SUMMARY STATEMENT

PacifiCorp v. Idaho Public Utilities Commission

Docket No. 52508

PacifiCorp, which provides electricity to customers in Idaho under the name Rocky Mountain Power, appeals from an order of the Idaho Public Utilities Commission rejecting its application for a rate increase. Specifically, the Commission objected to PacifiCorp's proposed recovery of costs it incurred related to the operation of its natural gas powerplant in Chehalis, Washington. The Chehalis powerplant provides electricity to Idahoans and is subject to Washington's Climate Commitment Act. The Act requires greenhouse gas emitters to purchase "allowances" when their emissions reach certain thresholds. PacifiCorp expended $42 million purchasing allowances and sought to allocate approximately $2.3 million of that expense to its Idaho customers with the Commission's permission.

The Commission disallowed PacifiCorp's recovery of CCA allowance costs based on two grounds. First, the Commission interpreted and applied the 2020 PacifiCorp Inter-Jurisdictional Protocol, to which it is a party along with PacifiCorp and utility regulators from five other states. The Protocol was intended to provide a framework for state utility regulators to allocate certain of PacifiCorp's generation costs on an interstate basis. The Commission determined that the Protocol did not permit PacifiCorp to recover the cost of compliance with Washington's CCA on an interstate basis. Second, the Commission determined that even if the Commission did allow PacifiCorp's recovery, it would contravene the Commission's statutory mandate under Idaho Code section 61-502 to determine "just, reasonable, and sufficient" rates due to the fact that Washington utility customers are shielded from the cost of CCA allowances while customers outside Washington are not.

The Idaho Supreme Court affirmed the Commission's orders disallowing PacifiCorp's recovery of CCA allowance costs. The Court held that the Commission regularly pursued its authority when it determined that PacifiCorp's recovery would not be "just, reasonable or sufficient" based on its normative evaluation of Washington's CCA and the cost-allocation scheme it applies to allowances. The Court declined to consider the Commission's interpretation and application of the Protocol because Idaho Code section 61-502 provided adequate and independent grounds to affirm the Commission's disallowance.

******This summary constitutes no part of the opinion of the Court, but has been prepared by court staff for the convenience of the public.******