approved a settlement between the utility and customer groups that will increase Rocky Mountain Power's annual revenue by \$11.5 million. Rocky Mountain Power originally sought an average 10.3 percent increase and \$18.5 million in additional annual revenue.

The settlement was signed by all the parties in the case including Rocky Mountain Power, commission staff, the Idaho Irrigation Pumpers Association, the Community Action Partnership of Idaho, a consumer group that fights the causes of poverty, and two large customers of Rocky Mountain Power: Monsanto and Agrium. Timothy Shurtz, a Firth resident representing himself, also signed the settlement.

Rocky Mountain Power, formerly known as Utah Power & Light, serves about 67,000 customers in eastern Idaho. The company said the rate increase is needed to meet the demands of higher costs for fuel, labor and transmission wheeling as well as to cover additional investment in generation, transmission and distribution plants.

In actual cents per kilowatt-hour, the rate for residential customers (average summer rates and winter rates) increases from 8.36 cents to 8.76 cents. For those customers on the company's residential time-of-day program, the rate increases from 6.77 cents to 7.10 cents. For irrigation customers, the average rate increase is from 6.68 cents per kWh to 7 cents.

The company was authorized to earn a rate of return up to 8.27 percent. The commission approved a return on equity of 10.25 percent. The company requested 10.75 percent. Rocky Mountain Power is currently earning on ROE of 5.3 percent and said a higher ROE is warranted to attract the capital necessary to maintain its utility infrastructure.

Highlights of the settlement include:

- An agreement with irrigators that those who participate in the company's Dispatchable Irrigation Load Control Program will get nearly twice as large a credit – from the current \$11.19 to \$23 – for every kilowatt of peak demand reduced. That can be increased to \$26 per kilowatt if total participation reduces more than 150 megawatts of peak demand and \$28 if total participation reduces more than 175 MW of peak demand. The program allows the company to remotely interrupt irrigation service during peak times.
- Agreements with Monsanto Corporation, the utility's largest customer and Agrium, both based in Soda Springs, that spread rate increases over three years and increase the amount of an interruption credit granted Monsanto. Rocky Mountain originally proposed a 24.1 percent increase for Monsanto and 14.5 percent increase for

Agrium. The settlement allows a 13.5 percent increase for Monsanto on Jan. 1, 2008, another 3 percent on Jan. 1, 2009 and 5 percent on Jan. 1, 2010. Agrium will get a 6.25 percent increase on Jan. 1, 2008, another 3 percent on Jan. 1, 2009 and another 7 percent on Jan. 1, 2010. Rocky Mountain further agrees to not increase rates for Monsanto and Agrium beyond what is proposed even if the cost to serve those classes increases before Dec. 31, 2010. If there are increases in cost of service to Monsanto and Agrium, Rocky Mountain Power agrees to assume those losses and not propose they be assigned to other customer classes.

- An increase in the credit paid Monsanto for agreeing to have its electrical load reduced by the company during peak operating times. Monsanto, an elemental phosphorous plant, consumes about 1.4 million megawatt-hours of electricity, roughly 42 percent of Rocky Mountain's Idaho electrical load. Monsanto can provide up to 162 MW of electricity for the company by having service to its three furnaces curtailed. Interruptions can occur within seconds to meet system emergencies to provide operating reserves for the utility. For non-emergency curtailments, such as economic curtailments, two hours notice to Monsanto is required.
- The commission acknowledged that the percentage increases for street-lighting customers, primarily cities, of about 75 percent is high, but the actual dollar amount is not excessive and is needed to meet the cost of service to that customer class. Some city officials testified at hearings and workshops in eastern Idaho, expressing concern about the street lighting increase. The commission noted the actual dollar increase is not excessive, especially when considering that the costs to serve the street lighting classes have increased by 80.7 percent since the last rate case. "Cost of service results have historically fluctuated for the street lighting classes, more so than larger customer classes," the commission said, but noted this is the first proposed revenue increase for street lighting classes in many years. "We find that moving the street lighting classes to full cost of service is justified on equity principles. Should the increase not be borne by these particular classes, the revenue shortfall would be shifted to those classes already receiving a rate increase," the commission said. "For street lighting customers, it is a large percentage increase, but the related dollar amount, we find, is not likely to impose undue economic hardship."

A full text of the commission's order, along with other documents related to this case, are available on the commission's Web site at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on "File Room" and then on "Electric Cases" and scroll down to Case No. PAC-E-07-05.

Interested parties may petition the commission for reconsideration by no later than Jan. 18, 2008. Petitions for reconsideration must set forth specifically why the petitioner contends that the order is unreasonable, unlawful or erroneous. Petitions should include a statement of the nature and quantity of evidence the petitioner will offer if reconsideration is granted.

Petitions can be delivered to the commission at 472 W. Washington St. in Boise, mailed to P.O. Box 83720, Boise, ID, 83720-0074, or faxed to 208-334-3762.