

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: September 22, 2015

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE October 1, 2015

DATE: September 16, 2015

TO: Public Utility Commission

FROM: Max St. Brown <sup>MSB</sup>

THROUGH:  Jason Eisdorfer and  Marc Hellman

SUBJECT: PACIFICORP: (Docket No. ADV 92/Advice No. 15-011) Updates Schedule 98, Sets Residential Exchange Program Credits for the Fiscal Year 2016-17 Rate Period.

**STAFF RECOMMENDATION:**

Staff recommends that the Commission approve PacifiCorp's proposed revisions to the residential exchange program (REP) credits in its Schedule 98, Adjustment Associated with the Pacific Northwest Electric Power Planning and Conservation Act.

**ISSUE:**

Should the commission approve pursuant to ORS 75.663 the PacifiCorp's proposed revisions to the REP credits in its Schedule 98?

**RULE:**

This is a tariff filing and the Commission's authority is pursuant to ORS 757.205 and OAR 860-022-0025. In addition, the tariff relates to the Residential Exchange Credit and the Regional Power Act for which ORS 757.663 provides the Commission authority to require electric companies to enter into contracts with Bonneville Power Administration (BPA). BPA and PacifiCorp are operating under the terms of the contract with PacifiCorp previously approved by the Commission.

**DISCUSSION:**

On August 28, 2015, PacifiCorp filed Advice No. 15-011, relating to the values of the REP credits for the fiscal year 2016-17 rate period. The REP credits provide PacifiCorp

customers benefits from the low-cost federal system resources. Staff initiated two requests for information and reviewed Order No. 11-113 related to this issue.

Staff analysis in Appendix A of Order No. 11-113 describes:

Pacific Power will continue the current practice of allocating gross REP benefits on the basis of relative state qualifying residential and small farm load, while allocating the "Lookback Adjustment" (which is the reallocation of REP benefits among the IOUs due to differing Lookback Amount payback percentages) on the basis of state relative benefits received during the FY 2002 to FY 2007 time period. Staff supports retaining this approach because it is equitable.

PacifiCorp's proposal maintains this approach for FY 2016-2017 by providing a set REP credit per kWh and applying the Lookback Adjustment to benefits.

The tariff filing nearly doubles the size of the current REP credit. For residential customers, for the first 1000 kWh of use, the credit changes from \$0.0057/kWh to \$0.01039/kWh. A typical residential customer using 900 kWh a month will see a rate reduction of \$4.22 for that month which is an overall decrease of 3.1 percent.

The proposed new rate also amortizes over two years the outstanding balance owed to PacifiCorp of REP credits overpaid to customers during the last few years.

#### **ANALYSIS:**

PacifiCorp states that, "[a]s of August 1, 2015, PacifiCorp had a negative balance in the Oregon balancing account of approximately \$1.9 million." PacifiCorp filed a confidential reply to Staff IR 1, which asked it to explain the computation of its balancing account. After review, Staff agrees with the August 1, 2015 balance of \$1.9 million.

PacifiCorp states that there are "\$44.5 million in annual benefits calculated for the fiscal year 2016-17 rate period ... for Oregon eligible customers." These benefits are allocated on the basis of relative state qualifying residential and small farm loads and are adjusted for the LB adjustment and the IOU reallocation adjustment. In IR 2, Staff asked for workpapers explaining the computation of the LB adjustment and the IOU reallocation adjustment. The provided workpapers were not conclusive, and thus, at Staff's recommendation, PacifiCorp provided additional information on September 15, 2015, providing further details on the derivation of the proposed rates. Based on those

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further details, Staff supports the computations of the LB adjustment and the IOU reallocation adjustment in the Company's initial filing. Staff is in agreement with the \$44.5 million in annual benefits calculated for the fiscal year 2016-17 rate period for Oregon eligible customers.

**PROPOSED COMMISSION MOTION:**

PacifiCorp's proposed revisions to its Schedule 98, Adjustment Associated with the Pacific Northwest Electric Power Planning and Conservation Act, be approved effective October 1, 2015.

Memo 9-22\_Advice No. 15-011