

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: BRANDON KARPEN
DEPUTY ATTORNEY GENERAL

DATE: APRIL 12, 2017

SUBJECT: ROCKY MOUNTAIN POWER'S ECAM APPLICATION
CASE NO. PAC-E-17-02

On March 31, 2017, PacifiCorp dba Rocky Mountain Power applied to the Commission for an Order authorizing the Company to adjust its rates under the Energy Cost Adjustment Mechanism (ECAM). If approved, the Company's ECAM adjustment would *decrease* rates in all customer classes, with an average residential customer's bill decreasing by about \$1.65 per month.

The Commission approved the ECAM in 2009, and the mechanism has been modified several times since then. *See* Order Nos. 30904, 32432, 32910, 33008, 33440, and 33492. The ECAM allows the Company to increase or decrease its rates each year to reflect changes in the Company's power supply costs. These costs vary by year with changes in the Company's fuel (gas and coal) costs, surplus power sales, power purchases, and the market price of power. The ECAM adjusts the Company's rates up or down to ensure the rates capture the difference between the Company's actual power supply costs and the base (or embedded) power supply costs the Company collected from customers through previously approved base rates.

With this Application, the Company seeks an Order approving the Company's 2016 energy related costs of \$7.5 million, and decrease by \$7.0 million the revenues collected through the energy cost adjustment mechanism. The Company states that if its proposal is approved, prices for customer classes would *decrease* as follows:

- Residential Customers – 1.8%
- Residential Schedule 35, Optional Time-of-Day Service – 2.1 %

- General Service Schedule 5 – 2.5%
- General Service schedule 9 – 2.9%
- Irrigation customers – 2.2%
- Commercial or Industrial Heating Schedule 19 – 2.3%
- General Service Schedule 23 – 2.0%
- General Service Schedule 35 – 3.0%
- Public Street Lighting – 0.9%
- Industrial Customer, Schedule 400 – 3.0%
- Industrial customer, Schedule 401 – 3.1%

Source: Application, Exhibit No. 3 to Direct Testimony of Robert M. Meredith; *See also*, News Release and Customer Notice filed with Application.

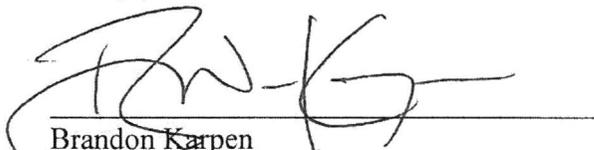
The Company also includes an alternative rate proposal for consideration by the Commission. That alternative proposal would provide customers a decrease of approximately 1% now, but also mitigate a possible future rate increase attributable to power costs. The Company characterizes this option as addressing “the growing depreciation regulatory asset rather than reducing rates by the full \$7 million.” *Id.* at 5. The Company requests that the new rates take effect on June 1, 2017, and that the case be processed by Modified Procedure.

STAFF RECOMMENDATION

Staff concurs with the use of Modified Procedure. Staff recommends that the Commission issue a Notice of Application and Notice of Modified Procedure setting a May 4, 2017 comment deadline, and a May 11, 2017 reply deadline.

COMMISSION DECISION

Does the Commission wish to issue a Notice of Application and Notice of Modified Procedure setting a May 4, 2017 comment deadline, and a May 11, 2017 reply deadline?



Brandon Karpen
Deputy Attorney General

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