

ORDER NO. 15 166

ENTERED: JUN 01 2015

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1712

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Approval of Deer Creek
Mine Transaction.

ORDER

DISPOSITION: ORDER NO. 15-161 CLARIFIED AND AMENDED

We amend Order No. 15-161 to clarify that PacifiCorp, dba Pacific Power, may seek deferral of costs associated with the Deer Creek Mine's closure incurred beginning December 12, 2014.

I. BACKGROUND

On December 12, 2014, PacifiCorp filed an application seeking various regulatory approvals associated with its decision to close the Deer Creek Mine. As part of that request, PacifiCorp sought approval of a mine closure tariff (Schedule 198) to recover the company's actual closure costs, as well as the creation of necessary regulatory assets and deferred accounts.

In Order No. 15-161, we declined to address rate recovery of the mine closure costs in isolation and rejected PacifiCorp's proposed tariff. We invited PacifiCorp to seek recovery of those costs in its next general rate case, at which time we would be able to examine all aspects of PacifiCorp's operations for potential cost reductions that might offset the mine closure costs.

To preserve our ability to consider the mine closure costs in a future rate case, we allowed PacifiCorp to defer the mine closure costs. Our ordering paragraph 2 authorized PacifiCorp to "defer costs associated with the Deer Creek Mine's closure for consideration in the company's next general rate case."¹

II. REQUEST FOR CLARIFICATION

PacifiCorp seeks clarification of Order No. 15-161. PacifiCorp notes that, although our ordering paragraph does not identify a date that the company is authorized to begin

¹ Order No. 15-161 at 12.

deferring the closure costs, the body of the order states that PacifiCorp is authorized to “establish a deferred account to track the closure costs beginning on June 1, 2015.”² PacifiCorp states that language could be read as authorizing deferral only for costs incurred after June 1, 2015, resulting in a disallowance of closure costs incurred before that date.

In a motion filed May 29, 2015, PacifiCorp requests we clarify that the company is authorized to defer closure costs beginning December 12, 2014, which is the date the company filed its application in this proceeding. PacifiCorp contends this clarification is consistent with ORS 757.259, the law governing deferred accounts, and the remainder of the order. PacifiCorp adds that the Citizens’ Utility Board of Oregon does not oppose the company’s request.

In a response filed June 1, 2015, the Industrial Customers of Northwest Utilities (ICNU) opposes PacifiCorp’s motion. ICNU contends that there is no need to clarify the order, because its text plainly identified June 1, 2015 as the date that PacifiCorp is authorized to defer the closure costs. ICNU also disagrees with PacifiCorp’s assertion that allowing it to defer costs before that date is consistent with ORS 757.259 and the remainder of the order. First, ICNU states that, because ORS 757.259(4) allows a deferral to be authorized “beginning on *or after* the date of application,” there is nothing inconsistent with the Commission authorizing a deferred account to start on a date after the application. (emphasis in response). Second, ICNU notes that June 1, 2015 date is explicitly used for multiple other purposes in Order No. 15-161—most notably as the start date for deferral of the retiree medical obligation settlement loss.

The Commission Staff agrees the Commission should clarify the order, but does not take a position on the motion. The Sierra Club also takes no position.

III. RESOLUTION

We grant PacifiCorp’s request. In Order No. 15-161, we intended only to reject the company’s request that we authorize recovery of mine closure costs without having the benefit of reviewing all aspects of PacifiCorp’s operations in a general rate proceeding. We did not address the specifics or timing of any costs associated with the mine closure, and did not intend to disallow or preclude recovery of any of those costs at this time.

ICNU is correct that we used the date of June 1, 2015 for multiple purposes in Order No. 15-161. That use, however, was consistent with PacifiCorp’s application and intent to complete the Deer Creek Mine transaction on that date. Our inclusion of the June 1, 2015 date in reference to the deferral of the recovery of the closing costs was in error.

Pursuant to our authority in ORS 756.568, we amend Order No. 15-161 so that the paragraph that starts at the bottom of page 6 reads:

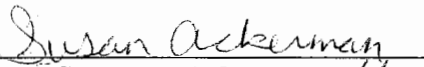
² *Id.* at 6-7.

Accordingly, we reject PacifiCorp's and CUB's proposed mine closure tariff. To allow us to consider the proper ratemaking treatment of mine closure costs in a future ratemaking proceeding, we authorize PacifiCorp to establish a deferred account to track the closure costs beginning on ~~June 1, 2015~~ **December 12, 2014**. Below we separately address PacifiCorp's recovery of its undepreciated investment in the mine following its closure.

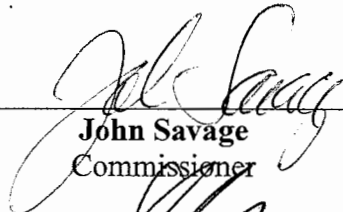
The remainder of the order is unchanged.


IT IS SO ORDERED.

Made, entered, and effective JUN 01 2015.


Susan K. Ackerman
Chair




John Savage
Commissioner


Stephen M. Bloom
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.