ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP

1407 W. North Temple, Suite 330
Salt Lake City, UT 84116

May 31, 2024

VIA ELECTRONIC DELIVERY

Commission Secretary
Idaho Public Utilities Commission
11331 W. Chinden Blvd
Building 8 Suite 201A
Boise, ID 83714

RE: CASE NO. PAC-E-24-04
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES IN IDAHO AND APPROVAL OF PROPOSED ELECTRIC SERVICE SCHEDULES AND REGULATIONS

Attention: Commission Secretary

Rocky Mountain Power hereby submits for filing with the Idaho Public Utilities Commission its Application, direct testimony, and exhibits in the above-referenced matter. Four paper copies of confidential and non-confidential versions of the Application, direct testimony, and exhibits will be provided separately. Files containing all of the documents, testimony and exhibits in their original formats for the court reporter as well as workpapers will be uploaded to BOX.

All formal correspondence regarding this Application should be addressed to:

Mark Alder
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Rocky Mountain Power
1407 West North Temple, Suite 330
Salt Lake City, Utah 84116
Telephone: (801) 220-2313
Email: mark.alder@pacificorp.com

Joe Dallas (*ISB# 10330*)
Senior Attorney
Rocky Mountain Power
825 NE Multnomah, Suite2000
Portland, OR 97232
Telephone: (360) 560-1937
Email: joseph.dallas@pacificorp.com

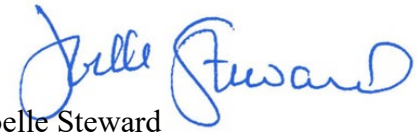
Communications regarding discovery matters, including data requests issued to Rocky Mountain Power, should be addressed to the following:

By E-mail **(preferred):** datarequest@pacificorp.com

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

Informal inquiries may be directed to Mark Alder, Idaho Regulatory Manager at (801) 220-2313.

Very truly yours,



Joelle Steward
Senior Vice President, Regulation

Enclosures

cc: Terri Carlock
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TJ Budge
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Mike Veile

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Attorney for Rocky Mountain Power

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES IN IDAHO AND APPROVAL OF PROPOSED ELECTRIC SERVICE SCHEDULES AND REGULATIONS	))))))	**CASE NO. PAC-E-24-04** **APPLICATION OF ROCKY MOUNTAIN POWER**

PacifiCorp d/b/a Rocky Mountain Power ("Rocky Mountain Power" or the "Company") hereby applies to the Idaho Public Utilities Commission ("Commission") for authority to increase its retail rates and approval of proposed changes to the Company's electric service schedules. In accordance with Commission Rule of Procedure ("Rule") 122.01, Rocky Mountain Power filed its Notice of Intent to File a General Rate Case on March 15, 2024. In support of this Application, Rocky Mountain Power states as follows:

1. The Company is an Oregon corporation providing electric service to retail customers as Rocky Mountain Power in the states of Wyoming, Utah, and Idaho, and as Pacific Power in the states of Oregon, California, and Washington.

2. Rocky Mountain Power is authorized to do and is doing business in the state of Idaho. The Company provides retail electric service to approximately 91,000 customers in the state of Idaho and is subject to the jurisdiction of the Commission.

3. Communications regarding this Application should be addressed to:

Mark Alder
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*Rocky Mountain Power requests that the Commission allow for additional representatives to be identified for service under Rule 41(2).

In addition, the Company respectfully requests that all data requests regarding this matter be addressed to one or more of the following:

By e-mail **(preferred):**	datarequest@pacificorp.com
By regular mail:	Data Request Response Center PacifiCorp 825 NE Multnomah, Suite 2000 Portland, OR 97232

4. Rocky Mountain Power is requesting a revenue requirement increase of $92.4 million, or approximately 26.8 percent and approval of its proposed electric service schedules and electric service regulations. The requested increase is based on a 10.30 return on equity ("ROE"), as recommended by Company witness Ann E. Bulkley, producing an overall Idaho revenue requirement of approximately $361.9 million.

5. In this filing, the Company requests approval to mitigate the rate increase by phasing in the base net power cost increase over two years. The Company proposes the first increase of $66.7 million or 19.4 percent to take effect January 1, 2025, and a second increase of $25.7 million or 7.4 percent to take effect on January 1, 2026, for a total increase of $92.4 million or 26.8 percent.

6. Anticipating suspension of the proposed tariffs based on Idaho Code § 61-622(4), the revised tariff schedules included with this application reflect a rate effective date of January 1, 2025, which is the first effective date of the Company's proposed phase-in.

7. The proposed increase is based upon historical twelve-month period ending December 31, 2023, adjusted for known and measurable changes through December 31, 2024, except for net power costs ("NPC"), which is based on a forecast for 2025 ("Test Period").

8. This change in rates is comprised of an Idaho-allocated revenue requirement of $361.9 million, including $12.4 million for liability insurance proposed to be collected in a new Electric Service Schedule No. 92 – Insurance Cost Adjustment, plus $11.1 million to fund the Company's proposed Catastrophic Fire Fund through a dedicated surcharge, Electric Service Schedule No. 193.

9. Rocky Mountain Power's system-wide costs are allocated to Idaho based on the approved 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol ("2020 Protocol").[1] The Company estimates that under existing rates the Company would earn an overall ROE of

[1] *In the Matter of Rocky Mountain Power's Application for Approval of the 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol*, Case No. PAC-E-19-20, Order No. 34640 (Apr. 22, 2020); *In the Matter of Rocky Mountain Power's Petition for Approval of an Extension of the 2020 Inter-Jurisdictional Allocation Protocol,* Case No. PAC-E-23-13, Order No. 35984 (Nov. 2, 2023).

approximately 1.10 percent during the Test Period. The settlement approved in the Company's last rate case in 2021 was silent on ROE, capital structure, and return on rate base.[2]

10. NPC for 2025 are $2.382 billion on a total-Company basis and $136.7 million on an Idaho-allocated basis. The increase is largely driven by higher regional power and natural gas commodity prices. The Company manages its NPC and follows best industry practices by implementing multiple initiatives to lower NPC. The Company continues to participate in the Western Energy Imbalance Market, intends to join the Extended Day Ahead Market ("EDAM"), and invests in cost-effective wind facilities and transmission projects that are least-cost and least-risk to ensure a safe and reliable portfolio, as described in Mr. Mitchell's testimony.

11. The Company requests approval to include the incremental additions to the Company's rate base, including Gateway South transmission line, Gateway West Segment D1 transmission line, Rock Creek 1 wind facility, and Foote Creek II, III, and IV and Rock River I repowering projects, for a total Idaho rate base of approximately $1.1 billion.

12. The Company seeks approval for proposed modifications to the Energy Cost Adjustment Mechanism ("ECAM"). The Company proposes to modify the sharing band for 95 percent of NPC variances to be passed through the mechanism and the remaining five percent of the NPC variances will remain outside the mechanism. The current 90/10 sharing band is outdated as it does not reflect how the Company dispatched resources, the uncertainty in being able to accurately forecast NPC, and the Company's plan to join the EDAM.

[2] *In the Matter of Rocky Mountain Power's Application for Authority to Increase its Rates and Charges in Idaho and Approval of Proposed Electric Service Schedules and Regulations*, Case No. PAC-E-21-07, Order No. 35277 (Dec. 20, 2021).

13. Implementing a 95/5 sharing band is reasonable because joining the EDAM creates benefits that reduce operating costs and eliminate the need for risk-sharing under the ECAM. Specifically, participating in the EDAM market enhances the Company's ability to schedule and dispatch resources for efficient use of all the power and plants in a very large region and the Company will have limited ability to improve upon the EDAM market outcome. Also, the ECAM is not consistent with similar net power cost mechanisms in comparable states. Therefore, implementing a 95/5 sharing band is reasonable.

14. The Company also seeks to remove the REC revenue adjustment from the annual ECAM calculation and instead provide a new voluntary renewable energy credit option tariff and a new REC revenue adjustment tariff.

15. The Company is also requesting approval of two proposals that will help position it to respond to financial risk posed by the increasing frequency and severity of wildfires impacting PacifiCorp's service territories. First, the Company is proposing an Insurance Cost Adjustment ("ICA") that will recover the costs for excess liability insurance through a separate surcharge. Separating recovery for this expense will enable the Company to annually procure insurance for third-party liability using the most economical combination of commercial insurance and self-insurance through a new Insurance Mechanism that the Company is developing. Second, the Company is proposing a Catastrophic Fire Fund framework that will facilitate creation of a multi-state risk pool for potential catastrophic events where third-party liabilities are in excess of the Company's insurance coverage.

16. Without the requested increase in revenues and proposals to address wildfire liability, it will be increasingly difficult for the Company to maintain its utility infrastructure and continue to provide adequate, efficient, just, and reasonable service to its Idaho customers.

This Application includes in rates the investments, costs, and benefits of the Company's activities during the Test Period.

17. Rocky Mountain Power's direct case consists of the testimony and exhibits of sixteen witnesses. Below is a brief summary of their testimony.

(a) **Richard J. Garlish**, President of Rocky Mountain Power, presents an overview of Rocky Mountain Power, its Idaho service area, and the strategies the Company is pursuing to provide its Idaho customers with safe, reliable, and affordable electricity to power their homes, businesses, and communities.

(b) **Joelle R. Steward**, Senior Vice President, Regulation, describes PacifiCorp's request in this proceeding and summarize the regulatory policy of the Company. She also supports and Insurance Cost Adjustment that will support a new insurance mechanism in development and a Catastrophic Fire Fund. Finally, Ms. Steward supports a rate mitigation proposal to phase in the requested increase over two steps.

(c) **Nikki L. Kobliha**, Senior Vice President, Chief Financial Officer and Treasurer, provides the Company's overall cost of capital recommendation for the Company, including a capital structure to maximize value and minimize risk and the current cost of debt.

(d) **Ann E. Bulkley**, Principal at The Brattle Group, provides a comparison of PacifiCorp's business and financial risk compared to peer utilities, recommends a cost of equity, and provides supporting analysis.

(e) **Frank Graves**, Principal at The Brattle Group, discusses the increased wildfire risk and financial exposure faced by utilities in the Western U.S. and explains

how PacifiCorp's proposed remedies are reasonable to manage this growing risk.

(f) **Mariya V. Coleman**, Vice President of Corporate Insurance and Claims for Berkshire Hathaway Energy Company, supports the Company's updated costs associated with insurance premiums and recovery of deferred amounts.

(g) **Ramon J. Mitchell**, Manager, Net Power Costs, supports the Company's proposed NPC for the 12-month forecast period ending December 31, 2025. He also supports the Company's modification to its ECAM and rate mitigation proposal.

(h) **John Tsoukalis**, Principal at the Brattle Group, supports the Company's proposal to modify its ECAM.

(i) **Rick T. Link**, Senior Vice President of Resource Planning and Procurement, provides the economic analyses of the Gateway South and Gateway West Segment D.1 transmission projects.

(j) **Thomas R. Burns**, Vice President of Resource Planning and Acquisitions, provides the economic analyses of the Rock Creek I wind facility, and the Foote Creek II-IV and Rock River I repowering projects.

(k) **Richard A. Vail**, Vice President of Transmission Services, discusses important transmission and distribution system upgrades that will be completed to serve customers, including the Gateway South and Gateway West Segment D.1 transmission projects.

(l) **Timothy J. Hemstreet**, Vice President of Renewable Energy Development, supports the Company's Foote Creek II-IV and Rock River I repowering projects.

(m) **Jeffrey M. Wagner**, Renewable Development Manager, provides support of the prudency of the Rock Creek I wind projects.

(n) **Craig M. Eller**, Senior Vice President of Strategy and Development, supports the proposed voluntary renewable energy credit option tariff.

(o) **Shelley E. McCoy**, Director of Revenue Requirement, summarizes the overall test year revenue requirement, pro forma adjustments, and the rate base calculation methodology.

(p) **Robert M. Meredith**, Director of Pricing and Tariff Policy, provides PacifiCorp's cost of service study and rate design, and discusses how the proposed tariff changes recover the proposed revenue requirement to achieve fair, just, and reasonable prices for customers.

18. Rocky Mountain Power is notifying its customers of this Application by means of a press release sent to local media organizations, bill inserts included in customer bills over the course of a billing cycle, and, in some cases, personal contact with customers or their representatives. In addition, copies of this Application will be made available for review on the Company's website or at local offices in its Idaho service territory. A copy of the bill insert and press release are included with this application.

19. This filing, specifically portions of the accompanying testimony and exhibits, includes confidential information exempt from public review under Idaho Code §§ 74-104–

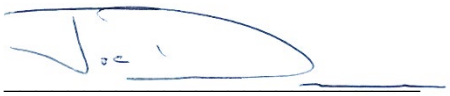
109 and Rule 67. The information includes trade secret and other Company, or third-party, confidential information and is protected from public inspection, examination or copying.

20. The Company respectfully submits that the Commission's approval of Rocky Mountain Power's Application, including the approval and implementation of the proposed electric service schedules as filed, is in the public interest. In accordance with Commission Rule 121.01(d), Rocky Mountain Power represents that it stands ready for immediate consideration of this Application.

WHEREFORE, Rocky Mountain Power respectfully requests that the Commission issue a final order approving the Company's revenue requirement increase of $92.4 million, or approximately 26.8 percent, effective January 1, 2025 and January 1, 2026, and the proposed electric service schedules effective, after suspension, January 1, 2025.

DATED this 31st day of May, 2024.

Respectfully submitted,
ROCKY MOUNTAIN POWER



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Attorney for Rocky Mountain Power

Rocky Mountain Power seeks Idaho rate increase due to power costs and to support infrastructure investments

Increased fuel costs, investments in new electric transmission and generation projects, and insurance costs relating to rising wildfire risks are driving a request filed with the Idaho Public Utilities Commission for an increase in general rates.

Regional power and fuel price increases have resulted in an increase of fuel expenses paid by the company in order to meet electric demand and maintain the power grid. Additionally, significant capital investments in this request include the Gateway South and Gateway West Segment D.1 projects, along with renewable generating resources such as the Rock Creek I wind project. These investments will help address rising demand for electricity in the West while helping to build a more resilient and advanced power grid.

The request supports the need for an overall average 26.8% increase from current rates for Idaho customers. Rocky Mountain Power is proposing to step in the increase over two years to help reduce the initial rate impact. As proposed, an average residential customer would see an increase of 17.9%, or about $19.90 per month, beginning January 1, 2025, and an additional increase of 5.3% from 2025 rates, or about $6.94 per month, beginning January 1, 2026.

The Idaho commission will examine Rocky Mountain Power's request and will determine whether the request should be accepted as filed or modified. This process takes several months. The final rate change ordered by the commission would take effect on January 1, 2025. Rocky Mountain Power's initial request proposes the following changes by rate schedule:

Proposed Rate Change	Effective January 1, 2025	Effective January 1, 2026
Residential - Schedule 1	17.9%	5.3%
Residential - Schedule 36	19.2%	6.0%
General Service - Schedule 6	20.5%	6.8%
General Service - Schedule 9	18.6%	6.5%
Irrigation - Schedule 10	22.5%	6.8%
General Service - Schedule 23	19.9%	6.4%
General Service - Schedule 35	20.8%	6.9%
Public Street Lighting	6.7%	0%
Contract - Schedule 400	18.5%	6.5%
Overall Increase	**19.4%**	**6.3%**

The public will have an opportunity to comment on the proposal as the commission studies the company's request. A copy of the company's application is available for public review at the commission's office address listed below and on the commission's website, www.puc.idaho.gov, under Case No. PAC-E-24-04. Customers may also subscribe to the commission's RSS feed to receive periodic updates via email. The request is required to be available at the company's offices in Rexburg, Preston, Shelley and Montpelier, or on the web at:
https://www.rockymountainpower.net/about/rates-regulation/idaho-regulatory-filings.html

Idaho Public Utilities Commission
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Montpelier – 24852 U.S. Hwy 89

ROCKY MOUNTAIN POWER®

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FOR IMMEDIATE RELEASE
Media hotline: 801-220-5018

Rocky Mountain Power files request to increase rates for Idaho customers

Rising costs of fuel and wholesale power, together with investments in transmission and renewable generation projects, drive the need for a general rate adjustment—the first since 2021

IDAHO FALLS, Idaho (May 31, 2024) — Increased costs of fuel and wholesale power, together with investments in new electric transmission and generation projects that are now serving Idaho customers are driving a request filed May 31 with the Idaho Public Utilities Commission for an increase in general rates. The significant capital investments in this request include the Gateway South and Gateway West Segment D-1 projects, and renewable generating resources, such as the Rock Creek I wind project. In addition, the increasing insurance premiums relating to rising wildfire risks is also a major contributor to the need for the proposed increase.

The request supports the need for an overall average increase from current rates of 26.8 or $92.4 for Idaho customers. To ease the effects of these increased costs on customer bills, the company proposed a rate mitigation plan to phase in the requested increase through two rate changes. Specifically, $66.7 million or an increase of 19.4 percent is proposed to become effective on January 1, 2025, and $25.7 million or an increase of 6.3 percent from 2025 rates would become effective on January 1, 2026.

As proposed, an average residential customer would see an increase of 17.9%, or about $19.90 on January 1, 2025, and an increase of 5.3%, or about $6.94 on January 1, 2026. Even with the proposed increase, Idaho customers of Rocky Mountain Power will pay among the lowest rates in the nation for their electric service.

Rocky Mountain Power's request proposes the following changes by rate schedule:

Proposed Price Change	**Effective Jan. 1, 2025**	**Effective Jan. 1, 2026**
Residential - Schedule 1	17.9%	5.3%
Residential - Schedule 36	19.2%	6.0%
General Service - Schedule 6	20.5%	6.8%
General Service - Schedule 9	18.6%	6.5%
Irrigation - Schedule 10	22.5%	6.8%
General Service - Schedule 23	19.9%	6.4%
General Service - Schedule 35	20.8%	6.9%
Public Street Lighting	6.7%	0%
Contract - Schedule 400	18.5%	6.5%
Overall Increase	**19.4%**	**6.3%**

Rocky Mountain Power recognizes that its requested increase comes at a time when customers are facing increasing prices for all necessities. Further, the company proactively and aggressively controls the costs that it can. These efforts are demonstrated by the company successfully minimizing the frequency of general rate cases. In the last 10 years, the company has filed only one general rate case, in 2021.

What's next?
The Idaho commission will examine Rocky Mountain Power's request and will determine whether the request should be accepted as filed or modified. This process takes several months. The commission has the authority to set final rates that may be lower than the company's request, depending on the outcome of its examination.

The public will have an opportunity to comment on the proposal as the commission studies the company's request. A copy of the company's application is available for public review at the commission's office address listed below or on the commission's website, www.puc.idaho.gov, under Case No. PAC-E-24-04. Customers may also subscribe to the commission's RSS feed to receive periodic updates via email. The request is required to be available at the company's offices in Rexburg, Preston, Shelley and Montpelier, or on the web at: https://www.rockymountainpower.net/about/rates-regulation/idaho-regulatory-filings.html

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About Rocky Mountain Power
Rocky Mountain Power provides safe and reliable electric service to more than 1.2 million customers in Utah, Wyoming and Idaho. The company supplies customers with electricity from a diverse portfolio of generating plants including hydroelectric, thermal, wind, geothermal and solar resources. Rocky Mountain Power is part of PacifiCorp, one of the lowest-cost electricity providers in the United States, with over two million customers in six western states. For more information, visit www.rockymountainpower.net.