

September 9, 2016

***VIA ELECTRONIC FILING  
AND OVERNIGHT DELIVERY***

Public Utility Commission of Oregon  
201 High Street SE, Suite 100  
Salem, OR 97301-1166

Attn: Filing Center

**RE: Advice 16-011/Docket UE 313 – Schedule 90 – Summary of Effective Rate  
Adjustments and Schedule 203 – Renewable Resource Deferral Supply Service  
Adjustment**

In compliance with ORS 757.205, ORS 757.210, OAR 860-022-0025, OAR 860-022-0030, and OAR 860-027-0300(9), PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) submits for filing the following proposed tariff pages associated with Tariff P.U.C. OR No. 36, which sets forth all rates, tolls, charges, rules, and regulations applicable to electric service in Oregon. The Company requests an effective date of October 12, 2016.

Seventeenth Revision of Sheet No. 90	Schedule 90	Summary of Effective Rate Adjustments
Sixth Revision of Sheet No. 203	Schedule 203	Renewable Resource Deferral Supply Service Adjustment

The purpose of this filing is to request approval to recover the costs associated with the purchase of renewable energy credits (RECs). The Company proposes to recover these costs through the Renewable Resource Deferral Supply Service Adjustment, Schedule 203, which recovers costs deferred for renewable resources as authorized by the Public Utility Commission of Oregon (Commission). Because the costs associated with the purchase of RECs are “prudently incurred costs associated with compliance with a renewable portfolio standard” under ORS 469A.120, recovery through Schedule 203 is appropriate.

**Background**

The Company’s purchase of RECs was the result of a robust request for proposal (RFP) process initiated April 11, 2016 that included a RFP for renewable resources and a RFP for RECs.<sup>1</sup> PacifiCorp’s issuance of the RFPs was driven by the passage of Senate Bill 1547 (SB 1547), signed into law by Governor Kate Brown on March 8, 2016, the recent extension of federal productive and investment tax credits, and reduced resource costs. Among other things, SB 1547

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<sup>1</sup> Additional information on the Company’s RFP process can be found at the following link:  
<http://www.pacificorp.com/sup/rfps/2016-rec-rfp.html>

increased the renewable portfolio standard (RPS) targets for PacifiCorp and Portland General Electric Company to 50 percent by 2040. In combination with the extension of federal tax credits, the Company sought opportunities to procure low-cost, low-risk resources or RECs for RPS compliance.

Bids were received May 20, 2016, and a final bidder shortlist was identified July 25, 2016. Final review and analysis of the RFP bids resulted in the Company's purchase of RECs from seven renewable energy projects – of which six are new facilities. The projects have an aggregated capacity of up to 168.5 megawatts and are expected to deliver nearly six million RECs from 2016 through 2036. Acquisition of these RECs will be used by PacifiCorp to meet its RPS targets in California, Oregon, and Washington.

These REC purchases are currently lower cost than resource opportunities, particularly when considering potential continuing cost declines and on-going availability of the investment tax credit. Procurement of these RECs will extend PacifiCorp's initial RPS compliance shortfall in Oregon from 2025 to 2028 with rate impacts of 0.05 percent.

The Company conducted a thorough RFP process and performed significant analysis in determining that acquisition of RECs in the near-term is a least-cost, least-risk approach to RPS compliance. Consistent with Commission direction, the Company worked with Commission Staff to give them the opportunity to monitor, evaluate, and document PacifiCorp's RFP process.

The Company held workshops and/or meetings with Staff six times between June 10, 2016, and July 29, 2016 and provided detailed information on the RFP process and the analysis and review conducted by the Company to evaluate RFP bids. These meetings offered valuable insight into the RFP process, including a walk-through of the models used to evaluate the RFP bids, preliminary results of the RFP evaluation, and a discussion of the final RFP results as well as the Company's Renewable Portfolio Implementation Plan. On July 26, 2016, the Company presented the results of the RFP process to the Commission at a special public meeting.<sup>2</sup>

### **Recovery of REC Purchases**

The Company estimates the annual cost for the purchase of RECs on an Oregon-allocated basis as shown in the table below.

<b>Rate Effective Year</b>	<b>Oregon Amount</b>
<b>2016</b>	\$662,472
<b>2017</b>	\$507,826
<b>2018</b>	\$532,437
<b>2019</b>	\$531,419

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<sup>2</sup> At the July 26, 2016, special public meeting, the Company indicated that it would be purchasing RECs from 13 renewable energy facilities. Only seven of these projects resulted in finalized contracts due to a counterparty that withdrew after the final short list was determined.

<b>2020</b>	\$527,929
<b>2021</b>	\$525,694
<b>2022</b>	\$523,641
<b>2023</b>	\$522,569
<b>2024</b>	\$520,034
<b>2025</b>	\$518,428
<b>2026</b>	\$515,842
<b>2027</b>	\$499,447
<b>2028</b>	\$419,751
<b>2029</b>	\$417,657
<b>2030</b>	\$415,574
<b>2031</b>	\$414,281
<b>2032</b>	\$411,433
<b>2033</b>	\$409,381
<b>2034</b>	\$407,339
<b>2035</b>	\$382,152
<b>2036</b>	\$112,403

The Company proposes to set Schedule 203 to collect \$662,000 over the twelve month period beginning October 12, 2016. The Company proposes to use a balancing account to track over- and under- collections and to true-up Schedule 203 annually. The Company has filed an application for authorization for deferred accounting for the proposed REC purchase balancing account contemporaneous with this filing.

Rate spread and rate design have been calculated in accordance with the approved rate spread and rate design from the Company's most recent general rate case, docket UE 263. The Company proposes for Schedule 203, a generation based rate spread applied to each delivery service schedule on a per kilowatt-hour (kWh) basis. The proposed Schedule 203 would apply to all customers except those taking service under the permanent opt-out direct access program. The Company must continue to plan for future RPS compliance obligations for all customers except those on the permanent opt-out program.

To support this filing and meet the requirements of OAR 860-022-0025 and OAR 860-022-0030, PacifiCorp submits the tariff sheets listed above with the following attachments:

- Attachment A—Highly Confidential REC purchase costs
- Attachment B— Rate Spread and Rate Calculation
- Attachment C—Estimated Impact of the Proposed Rate Change

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The proposed change will affect approximately 596,000 customers, and will result in an overall annual increase of approximately \$662,000 or 0.05 percent. A residential customer using 900 kWh per month will see a monthly bill increase of \$0.05 per month as a result of this change.

It is respectfully requested that all formal data requests regarding this matter be addressed to:

By E-Mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

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

Informal questions may be directed to Natasha Siores at (503) 813-6583.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bryce Dalley", with a long horizontal flourish extending to the right.

R. Bryce Dalley  
Vice President, Regulation

Enclosures

**SUMMARY OF EFFECTIVE RATE ADJUSTMENTS**

The following summarizes the applicability of the Company's adjustment schedules

**SUMMARY OF EFFECTIVE RATE ADJUSTMENTS**

Schedule	91	93	95	96	97	98*	196	197	199	202	203*	204	205	206	290	294*	295*	296*	297*	299 (C)	
4	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X					X	X
5	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X					X	X
15	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X				X	X
23	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X				X	X
28	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X				X	X
30	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X				X	X
41	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X				X	X
47	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X				X	X
48	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X				X	X
50	X	X	X	X			X	X	X	X	X	X	X	X	X	X				X	X
51	X	X	X	X			X	X	X	X	X	X	X	X	X	X				X	X
52	X	X	X	X			X	X	X	X	X	X	X	X	X	X				X	X
53	X	X	X	X			X	X	X	X	X	X	X	X	X	X				X	X
54	X	X	X	X			X	X	X	X	X	X	X	X	X	X				X	X
723	X	X	X	X		X	X	X	X		X	X	X	X	X	X				X	X (C)
728	X	X	X	X		X	X	X	X		X	X	X	X	X	X				X	X
730	X	X	X	X		X	X	X	X		X	X	X	X	X	X	X	X		X	X
741	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X				X	X
747	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X		X	X
748	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X		X	X
751	X	X	X	X			X	X	X		X	X	X	X	X	X				X	X
752	X	X	X	X			X	X	X		X	X	X	X	X	X				X	X
753	X	X	X	X			X	X	X		X	X	X	X	X	X				X	X
754	X	X	X	X			X	X	X		X	X	X	X	X	X				X	X (C)

\*Not applicable to all consumers. See Schedule for details.

**RENEWABLE RESOURCE DEFERRAL  
 SUPPLY SERVICE ADJUSTMENT**
**Purpose**

This schedule recovers the costs deferred for renewable resources as authorized by the Commission.

**Applicable**

To all Residential consumers and Nonresidential consumers except consumers taking service under the five-year cost of service opt-out program described in Schedule 296.

(C)  
 (C)  
 (C)

**Energy Charge**

The adjustment rate is listed below by Delivery Service Schedule.

<u>Schedule</u>	<u>Charge</u>	
4	0.005 cents per kWh	(I)
5	0.005 cents per kWh	(I)
15	0.004 cents per kWh	(I)
23, 723	0.005 cents per kWh	(C) (I)
28, 728	0.005 cents per kWh	(C) (I)
30, 730	0.005 cents per kWh	(C) (I)
41, 741	0.005 cents per kWh	(C) (I)
47, 747	0.005 cents per kWh	(C) (I)
48, 748	0.005 cents per kWh	(C) (I)
50	0.003 cents per kWh	(I)
51, 751	0.005 cents per kWh	(C) (I)
52, 752	0.004 cents per kWh	(C) (I)
53, 753	0.002 cents per kWh	(C) (I)
54, 754	0.003 cents per kWh	(C) (I)

(D)  
 (D)

## **ATTACHMENT A**

**THIS ATTACHMENT CONTAINS HIGHLY PROTECTED  
INFORMATION SUBJECT TO MODIFIED PROTECTIVE  
ORDER NO. 16-336**

**THE ATTACHMENT IN ITS ENTIRETY WILL BE PROVIDED  
UNDER SEPARATE COVER AND MAY ONLY BE  
DISCLOSED TO QUALIFIED PERSONS AS DEFINED IN  
ORDER NO. 16-336**

## **ATTACHMENT B**

### **RATE SPREAD AND RATE CALCULATION**



PACIFIC POWER  
STATE OF OREGON  
PROPOSED RENEWABLE RESOURCE DEFERRAL SUPPLY SERVICE ADJUSTMENT - SCHEDULE 203  
FORECAST 12 MONTHS ENDED DECEMBER 31, 2017

Line No.	Description (1)	Sch No. (2)	No. of Cust (3)	MWh (4)	Present Generation Rate Spread (5)	Proposed Schedule 203	
						Rates ¢/kWh (6)	Revenues \$ (7)
<b>Residential</b>							
1	Residential	4	490,463	5,230,048	43.0241%	0.005	\$282,247
2	<b>Total Residential</b>		490,463	5,230,048			\$282,247
<b>Commercial &amp; Industrial</b>							
3	Gen. Svc. < 31 kW	23	78,294	1,107,028	8.7045%	0.005	\$57,103
4	Gen. Svc. 31 - 200 kW	28	9,997	2,028,199	16.3603%	0.005	\$107,327
5	Gen. Svc. 201 - 999 kW	30	810	1,364,966	10.5095%	0.005	\$68,945
6	Large General Service >= 1,000 kW	48	187	2,708,614	19.2480%	0.005	\$126,271
7	Partial Req. Svc. >= 1,000 kW	47	7	143,112		0.005	\$6,672
8	Agricultural Pumping Service	41	7,950	233,276	1.8569%	0.005	\$12,181
9	<b>Total Commercial &amp; Industrial</b>		97,245	7,585,195			\$378,500
<b>Lighting</b>							
10	Outdoor Area Lighting Service	15	6,424	9,366	0.0587%	0.004	\$385
11	Street Lighting Service	50	227	7,782	0.0403%	0.003	\$264
12	Street Lighting Service HPS	51	781	19,908	0.1622%	0.005	\$1,064
13	Street Lighting Service	52	35	401	0.0025%	0.004	\$16
14	Street Lighting Service	53	257	9,910	0.0263%	0.002	\$173
15	Recreational Field Lighting	54	107	1,464	0.0067%	0.003	\$44
16	<b>Total Public Street Lighting</b>		7,831	48,831			\$1,947
17	Employee Discount			16,436			(\$222)
18	<b>Total</b>		595,539	12,864,074			\$662,472

## **ATTACHMENT C**

### **ESTIMATED IMPACT OF THE PROPOSED RATE CHANGE**

Renewable Resource Deferral Supply Service Adjustment - Schedule 203

PACIFIC POWER  
 ESTIMATED EFFECT OF PROPOSED PRICE CHANGE  
 ON REVENUES FROM ELECTRIC SALES TO ULTIMATE CONSUMERS  
 DISTRIBUTED BY RATE SCHEDULES IN OREGON  
 FORECAST 12 MONTHS ENDED DECEMBER 31, 2017

Line No.	Description	Sch No.	No. of Cust	MWh	Present Revenues (\$000)			Proposed Revenues (\$000)			Change			Line No.
					Base Rates	Adders <sup>1</sup>	Net Rates	Base Rates	Adders <sup>1</sup>	Net Rates	Base Rates (\$000)	Net Rates (\$000)	% <sup>2</sup>	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
							(5) + (6)			(8) + (9)	(10) - (7)	(11)/(5)	(10) - (7)	(13)/(7)
<b>Residential</b>														
1	Residential	4	490,463	5,230,048	\$597,765	\$7,793	\$605,558	\$597,765	\$8,075	\$605,840	\$282	0.0%	\$282	0.05%
2	<b>Total Residential</b>		490,463	5,230,048	\$597,765	\$7,793	\$605,558	\$597,765	\$8,075	\$605,840	\$282	0.0%	\$282	0.05%
<b>Commercial &amp; Industrial</b>														
3	Gen. Svc. < 31 kW	23	78,294	1,107,028	\$121,654	\$5,447	\$127,101	\$121,654	\$5,504	\$127,158	\$57	0.0%	\$57	0.04%
4	Gen. Svc. 31 - 200 kW	28	9,997	2,028,199	\$183,967	\$3,873	\$187,840	\$183,967	\$3,980	\$187,947	\$107	0.0%	\$107	0.06%
5	Gen. Svc. 201 - 999 kW	30	810	1,364,966	\$110,135	\$1,542	\$111,677	\$110,135	\$1,611	\$111,746	\$69	0.0%	\$69	0.06%
6	Large General Service >= 1,000 kW	48	187	2,708,614	\$193,506	(\$6,456)	\$187,050	\$193,506	(\$6,330)	\$187,176	\$126	0.0%	\$126	0.07%
7	Partial Req. Svc. >= 1,000 kW	47	7	143,112	\$12,104	(\$418)	\$11,686	\$12,104	(\$411)	\$11,693	\$7	0.0%	\$7	0.07%
8	Agricultural Pumping Service	41	7,950	233,276	\$26,924	(\$1,183)	\$25,741	\$26,924	(\$1,171)	\$25,753	\$12	0.0%	\$12	0.05%
9	<b>Total Commercial &amp; Industrial</b>		97,245	7,585,195	\$648,290	\$2,805	\$651,095	\$648,290	\$3,183	\$651,473	\$378	0.0%	\$378	0.06%
<b>Lighting</b>														
10	Outdoor Area Lighting Service	15	6,424	9,366	\$1,203	\$227	\$1,430	\$1,203	\$227	\$1,430	\$0	0.0%	\$0	0.03%
11	Street Lighting Service	50	227	7,782	\$864	\$174	\$1,038	\$864	\$174	\$1,038	\$0	0.0%	\$0	0.03%
12	Street Lighting Service HPS	51	781	19,908	\$3,488	\$731	\$4,219	\$3,488	\$732	\$4,220	\$0	0.0%	\$0	0.03%
13	Street Lighting Service	52	35	401	\$52	\$9	\$61	\$52	\$9	\$61	\$0	0.0%	\$0	0.03%
14	Street Lighting Service	53	257	9,910	\$622	\$126	\$748	\$622	\$126	\$748	\$0	0.0%	\$0	0.02%
15	Recreational Field Lighting	54	107	1,464	\$121	\$23	\$144	\$121	\$23	\$144	\$0	0.0%	\$0	0.03%
16	<b>Total Public Street Lighting</b>		7,831	48,831	\$6,350	\$1,290	\$7,640	\$6,350	\$1,292	\$7,642	\$2	0.0%	\$2	0.03%
17	<b>Total Sales before Emp. Disc. &amp; AGA</b>		595,539	12,864,074	\$1,252,405	\$11,888	\$1,264,293	\$1,252,405	\$12,551	\$1,264,956	\$663	0.0%	\$663	0.05%
18	Employee Discount				(\$464)	(\$3)	(\$467)	(\$464)	(\$3)	(\$467)	(\$0)		(\$0)	
19	<b>Total Sales with Emp. Disc</b>		595,539	12,864,074	\$1,251,941	\$11,885	\$1,263,826	\$1,251,941	\$12,547	\$1,264,488	\$662	0.0%	\$662	0.05%
20	AGA Revenue				\$2,439	\$2,439	\$2,439	\$2,439	\$2,439	\$2,439	\$0		\$0	
21	<b>Total Sales</b>		595,539	12,864,074	\$1,254,380	\$11,885	\$1,266,265	\$1,254,380	\$12,547	\$1,266,927	\$662	0.0%	\$662	0.05%

<sup>1</sup> Excludes effects of the Low Income Bill Payment Assistance Charge (Sch. 91), BPA Credit (Sch. 98), Klamath Dam Removal Surcharges (Sch. 199), Public Purpose Charge (Sch. 290) and Energy Conservation Charge (Sch. 297).

<sup>2</sup> Percentages shown for Schedules 48 and 47 reflect the combined rate change for both schedules