

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF PACIFICORP DBA ROCKY) CASE NO. PAC-E-17-01
MOUNTAIN POWER TO EXTEND THE)
2017 INTER-JURISDICTIONAL COST)
ALLOCATION PROTOCOL THROUGH) ORDER NO. 33726
DECEMBER, 31, 2019.)**

On February 1, 2017, PacifiCorp dba Rocky Mountain Power applied to the Commission for an Order that would extend the Company's 2017 Inter-Jurisdictional Cost Allocation Protocol (2017 Protocol) from December 31, 2018 through December 31, 2019. The Company asked that the case be processed by Modified Procedure.

The Commission subsequently notified interested persons about the case and invited them to file written comments through February 28, 2017. The Commission also invited the Company to file written reply comments through March 7, 2017. *See* Order No. 33713. Commission Staff filed the only comments in the case, and supported the Company's Application. The Company did not file a reply.

Having reviewed the record, including the Application and Staff's comments, the Commission issues this Order approving the Application as discussed below.

THE APPLICATION

By way of background, the Commission first approved the 2017 Protocol in October 2016. *See* Order No. 33623, Case No. PAC-E-15-16. The Company and various stakeholders had negotiated the 2017 Protocol in an effort to equitably allocate PacifiCorp's costs to provide electric service to its customers in the six states it serves, including Idaho. As approved, the 2017 Protocol has a two-year term, and will be used to allocate PacifiCorp's costs from January 1, 2017 through December 31, 2018.

In its Application, the Company observed that the 2017 Protocol was intended to be a short-term allocation protocol that would allow the parties some time to study the potential affect changing energy policies before agreeing on a longer term allocation method. The Company also noted, however, that although it continued to discuss the allocation issues with stakeholders after the 2017 Protocol was approved, it is unlikely the parties will be able to agree on a new cost allocation method to be presented and approved by the commissions before the 2017 Protocol expires on December 31, 2018.

With this Application, the Company seeks to extend the term of the 2017 Protocol for another year, through December 31, 2019, to afford the parties more time to explore allocation issues and reach consensus on a new cost allocation method. The Company noted that the 2017 Protocol contemplates that it can be extended for another year, through December 31, 2019, if all state commissions that approved it determine by March 31, 2017, that it should be extended. The Company thus asked the Commission to issue an Order by March 31, 2017, that approves the Application and extends the 2017 Protocol through December 31, 2019.

THE COMMENTS

Staff filed the only comments in the case, and supported the Company's Application. Staff noted that the Company has continued to discuss longer term allocation strategies with stakeholders. However, at recent meetings, many participants expressed concern that the 2017 Protocol's December 2018 expiration date would limit the parties' ability to fully evaluate alternative cost allocation methods for use beyond 2018. Staff was present at these meetings, and concurs that the 2017 Protocol should be extended to afford the stakeholders more time to thoroughly review potential alternative allocation methods. Staff observed that the Commission's October 2016 Order approving the 2017 Protocol recognized that the 2017 Protocol's term would likely need to be extended through 2019. *See* Order No. 33623 at 4. Staff thus recommended that the Commission approve the 2017 Protocol for another year, through December 31, 2019.

DISCUSSION

The Commission has jurisdiction over PacifiCorp's Application and the issues in this case under Title 61 of the Idaho Code, including *Idaho Code* §§ 61-501, -502, and -503. Based on our review of the record, we find it reasonable to grant the Application and extend the 2017 Protocol for another year, through December 31, 2019. We continue to believe the 2017 Protocol will fairly and reasonably allocate PacifiCorp's system costs to each jurisdiction over the short-term while PacifiCorp, Idaho parties, and other stakeholders study longer term allocation options. We reiterate our view that the rolled-in approach contained in the 2017 Protocol—including its Equalization Adjustment resulting in about a 1.7% increase to the Idaho revenue requirement—appropriately follows the principle that the “cost-causers should be the cost-payers,” and reasonably ensures Idaho customers will only pay for the share of total system costs that PacifiCorp prudently incurs to serve them. We also reiterate that the Equalization

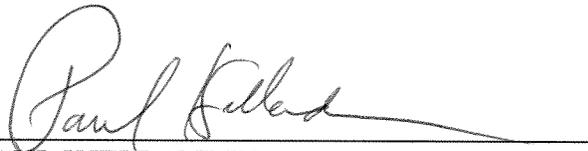
Adjustment is the upper limit on what Idaho ratepayers will pay while the 2017 Protocol is in effect, and that their share of PacifiCorp's inter-jurisdictional cost allocation is to be no more than contemplated in the 2017 Protocol as filed with this Commission. See Order No. 33713 at 4.

ORDER

IT IS HEREBY ORDERED that the Company's Application is granted. The 2017 Protocol is approved through December 31, 2019.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) may petition for reconsideration within twenty-one (21) days of the service date of this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See Idaho Code § 61-626.

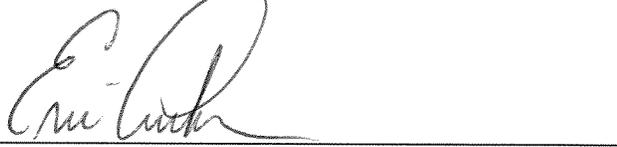
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 8th day of March 2017.



PAUL KJELLANDER, PRESIDENT



KRISTINE RAPER, COMMISSIONER



ERIC ANDERSON, COMMISSIONER

ATTEST:



Diane M. Hanian
Commission Secretary

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