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IDAHO PUBLIC
UTILITIES COMMISSION

November 22, 2016

VIA OVERNIGHT DELIVERY

Idaho Public Utilities Commission
472 West Washington
Boise, ID 83702

Attn: Jean Jewell
Commission Secretary

**Re: CASE NO. PAC-E-14-11 COMPLIANCE FILING
IN THE MATTER OF THE APPLICATION OF PACIFICORP D/B/A ROCKY
MOUNTAIN POWER AND IDAHO POWER COMPANY FOR AN ORDER
AUTHORIZING THE EXCHANGE OF CERTAIN TRANSMISSION ASSETS.**

Dear Ms. Jewell:

Rocky Mountain Power, a division of PacifiCorp, in compliance with Commission Order No. 33313, which stated: "*We also require PacifiCorp to provide annual reporting of the deferral account for reduced wheeling expenses related to the transaction.*" hereby respectfully submits this letter reporting the change in transmission wheeling expense paid to Idaho Power Company.


The asset exchange was finalized October 30, 2015, with operational control effective November 4, 2015. For purposes of this report the Company compared the transmission wheeling expense of \$20.8 million paid to Idaho Power for the twelve months prior to the close to the \$13.4 million paid during the twelve months following the asset exchange. As shown Rocky Mountain Power's wheeling expense was reduced by \$7.4 million during the first year following the transmission asset exchange.

In compliance to the Commission's order to "*establish a regulatory account deferring these reduced wheeling expenses*" the Company notes that the energy cost adjustment mechanism ("ECAM") tracks changes to FERC account 565 - Transmission of Electricity by Others, or wheeling expense, along with other variable net power cost expenses from the amount included in

customers rates. Through the ECAM, actual expenses are compared to the base level established in the most recent general rate case with variances deferred and reviewed annually. It is the Company's opinion that the ECAM satisfies the Commission's order to: (1) establish a regulatory account to defer any changes to wheeling expenses; (2) provide an opportunity for proper regulatory review; and (3) flow the financial benefits of the exchange back to customers.

The Company respectfully submits this letter reporting a reduction to transmission wheeling expenses paid to Idaho Power of approximately \$7.4 million total Company or \$445,000 allocated to Idaho. Please direct any informal inquiries to Ted Weston, Idaho Regulatory Affairs Manager, at (801) 220-2963.

Sincerely,



Jeffrey K. Larsen
Vice President, Regulation