

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: NEIL PRICE
DEPUTY ATTORNEY GENERAL

DATE: FEBRUARY 10, 2012

SUBJECT: ROCKY MOUNTAIN POWER'S APPLICATION TO INCREASE RATES THROUGH ITS ENERGY COST ADJUSTMENT MECHANISM (ECAM), CASE NO. PAC-E-12-03

On February 1, 2012, PacifiCorp dba Rocky Mountain Power ("RMP" or "Company") submitted its annual Energy Cost Adjustment Mechanism ("ECAM") filing in accordance with *Idaho Code* §§ 61-502 and 61-503 and Rule of Procedure 52.

THE FILING

RMP is requesting a Commission Order approving the recovery of power costs deferred for the period of December 1, 2010 through November 30, 2011. Application at 1. RMP is requesting approval to add approximately \$18.1 million to the ECAM deferral balancing account. *Id.*

RMP also proposes "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 Schedule 94 rates currently in effect as approved in Order No. 32216 of Case No. PAC-E-11-07." *Id.* at 2. RMP requested an effective date of April 1, 2012, for the Schedule 94 changes to Idaho rates. *Id.*

On September 29, 2009, the Commission issued Order No. 30904 approving the implementation of an annual ECAM. *Id.* at 3. The costs included in the ECAM are net power costs ("NPC"), as defined in the Company's general rate cases and modeled by the Company's GRID model. *Id.* Base and actual NPC are booked into specific FERC accounts. *Id.* at 3-4. The ECAM process allows the Company to credit or collect the difference between the actual

NPC incurred to serve its Idaho customers and the NPC collected through rates. *Id.* at 4. RMP defers the difference into an ECAM balancing account. *Id.*

The ECAM includes five additional components: the Load Growth Adjustment Rate (“LGAR”) or Load Change Adjustment Rate (“LCAR”), a credit for SO₂ allowance sales, an adjustment for the treatment of coal stripping costs, a renewable resource adder for the renewable resources that are not yet in rate base and a true-up of Renewable Energy Credit (“REC”) revenues, as authorized by the Commission in Order No. 32196. *Id.* at 4-5. The ECAM includes a 90% (customers)/10% (Company) “sharing band” wherein customers pay/receive the increase/decrease in actual NPC compared to base NPC and RMP incurs/retains the remaining 10%. *Id.* at 5, 7.

RMP noted that “effective January 1, 2011, Monsanto and Agrium’s loads are included in the calculation of the ECAM balances in this ECAM filing.” *Id.* at 5. Pursuant to a stipulation approved by the Commission in Order No. 32432, PAC-E-11-12, the Company will amortize and collect Monsanto and Agrium’s share of the Commission-approved 2011 ECAM balances over a three-year period. *Id.*

RMP does not request a change in the ECAM surcharge rate to recover the full \$24.1 million currently residing in the ECAM deferral balancing account. *Id.* at 9. RMP believes that “approximately \$3.0 million of the balance will be recovered through Schedule 94 rates from December 1, 2011 to March 31, 2012.” *Id.* The Company states that it intends to address the remaining balance “in future ECAM filings.” *Id.* RMP projects that “an increase in the collection rate this year would be followed by a decrease in the rate next year.” *Id.* RMP is notifying its customers of this filing by “issuing a press release sent to local media organizations and messages in customer bills over the course of a billing cycle.” *Id.* Additionally, copies of the Application are available for review at the Company’s local offices in its Idaho service territory. *Id.*

RMP has attached a copy of the direct testimony, including exhibits, of Gregory N. Duvall, Director of Net Power Costs, and William R. Griffith, Director of Pricing, Cost of Service & Regulatory Operations, in support of its Application. RMP requests that this matter be processed through Modified Procedure.

MOTION FOR LIMITED ADMISSION PRO HAC VICE

On January 31, 2012, RMP submitted a Motion for Limited Admission Pro Hac Vice, pursuant to Rule of Procedure 43 and Idaho State Bar Commission Rule 222, for the Company's legal counsel Yvonne R. Hogle for purposes of this matter and other proceedings brought by the Company before the Commission through December 31, 2012. The Motion is supported by Idaho local counsel Richard R. Hall. Mr. Hall states that a copy of the Motion and the \$200 applicant fee has been provided to the Idaho State Bar. Mr. Hall requests that his appearance at any proceedings conducted by the Commission in this matter and other proceedings brought by RMP be excused.

COMMISSION DECISION

Does the Commission wish to process RMP's ECAM filing through Modified Procedure with a corresponding 28-day comment period?

Does the Commission wish to grant the Motion for Limited Admission Pro Hac Vice for Rocky Mountain Power legal counsel Yvonne R. Hogle?



Neil Price
Deputy Attorney General

M:PAC-E-12-03_np