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June 26, 2012

IDAHO PUBLIC  
UTILITIES COMMISSION

**VIA OVERNIGHT DELIVERY**

Jean D. Jewell  
Commission Secretary  
Idaho Public Utilities Commission  
472 W. Washington  
Boise, ID 83702

Re: Case No. PAC-E-12-03  
In the Matter of the Application of Rocky Mountain Power for Authority to Increase Rates Through the Energy Cost Adjustment Mechanism

Dear Ms. Jewell:

Please find for filing an original and seven copies of Rocky Mountain Power's reply comments in the above referenced matter.

All formal correspondence and questions regarding this Application should be addressed to:

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Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager at (801) 220-2963.

Very truly yours,

Jeffrey K. Larsen  
Vice President, Regulation & Government Affairs

Enclosures

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Attorneys for Rocky Mountain Power

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE** )  
**APPLICATION OF PACIFICORP DBA** ) **CASE NO. PAC-E-12-03**  
**ROCKY MOUNTAIN POWER FOR** )  
**AUTHORITY TO INCREASE RATES** )  
**THROUGH THE ENERGY COST** ) **COMMENTS OF ROCKY**  
**ADJUSTMENT MECHANISM** ) **MOUNTAIN POWER**  
)  
)

COMES NOW PacifiCorp, dba Rocky Mountain Power ("RMP" or the "Company"), pursuant to Rules 56 and 256 of the rules of Procedure of the Idaho Public Utility Commission (the "Commission"), and in response to Reconsideration Order No. 32554 issued on May 18, 2012, hereby submits the following comments in the above referenced case.

**Background**

On February 1, 2012 the Company filed its annual application for authority to adjust Schedule 94, Energy Cost Adjustment Mechanism ("ECAM") rate by \$2.6 million, establishing the ECAM rate for all customer classes including Monsanto Company ("Monsanto") and Agrium, Inc. ("Agrium") based on the deferral period beginning December 1, 2010 through November 30, 2011 ("Deferral Period").

The Company requested authorization to add \$18.1 million into the ECAM balancing account for the Deferral Period, which would bring the total balance of the account to \$24.1 million as of November 30, 2011. The Company proposed to adjust Schedule 94 to collect approximately \$13.0 million over the period beginning April 1, 2012 through March 31, 2013, representing an increase of \$2.6 million over the current Schedule 94 rate.

On March 30, 2012, the Commission issued final Order No. 32507 approving the Company's ECAM application with adjustments reducing the deferral by \$192,201 for line loss, replacement energy and third party wind integration costs.

On April 20, 2012, Monsanto filed a Petition for Reconsideration. On May 18, 2012, the Commission issued Order No. 32554 granting in part and denying in part Monsanto's Petition for Reconsideration. The Commission denied Monsanto's Petition for Reconsideration of forced outages and ordered parties to participate in a public workshop to analyze the appropriate load treatment and ECAM scheduling in the future. Specifically the Commission ordered that parties should participate in workshops to discuss and develop recommendations to be presented to the Commission regarding the following issues:

- (1) the appropriate load split percentage (normalized and actual) for Monsanto, Agrium and the Company's remaining tariff customers;
- (2) the proper apportionment and attribution of "line losses" occurring on the Company's Idaho system to specific customer groups; and
- (3) scheduling of the Company's future ECAM filing.

## **Comments**

On June 4, 2012, representatives from the Idaho Public Utilities Commission Staff, Monsanto, and the Company met at the Commission's offices to discuss the issues raised by the Commission.

## **Base Load**

The parties agreed that the Idaho jurisdictional Base load for the ECAM was established in the general rate case; however, that customer class loads were not identified. At the workshop, the parties agreed that the class cost of service loads, at input level, from that same general rate case were the appropriate starting point for specific customer classes. However the customer class loads do not tie to the Idaho jurisdictional load due to line losses associated with wholesale sales and other items. The parties determined that the appropriate approach to align these loads was to start with the customer class loads at input and escalate them to tie to the Idaho's jurisdictional load by the ratio of the customer class load to Idaho jurisdictional load by month. And that the ratio should then be applied to each customer classes' load so the sum of the customer classes equaled Idaho's jurisdictional load utilized for jurisdictional allocation factors.

Monsanto claimed in its Petition for Reconsideration that its replacement energy should be removed from base load for purposes of calculating that ECAM. The 2010 Protocol agreement specifies the treatment of replacement energy for jurisdictional allocation purposes which the Company has followed. It is the Company's position that load should be treated consistently as specified by 2010 Protocol for purposes of jurisdictional allocations, class cost of service, rate design, and the ECAM. It is not appropriate to remove Monsanto's replacement energy from the base load.

## **Actual Load**

At the workshop, the parties agreed that Idaho's jurisdictional base and actual loads included wholesale energy losses. However Monsanto's and Agrium's base and actual loads were at the customer meter which does not include any line losses. The parties agreed that Monsanto's and Agrium's actual load should be adjusted for line losses by the same ratio used for their base load.

Monsanto also proposed that all curtailment or replacement energy should be excluded from actual loads. After the workshop, Staff recommended that any load associated with Monsanto's economic curtailment when it does not buy through should be added to Monsanto's actual load. This adjustment is consistent with the treatment of base load and would be used for the LCAR calculation only.

While the Company is willing to agree to this adjustment, this continues to demonstrate why the LCAR is not an appropriate component of RMP's ECAM. The ECAM is designed to track actual net power costs and was never intended to be a fixed cost tracking mechanism. RMP's ECAM design is different from the PCA for Idaho Power and Avista, RMP calculates its base net power costs on a dollar per megawatt hour basis, contrary to Avista and Idaho Power which compare total base net power costs to actual net power costs. The \$/MWh approach accounts for variance due to volumetric changes and eliminates the need for a LCAR.

Staff's proposal unnecessarily complicates the Company's ECAM for the sole purpose of facilitating the LCAR that should never have been part of the ECAM.

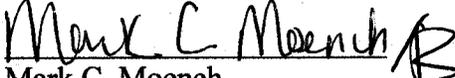
## **Scheduling**

In the Company's Answer to Monsanto's Petition for Reconsideration the Company noted that it files quarterly ECAM reports with the Commission and offered to make those available to interested parties. In the workshop the Company made the same offer and encouraged parties to review the information on a timelier manner. Monsanto indicated that this approach would probably address its concerns with scheduling.

### **Recommendations**

The Company has reviewed Staff's proposal for calculating the deferral costs for the ECAM. For purposes of resolving the 2012 ECAM application, the Company recommends the Commission accept the agreed upon revisions to base load for line losses and Monsanto replacement energy and line losses for actual load. The Company will make the quarterly ECAM report available to any interested parties upon request, after the appropriate confidentiality arrangements are in place. The Company recommends that its annual ECAM filing continue to be made February 1 with an April 1 rate effective date. The Company respectfully requests that the Commission reconsider inclusion of the LCAR as a component of the ECAM.

DATED this 26<sup>th</sup> day of June, 2012.

  
Mark C. Moench  
Yvonne R. Hogle

Attorneys for  
Rocky Mountain Power

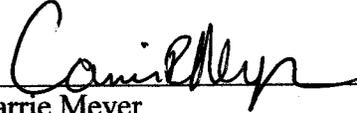
## CERTIFICATE OF SERVICE

I hereby certify that on this 26<sup>th</sup> of June, 2012, I caused to be served, via e-mail and U.S. Mail, a true and correct copy of the foregoing document in PAC-E-12-03 to the following:

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