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201 South Main, Suite 2300  
Salt Lake City, Utah 84111

February 1, 2013

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-13-03  
In the Matter of the Application of Rocky Mountain Power for Authority to  
Increase Rates by \$2.2 Million to Recover Deferred Net Power Costs Through the  
Energy Cost Adjustment Mechanism**

Dear Ms. Jewell:

Please find enclosed an original and nine (9) copies of Rocky Mountain Power's Application in the above referenced matter, along with Rocky Mountain Power's direct testimony and exhibits. Also enclosed is a CD containing the Application, direct testimony, exhibits and confidential workpapers.

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

Ted Weston  
Rocky Mountain Power  
201 South Main, Suite 2300  
Salt Lake City, Utah 84111  
Telephone: (801) 220-2963  
Fax: (801) 220-2798  
Email: [ted.weston@pacificorp.com](mailto:ted.weston@pacificorp.com)

Yvonne Hogle  
Rocky Mountain Power  
201 South Main Street, Suite 2300  
Salt Lake City, Utah 84111  
Telephone: (801) 220-4050  
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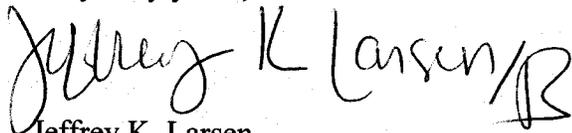
Communications regarding discovery matters, including data requests issued to Rocky Mountain Power, should be addressed to the following:

By E-mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

By regular mail:  
Data Request Response Center  
PacifiCorp  
825 NE Multnomah St., Suite 2000  
Portland, OR 97232

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

Very truly yours,

A handwritten signature in black ink that reads "Jeffrey K. Larsen" followed by a stylized monogram "JRL".

Jeffrey K. Larsen  
Vice President, Regulation and Government Affairs

Enclosures

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IDAHO PUBLIC UTILITIES COMMISSION

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*Attorneys for Rocky Mountain Power*

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF THE APPLICATION ) CASE NO. PAC-E-13-03  
OF ROCKY MOUNTAIN POWER FOR )  
AUTHORITY TO INCREASE RATES BY ) APPLICATION OF ROCKY  
\$2.2 MILLION TO RECOVER DEFERRED ) MOUNTAIN POWER  
NET POWER COSTS THROUGH THE )  
ENERGY COST ADJUSTMENT )  
MECHANISM )**

Rocky Mountain Power, a division of PacifiCorp (“Company” or “Rocky Mountain Power”), in accordance with Idaho Code §61-502, §61-503, and RP 052, hereby respectfully submits this application (“Application”) to the Idaho Public Utilities Commission (“Commission”) pursuant to its approved energy cost adjustment mechanism (“ECAM”). The Company is requesting approval of \$15.9 million deferred net power costs from the deferral period beginning December 1, 2011 through November 30, 2012 (“Deferral Period”) and proposing to revise Schedule 94, Energy Cost Adjustment, to recover approximately \$15.2 million in total deferred net power costs for the collection period beginning April 1, 2013 through March 31, 2014. The \$15.2 million includes the second amortized payment from Monsanto and Agrium, as further explained below. Recovery of this amount represents an increase of approximately \$2.2 million over Schedule 94 rates currently in effect as approved in Order No. 32597 in Case No.

PAC-E-12-03, and will apply exclusively to Monsanto and Agrium. The Company is proposing no increase to the standard tariff customers. Rocky Mountain Power respectfully requests that the increase in Idaho rates become effective on April 1, 2013, pursuant to Schedule 94. In support of its Application, Rocky Mountain Power states as follows:

1. Rocky Mountain Power is a division of PacifiCorp, an Oregon corporation, which provides electric service to retail customers through its Rocky Mountain Power division in the states of Idaho, Wyoming, and Utah. Rocky Mountain Power is a public utility in the state of Idaho and is subject to the Commission's jurisdiction with respect to its prices and terms of electric service to retail customers in Idaho. Rocky Mountain Power is authorized to do business in the state of Idaho providing retail electric service to approximately 72,300 customers in the state.

2. Communications regarding this filing should be addressed to:

Ted Weston  
Idaho Regulatory Affairs Manager  
Rocky Mountain Power  
201 South Main, Suite 2300  
Salt Lake City, Utah 84111  
Telephone: (801) 220-2963  
Email: [ted.weston@pacificorp.com](mailto:ted.weston@pacificorp.com)

Yvonne R. Hogle, Senior Counsel  
Rocky Mountain Power  
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3. In addition, Rocky Mountain Power requests that all data requests regarding this Application be sent in Microsoft Word or plain text format to the following:

By email (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

By regular mail: Data Request Response Center  
PacifiCorp  
825 Multnomah, Suite 2000  
Portland, Oregon 97232

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

### **Brief Overview of the ECAM**

4. The ECAM became effective July 1, 2009, pursuant to an agreement among parties in Case No. PAC-E-08-08, as approved by the Commission September 29, 2009, Order No. 30904. The ECAM allows the Company to collect or credit the difference between the actual net power costs (“NPC”), incurred to serve customers in Idaho and the NPC collected from Idaho customers through rates set in general rate cases.

5. The costs that are included in the ECAM are NPC defined in the Company’s general rate cases and modeled by the Company’s production dispatch model GRID. Specifically, NPC include amounts booked to the following FERC accounts:

- Account 447 (sales for resale, excluding on-system wholesale sales and other revenues not modeled in GRID),
- Account 501 (fuel, steam generation, excluding fuel handling, start-up fuel/gas, diesel fuel, residual disposal and other costs not modeled in GRID),
- Account 503 (steam from other sources),
- Account 547 (fuel, other generation),
- Account 555 (purchased power, excluding BPA residential exchange credit pass-through if applicable), and

- Account 565 (transmission of electricity by others).

6. On a monthly basis, the Company compares the actual system net power costs (“Actual NPC”) to the net power costs embedded in rates (“Base NPC”) from the effective general rate case during the Deferral Period and defers the difference into the ECAM balancing account. This comparison is on a system-wide, dollar per megawatt-hour basis.

7. In addition to the comparison of Actual NPC to Base NPC, the ECAM includes four additional components: the Load Change Adjustment Rate (“LCAR”), a credit for SO<sub>2</sub> allowance sales, an adjustment for the treatment of coal stripping costs, i.e., Emerging Issues Task Force (“EITF”) 04-6, and an additional true-up of 100 percent of Renewable Energy Credit (“REC”) revenues, as approved by Commission Order No. 32196. These components are described in more detail below.

8. Finally, the ECAM includes a symmetrical sharing band of 90 percent (customers) / 10 percent (Company) that shares the NPC differential between Actual NPC and Base NPC, LCAR, SO<sub>2</sub> sales, and the coal stripping costs adjustment between the customers and the Company. The sharing band is also described in more detail below.

#### **Changes to ECAM Calculation**

9. In accordance with Commission Order 32597 in Case No. PAC-E-12-03, the Company has reflected changes to the ECAM calculation ordered by the Commission, as described in detail in Mr. Brian S. Dickman’s Direct Testimony.

#### **Proposed Deferred ECAM Rate Increase**

10. In support of this Application, Rocky Mountain Power has filed the testimony and exhibits of Company witnesses Brian S. Dickman and Joelle R. Steward. Mr. Dickman’s testimony and exhibit, describes the Actual NPC incurred by the

Company to serve retail load for the historical twelve-month period ended November 30, 2012 and explains the main increases between Actual NPC and Base NPC. Ms. Steward's testimony supports the new ECAM tariff surcharge rates to be effective April 1, 2013 through March 31, 2014.

11. Commission Order No. 32432 approved a stipulation entered into by parties in the Company's 2011 general rate case ("2011 GRC"), agreeing to amortize the ECAM deferral for the deferral period in the 2012 ECAM over three years for Monsanto and Agrium ("2011 GRC Stipulation"). The proposed rate change for Monsanto and Agrium in this case covers two ECAM deferral periods. The first is the 2011 ECAM deferral for the period of December 1, 2010 through November 30, 2011. This filing includes the second year amortization from that deferral - \$2.4 million for Monsanto and \$0.2 million for Agrium. The second is for the 2012 deferral period covered in this case, December 1, 2011 through November 30, 2012. The 2011 GRC Stipulation specified that amounts owed by Monsanto and Agrium related to the Deferral Period in this case will also be amortized over a three-year period. Monsanto's and Agrium's share in the Deferral Period is approximately \$6.3 million and \$0.5 million, respectively. Thus, this filing includes the first amortized payment of those amounts: approximately \$2.1 million for Monsanto and approximately \$0.1 million for Agrium. Combined, the two ECAM deferrals result in tariff surcharge rates in this case for Monsanto and Agrium in Schedule 94 equal to approximately \$4.5 million and \$0.3 million, respectively.

12. This Application is supported by Mr. Dickman's testimony and confidential **Exhibit No. 1** ("Exhibit 1") which illustrates the detailed calculation of the deferred NPC adjustment. During the Deferral Period, the Base NPC in rates originated from two rate cases: Case No. PAC-E-10-07 ("2010 GRC") for December 1, 2011

through January 9, 2012 and the 2011 GRC for January 10, 2012 through November 30, 2012. In the 2010 GRC and the 2011 GRC, the Base NPC were set at \$1.025 billion and \$1.205 billion, respectively. The combined Base NPC for the Deferral Period are \$1.176 billion.

13. The deferral amount is calculated on a monthly basis by subtracting the monthly base NPC rate from the actual NPC rate. This results in a monthly NPC rate differential which is then multiplied by three groups of actual Idaho retail load at input: tariff customers, Monsanto, and Agrium to calculate the NPC differential for deferral for each group. For the twelve-month period ended November 30, 2012, the NPC differential for deferral was approximately \$18.4 million before the 90/10 sharing band.

14. As described in Mr. Dickman's testimony, the LCAR is a symmetrical adjustment to offset over- or under-collection of the Company's production energy related revenue requirement, excluding NPC, due to variances in Idaho load. The LCAR reduced the deferral balance by approximately \$0.7 million before sharing during the Deferral Period mainly due to higher irrigation usage during the summer.

15. Credits for SO<sub>2</sub> allowance sales revenues received by the Company from December 1, 2011 to November 30, 2012 are also included as an offset to the NPC deferral. Mr. Dickman's testimony describes how the SO<sub>2</sub> sales revenues were credited against the NPC differential for deferral.

16. A third component of the ECAM is Idaho's allocated differences between including coal stripping costs incurred by the Company and recorded on the Company's books pursuant to the guidance of the accounting pronouncement EITF 04-6, and the amortization of the coal stripping costs when the coal was excavated. The EITF 04-6 deferral adjustment is added to the NPC differential for deferral.

17. The total NPC deferral adjusted for LCAR, SO<sub>2</sub> revenue, and EITF 04-6 deferral is applied to the sharing band between customers and the Company such that customers pay/receive 90 percent of the increase/decrease in Actual NPC when compared to Base NPC, and the Company incurs/retains the remaining 10 percent.

18. In addition to the ECAM calculation components discussed above, the deferral balance reflects the difference between actual REC revenues during the Deferral Period and the amount of REC revenues included in base rates. The REC revenue true-up included in the ECAM is symmetrical but no sharing band is applied.

19. The deferred ECAM balance of \$25.5 million as of November 30, 2012 is the sum of the components described above: 90% X (deferred NPC + LCAR + SO<sub>2</sub> revenues + coal stripping costs adjustment) + interest charges + REC revenues. Exhibit 1 illustrates the detailed calculations for tariff customers, with an ending balance of \$12.8 million; Monsanto, with an ending balance of \$11.9 million; and Agrium, with an ending balance of \$.8 million. The sum of the three groups' ending balances total the November 30, 2012, ECAM deferral balance of \$25.5 million. As stated above, the Company will amortize and collect Monsanto's and Agrium's share of the deferral balance, as approved by the Commission in this case, over three years pursuant to the 2011 GRC Stipulation. As part of the deferral balance the Company is also collecting the second year of the amortized payment from Monsanto and Agrium that resulted from the 2012 ECAM case.

20. The Company is not requesting a change to existing Schedule 94 rates for standard tariff customers at this time. Based on usage levels from the 2011 GRC the Company projects that the current Schedule 94 rate for these customer classes will be sufficient to collect their ECAM deferral balance.

**Allocation of Deferred ECAM to Retail Tariffs**

21. Ms. Steward's testimony describes in greater detail the calculation of the proposed Schedule 94 rates. **Exhibit No. 2** of Ms. Steward's testimony illustrates metered loads, the line loss adjusted loads, the allocation of the ECAM price change, and the percentage change by rate schedule based on the second year present revenues based on rates ordered in the 2011 GRC. **Exhibit No. 3** is tariff Schedule 94 containing the proposed rates by electric service schedule.

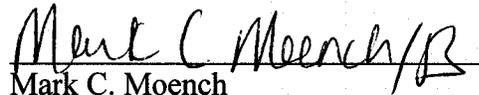
22. Rocky Mountain Power is notifying its customers of this Application by means of a press release sent to local media organizations and messages in customer bills over the course of a billing cycle. In addition, copies of this Application will be made available for review at the Company's local offices in its Idaho service territory.

23. WHEREFORE, Rocky Mountain Power respectfully requests that the Commission issue an order (1) authorizing that this matter be processed by Modified Procedure; (2) approve the \$15.9 million ECAM deferral; and (3) implement the proposed Electric Service Schedule 94 as filed in **Exhibit No. 3**.

DATED this 1<sup>st</sup> day of February 2013.

Respectfully submitted,

ROCKY MOUNTAIN POWER

  
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