

ITEM NO. CA7

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT

PUBLIC MEETING DATE: December 16, 2014

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2015

DATE: December 08, 2014

TO: Public Utility Commission

FROM: Jorge Ordonez 

THROUGH: Jason Eisdorfer and Aster Adams 

SUBJECT: PACIFIC POWER: (Docket No. UE 287/Advice No. 14-013) Revises tariff schedules related to the Transition Adjustment Mechanism (TAM) reflecting the final 2015 Net Power Costs (NPC).

STAFF RECOMMENDATION:

Staff recommends that the tariff sheets filed in Pacific Power's (PacifiCorp or Company) Advice No. 14-013 be allowed to go into effect on January 1, 2015.

DISCUSSION:

Docket No. UE 287

On April 1, 2014, PacifiCorp filed with the Public Utility Commission of Oregon (OPUC or Commission) Advice No. 14-006 (April 2014 Filing)¹ to revise customers' cost-based supply service in accordance with the Company's annual Transition Adjustment Mechanism (TAM) and consistent with Order No. 09-274. As part of the April 2014 Filing, the Company also submitted direct testimony in support of an increase of approximately \$17.1 million from its Oregon-allocated Net Power Cost (NPC) in the 2014 TAM (\$361.1 million) to its Oregon-allocated NPC in the 2015 TAM (\$378.3 million).² The two most significant factors in the approximately \$17.1 million increase were a reduction in wholesale sales revenue and an increase in natural-gas fuel expense, along with smaller increases in purchased power expenses, wheeling expenses, and other expenses. The increase was partially offset by a reduction in coal fuel expense.³

¹ See <http://edocs.puc.state.or.us/efdocs/UAA/ue287uaa8327.pdf>.

² See UE 287: Exhibit PAC/100 Dickman/3, lines 4-7.

³ See UE 287: Table 1 of Exhibit PAC/100 Dickman 7.

PacifiCorp's April 2014 Filing was docketed as Docket No. UE 287. The proceeding included two rounds of testimony (i.e., the Company's direct testimony⁴ and Staff's and the intervening parties' opening testimonies).⁵ On July 31, 2014, all parties filed with the Commission an all-issues stipulation (July Stipulation) specifying an Oregon-allocated NPC in the 2015 TAM of \$370 million, subject to the July update (July Update) and the November Indicative and Final updates.⁶ Also, on July 31, 2014, the Company filed its July Update⁷ which included Oregon-allocated NPC in the 2015 TAM of \$369.7 million. The July Update is thus a reduction of approximately \$8.5 million from the \$378.3 million requested in the Company's April 2014 TAM filing.

Table 1

Filing	Oregon-allocated NPC (\$Million)
2014 TAM	361.1
2015 TAM – April 2014 Filing	378.3
2015 TAM – July Update	369.7
2015 TAM – Final Update	365.4

On October 1, 2014, the Commission issued Order No. 14-331 adopting the July Stipulation and ordered the Company to "reflect the [July Stipulation] and its final update to establish its [TAM] NPC for the calendar year 2015, filing tariffs to be effective January 1, 2015."⁸ On November 17, 2014, in compliance with Order No. 14-331, PacifiCorp filed Advice No. 14-013 (Final Update), which sets the NPC for 2015 and the final transition adjustments for 2015.⁹

Rate Impacts

In PacifiCorp's Final Update, the Company requested an Oregon-allocated NPC increase of \$4.3 million from its 2014 TAM of \$361.1 million to its 2015 TAM of \$365.4 million.¹⁰ This figure reflects the July Stipulation adopted by the Commission in

⁴ The Company's direct testimony was filed as part of its April 2014 Filing.

⁵ See OPUC Staff's Opening Testimony at <http://edocs.puc.state.or.us/efdocs/HTB/ue287htb1116.pdf> and the Industrial Customers of Northwest Utilities' (ICNU) Opening Testimony at <http://edocs.puc.state.or.us/efdocs/HTB/ue287htb1162.pdf>. The Citizens Utility Board of Oregon (CUB) initially indicated that it was planning to submit Opening Testimony; however, due to the Company's agreement to reduce its NPCs due to conversion of the Naughton Unit 3 gas power plant, there was no need for CUB to file testimony at that time (<http://edocs.puc.state.or.us/efdocs/HAH/ue287hah11014.pdf>).

⁶ See <http://edocs.puc.state.or.us/efdocs/HAR/ue287har16403.pdf>.

⁷ See <http://edocs.puc.state.or.us/efdocs/HAH/ue287hah83919.pdf>.

⁸ See page 7 of Order No. 14-331 at <http://apps.puc.state.or.us/orders/2014ords/14-331.pdf>.

⁹ See <http://edocs.puc.state.or.us/efdocs/HAD/ue287had133954.pdf>.

Order No. 14-331; the July Update and the Final Update.¹¹

This proposed change will affect approximately 588,000 customers, and will result in an overall annual rate increase of approximately \$5.6 million¹² or 0.5 percent. A residential customer who uses 900 kWh per month would see a monthly bill increase of \$0.98 as a result of this change.

Advice No. 14-013 included changes to the following five tariff schedules:

Schedule 201	Net Power Costs, Cost-Based Supply Service
Schedule 205	TAM Adjustment for Other Revenues
Schedule 220	Standard Offer Supply Service
Schedule 294	Transition Adjustment
Schedule 295	Transition Adjustment, Three-Year Cost of Service Opt-Out

Having reviewed the revised tariff sheets filed with the Final Update, Staff finds that each complies with Commission Order No. 14-331.

PROPOSED COMMISSION MOTION:

The replacement tariff sheets filed in PacifiCorp Advice No. 14-013 be allowed to go into effect on January 1, 2015.

ca7-Pacific UE 287-Advice 14-013

¹⁰ See Attachment 3 (Final Update to NPC Allocation) of Advice No. 14-013 at <http://edocs.puc.state.or.us/efdocs/HAD/ue287had133954.pdf>.

¹¹ The final update was filed as part of Advice No. 14-013.

¹² The difference between the \$5.6 million (\$5,565,523) revenue increase and the \$4.3 million (\$4,285,989) increase in NPC for 2015 TAM from the 2014 TAM is \$1.3 million (1,279,534). That \$1.3 million, in turn, is the difference between \$1.9 million (\$1,852,305) and \$0.6 million (\$572,771).

* \$1.9 million is due to load variance from the UE 264 CY 2014 forecast (previous TAM). In other words, absent a rate increase, the current rates in Schedule 201 that were set to recover the 2014 NPCs in the 2014 TAM will yield \$1.9 million less in revenues in 2015 due to fewer MWhs expected in 2015.

* \$0.6 million is the change in revenues of certain contracts. The Company expects to get more revenues in certain contracts to offset the increase in NPCs.