

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 339

In the Matter of

PACIFICORP, dba PACIFIC POWER,

2019 Transition Adjustment Mechanism.

ORDER

DISPOSITION: PARTIAL STIPULATION ADOPTED; ENERGY IMBALANCE
MARKET COSTS ALLOWED

I. INTRODUCTION

In this order, we adopt the partial stipulation between PacifiCorp, dba Pacific Power; Staff of the Public Utility Commission of Oregon; Oregon Citizens' Utility Board (CUB); the Alliance of Western Energy Consumers (AWEC); and Calpine Energy Solutions, LLC (Calpine Solutions) regarding PacifiCorp's 2019 Transition Adjustment Mechanism (TAM). The partial stipulation is attached as Appendix A.

The partial stipulation reflects the agreement of all parties to resolve all but one disputed issue in PacifiCorp's 2019 TAM. We adopt the parties' agreement, and as currently reflected in the company's reply update, PacifiCorp's Oregon-allocated net variable power costs (NPC) will have a baseline of \$366.3 million, subject to PacifiCorp's indicative and final updates filed in November. This results in an overall rate increase of \$1.3 million, or 0.1 percent. The reply update shows 2019 power costs of \$24.85 MWh.¹

One disputed issue is not included in the partial stipulation: PacifiCorp's recovery of Energy Imbalance Market (EIM) costs in the TAM. We decline to make an adjustment to PacifiCorp's EIM costs and find that EIM costs are recoverable in the TAM on an interim basis until the company's next general rate case, which is anticipated within two years.

¹ PAC/403, Wilding/1.

II. TAM FILING AND RESPONSIVE TESTIMONY

PacifiCorp's Initial Filing

On March 30, 2018, PacifiCorp filed its 2019 TAM, with revised tariff sheets for Schedule 201 to be effective January 1, 2019. The TAM is an annual filing by PacifiCorp to update its NPC in rates and set direct access transition adjustments. PacifiCorp's forecast NPC consists of wholesale sales, fuel expense, purchased power, and wheeling expense, as well as updates to other revenues related to NPC, EIM benefits and costs, and renewable energy production tax credits (PTCs). The NPC in the TAM is also used to update the amount of the transition adjustment for customers who may choose direct access service in the November open enrollment window.

The company's initial filing reflected net power costs on an Oregon-allocated basis of \$386.9 million, approximately \$21.6 million higher than the 2018 TAM filing in docket UE 323, and after adjustments the initial filing would have reflected an overall average rate increase of 1.3 percent. The overall TAM increase is attributable to an increase in Oregon's allocation factor and the corresponding share of total-company NPC allocated to Oregon, a decrease in wholesale sales revenue, and an increase in natural gas fuel expense.

All parties conducted discovery on the company's filing, participated in a technical workshop, and Staff, AWEC, and Calpine Solutions filed testimony.

Staff filed testimony from three witnesses that addressed fourteen different issues. Staff recommended adjustments related to EIM net benefits, wind capacity factors used for company-owned resources, and depreciation expense related to the Bridger Coal Company (BCC). Staff also recommended that the company include the variable costs and benefits of repowering certain wind projects, and Staff was continuing to investigate coal plant economic cycling.

AWEC made six recommendations in its opening testimony, related to wind capacity factors for company-owned resources (including repowered resources), the PTC rate used for 2019, wheeling expenses, the company's forward price curve and hedging practices, EIM costs, and the company's five-year direct access program.

Calpine Solutions recommended an adjustment to the treatment of fixed generation costs in the calculation of the consumer opt-out charge applicable to the company's five-year direct access program.

Following this opening testimony, the parties held two settlement conferences and reached an all-party stipulation that resolved all but one issue in the 2019 TAM.

III. STIPULATION AND SUPPORTING TESTIMONY

The partial stipulation provides for an Oregon-allocated 2019 TAM baseline (both NPC and PTCs) of \$370 million, or \$354 million when adjusted for loads and other revenues. This would result in an overall rate increase of 0.4 percent, but as noted above, this number has been revised downward by PacifiCorp's reply update that refreshes the Official Forward Price Curve (OFPC), resulting in a rate increase of \$1.3 million or 0.1 percent, subject to PacifiCorp's indicative and final update.

The partial stipulation states that, following a Commission order, PacifiCorp will file revised tariff sheets reflecting the adjustments agreed upon in the partial stipulation and the TAM final update. The parties request that we adopt the stipulation as presented. The parties emphasize that the stipulation represents a reasonable compromise of the numerous and complex issues presented in this case. The settling parties state that PacifiCorp's initial filing and the parties' initial testimonies create an extensive record on 2019 net power costs. The parties agree that the stipulation will result in rates that meet the standard in ORS 756.040.

Below we summarize the 16 specific NPC issues raised by parties, with a description of the issue and a preliminary NPC estimate of the impact of each adjustment.²

A. Wind Repowering

The partial stipulation addresses wind repowering benefits. PacifiCorp will include new PTCs in the 2019 TAM from Energy Vision 2020 repowering projects, as it expects to install longer blades and new technology on most of its wind fleet by the end of 2019. Including repowering in the 2019 TAM reduces Oregon-allocated NPC by \$7.7 million.

To allow the repowering benefits in the 2019 TAM, the partial stipulation and supporting joint testimony contains language about the Renewable Adjustment Clause (RAC). First, to avoid a potential perceived inconsistency with a requirement in the RAC stipulation³ to match the costs and benefits of resources in rates, the parties explain that provisions of the RAC stipulation are amended to the extent necessary to achieve the settlement reached in the 2019 TAM. Second, the partial stipulation contains an agreement to modify PacifiCorp's RAC that is set forth in Schedule 202. The stipulation modifies the

² See Stipulation at Exhibit 3.

³ *In the Matter of the Public Utility Commission of Oregon Investigation of Automatic Adjustment Clause Pursuant to SB 838*, Docket No. UM 1330, Order No. 07-572 at 1 (Dec 19, 2007).

RAC default schedule (April filing with a January effective date). Rather, PacifiCorp will make its repowering RAC application on or before January 2, 2019, and the stipulating parties will support an expedited procedural schedule to allow the RAC rates to be effective by July 1, 2019. The July 1, 2019 effective date is the expected in-service date for the first repowering project, and the parties agree that the RAC rates will not reflect any repowering project costs until the project is in service.⁴

B. PTC Rate Inflator

The partial stipulation contains an increase in the forecasted PTC rate. This is an inflation adjustment of one-tenth of a cent, consistent with AWEC's position in initial testimony. This results in a PTC rate of 2.5 cents/kWh for 2019 and decreases Oregon-allocated NPC by approximately \$248,000.

C. Wind Capacity Factors

The partial stipulation addresses the methodology used to determine the capacity factors for company-owned wind resources. The parties agree to a one-time, non-precedential compromise. The 2019 TAM will forecast net capacity factors using a 50/50 blend of: (1) the P50 production estimates determined when each wind project was initially developed (Staff's position and past practice), and (2) the cumulative average methodology (PacifiCorp's proposal in initial testimony). AWEC had proposed a similar approach with a 75/25 blend. This stipulated agreement does not change our previously-ordered adjustments for avian curtailments and Glenrock/Rolling Hills. This adjustment decreases Oregon-allocated NPC by approximately \$634,000.

D. Jim Bridger Long-Term Fuel Plan

The partial stipulation contains a provision on the Jim Bridger Long-Term Fuel Plan. PacifiCorp agrees to complete an analysis based on a January 1, 2030 useful life for the plant, instead of the 2037 date used in the 2018 Fuel Plan. The parties explain the purpose of this analysis is to evaluate whether PacifiCorp's fueling strategy is reasonable even if the plant life is shortened for SB 1547 compliance. The parties plan to meet to set the parameters for the analysis, and to the extent the analysis modifies the 2018 Fuel Plan, it will be included in the 2020 TAM. The parties agree that the coal costs in the 2019 TAM are reasonable and that any changes in costs from a 2030 date would be minimal because there is little capital investment after 2030.

⁴ AWEC/100, Mullins/8 (Table 2 contains repowering dates).

E. Economic Cycling of Coal Plants

The partial stipulation expressly adopts PacifiCorp's initial proposal to model economic cycling of certain coal plants. In the 2019 NPC forecast, PacifiCorp will model economic shutdowns for coal plants that are majority owned by the company, not participating in the EIM, and not facing operational constraints that prevent an economic shutdown. The cycling period when a coal unit may be shut down for economic reasons is during the spring months, February through May.

F. Bridger Coal Company (BCC) Depreciation Expense

The partial stipulation requires PacifiCorp to provide additional information on BCC depreciation expense in future TAM filings. PacifiCorp is to explain how and why BCC depreciation expense has changed since the last rate case. The parties note that Idaho Power Company has an identical reporting requirement under its power cost stipulation.

G. Official Forward Price Curve (OFPC)

The partial stipulation contains AWEC's express agreement to PacifiCorp's OFPC for the 2019 TAM. This agreement resolves issues AWEC raised in initial testimony with reducing the OFPC and a related adjustment to hedging transactions.

H. Jim Bridger-to-Walla Walla Transmission Link

PacifiCorp agrees to a one-time adjustment proposed by AWEC to credit Oregon NPC for the value of modeling a 300 MW "transmission link" to estimate EIM benefits from Energy Vision 2020 projects. Rather than change its modeling and continue to use the "virtual" 300 MW transmission link between the Jim Bridger plant and the Walla Walla area, PacifiCorp agrees to a decrease in Oregon-allocated NPC by approximately \$142,000.

I. Model Validation

The partial stipulation contains PacifiCorp's agreement to perform an additional year of GRID model validation, similar to the validation PacifiCorp completed last year.⁵

⁵ GRID stands for Generation and Regulation Initiative Decision Tool. GRID is PacifiCorp's hourly production cost model that the company has used in its Oregon rate filings since 2002.

J. EIM Benefits

The partial stipulation contains the parties' agreement related to the EIM benefits forecast for the 2019 TAM. PacifiCorp's initial filing explained its new methodology to better account for the increase in EIM participants, whereby PacifiCorp determines a linear trend using actual monthly benefits from December 2015 and extrapolated forward to produce an estimate for 2019 benefits. Staff's testimony proposed that PacifiCorp should continue to update the forecast as new data becomes available. Staff explained how adding the first four months of 2018 EIM benefits improved the model. The partial stipulation provides that PacifiCorp will update its forecast EIM benefits using the methodology in its initial filing, based on all available data as proposed by Staff. This adjustment decreases Oregon-allocated NPC by approximately \$2.5 million. EIM costs are not covered by the partial stipulation.

K. Wheeling Costs

To address AWEC's concerns over the accuracy of the company's wheeling costs, the partial stipulation states that PacifiCorp will provide an attestation in the final update stating that wheeling costs are accurate. PacifiCorp will also provide the parties information on its wheeling contracts and verify there are no additional transmission rate cases that impact the wheeling expense included in the 2019 TAM.

L. Pioneer Wind

The parties agree that the company's historical data used to shape the wind forecast for the Pioneer Wind QF is reasonable.

M. Refined Coal at Hunter Plant

The partial stipulation incorporates a forecast of benefits for refined coal that will start to be used at the Hunter plant. The Commission recently approved a transaction for a company to produce refined coal at Hunter, to enhance combustion and reduce mercury and nitrogen oxide emissions.⁶ This adjustment reduces Oregon-allocated NPC by approximately \$896,000.

⁶ *In the Matter of PacifiCorp, dba Pacific Power, Application for Approval of Certain Agreements with Tinuum Group, LLC*, Docket No. UP 369, Order No. 18-193 (May 24, 2018).

N. Five-Year Direct Access Program

Several parties indicated in initial testimony that they may recommend a generic investigation into PacifiCorp's five-year opt-out program, and the partial stipulation provides that PacifiCorp will not oppose a party's request for a generic investigation into the program.

O. Consumer Opt-Out Charge

The partial stipulation resolves a dispute over the calculation of the consumer opt-out charge applicable to the five-year direct access program. As a one-time, non-precedential adjustment, PacifiCorp's opt-out charge in the 2019 TAM will be calculated with no change to the fixed generation cost in years six through ten. This does not waive any parties' rights to the pending appeal of Order No. 15-394 from the 2016 TAM. This does not impact the TAM rates, but it decreases the consumer opt-out charge collected from five-year direct access customers by approximately \$1.61/MWh.⁷

P. Renewable Energy Certificate (REC) Transfers

The partial stipulation also includes PacifiCorp's proposal from initial testimony to transfer RECs from PacifiCorp to an electricity service supplier.⁸ PacifiCorp will transfer RECs on an annual basis to a direct access customer's electricity service supplier. PacifiCorp will transfer an amount of RECs based on the customer's actual load.

IV. REMAINING DISPUTED ISSUE, EIM COSTS

The parties were not able to reach settlement on whether the costs associated with EIM operations should be included in the TAM. EIM costs consist of PacifiCorp's return on net rate base from the capital investment required to participate in the EIM, depreciation expense, and ongoing operation and maintenance (O&M) expenses and transaction fees.⁹

AWEC asserts that EIM costs have been included in the TAM since 2015 because of a stipulation when the EIM began, and its costs and benefits were uncertain. However, now that EIM costs and benefits have been litigated in three TAM proceedings and the market is mature, AWEC asserts it is unfair to customers to include such costs in the TAM.

⁷ Partial Stipulation at 8 lists the reductions for each of the individual schedules.

⁸ PAC/100, Wilding/47.

⁹ AWEC/200 (PacifiCorp's more detailed breakdown of EIM costs by FERC account, separated by expense and capital).

AWEC states that EIM costs are not within the scope of costs intended to be updated in the TAM, and it is improper to view EIM costs and benefits in isolation from the company's other costs and benefits. AWEC further states that the matching principle, originally relied on to pair EIM costs as a matching offset to the EIM benefits, is irrelevant. AWEC states that the TAM itself violates the matching principle by allowing the company to update NPC annually without matching the updated NPC with other costs of service. AWEC states the narrow purpose of the TAM is to allow for an update of changes in market conditions, and EIM costs are not variable and should be recovered in a general rate case with all other similar costs.

CUB filed a brief asking that we make it clear that EIM costs are recoverable in the TAM, but only on an interim basis until the company's next general rate case, and that EIM costs are recoverable in the TAM only as an offset to EIM benefits.

PacifiCorp responds that the matching principle supports continued inclusion of net EIM benefits. PacifiCorp also states that inclusion of net EIM benefits is consistent with the TAM guidelines. Finally, PacifiCorp states that EIM costs are discrete and will not be permanently included in the TAM. Specifically, PacifiCorp states that it will file for new depreciation rates in 2018,¹⁰ and then file a general rate case before January 2021 to implement the new depreciation rates. PacifiCorp expects to include EIM costs in that general rate case, which means that EIM costs will only be in one more TAM (the 2020 TAM). PacifiCorp concludes that the \$800,000 in Oregon-allocated EIM costs in the 2019 TAM is reasonable.

V. RESOLUTION

We will adopt the partial stipulation as filed. We find reasonable the parties' stipulated increase to PacifiCorp's net power costs for 2019. While PacifiCorp's initial filing showed increased costs due to additional natural gas purchases, a higher allocation factor for Oregon, and reduced off-system sales, and the parties did not dispute these costs, the parties did engage in many difficult forecasting issues and compromised in a way that we believe benefits Oregon consumers with lower NPC and a more accurate forecast of power costs.

We note that the parties have diligently worked on several key issues in consecutive TAM proceedings. It appears that PacifiCorp's informational workshops before TAM filings have laid a foundation for information sharing and collaboration, and then detailed testimony from both the company and Staff and parties has established a formal record

¹⁰ See *In the Matter of PacifiCorp, dba Pacific Power, Application for Authority to Implement Revised Depreciation Rates*, PacifiCorp Direct Testimony, Docket No. UM 1968 (Sep 13, 2018).

for the Commission to follow the parties' work. We highlight the parties' efforts on two issues.

First, we highlight the evolving methodology for estimating EIM benefits. In the 2017 TAM, PacifiCorp's methodology was highly contested, as the company used historical EIM benefits divided by the historical EIM transmission available to calculate a margin, and then applied that margin to the transmission forecast for the EIM.¹¹ In post-TAM informal workshops, PacifiCorp removed the transmission constraint in response to CUB's position. In the 2018 TAM, PacifiCorp included a growth rate to address Staff's desire to capture the effects of an expanding EIM. Finally, in this 2019 TAM filing, PacifiCorp improved the growth rate to capture EIM data beginning in early 2015 and then extrapolated the growth rate for the TAM forecast. In the partial stipulation, PacifiCorp adopts Staff's approach to incorporate the most recent data available, including four months from 2018. We note how EIM benefits are a relatively new component of NPC, and we appreciate the efforts made to ensure that this proceeding accurately and fully captures EIM benefits for Oregon customers. Over three consecutive TAM filings, the company, Staff, and parties have engaged in these difficult modeling issues to improve the forecast. The record here readily supports our approval of the partial stipulation.

Second, we highlight the progress made on direct access issues. For three consecutive TAM proceedings, we have considered arguments about PacifiCorp's opt-out charge being inappropriately high, as well as arguments that direct access customers should receive credit for renewable portfolio standard acquisition by the company. In the 2018 TAM order, we directed the parties to engage in a party workshop on these issues, and for PacifiCorp to present a proposal on REC transfers in initial testimony.¹² In this partial stipulation, PacifiCorp and Calpine Solutions agreed to a compromise on both the opt-out charge and the REC transfers, and we approve these terms.

Finally, we look forward to continuing to engage on many other important issues covered by the partial stipulation, including the NPC benefits of economic cycling of coal plants, additional GRID validation, new PTCs from repowering projects that will be completed in 2019, and on-going variations in wind project output.

We conclude that the stipulation is supported by sufficient evidence in the record, appropriately resolves the issues in this case, and will result in just and reasonable rates.

¹¹ *In the Matter of PacifiCorp, dba Pacific Power 2017 Transition Adjustment Mechanism*, Docket No. UE 307, Order No. 16-482 at 15 (Dec 20, 2016).

¹² *In the Matter of PacifiCorp, dba Pacific Power 2018 Transition Adjustment Mechanism*, Docket No. UE 323, Order No. 17-444 at 1-2 (Nov 1, 2017).

We now address the contested issue in the proceeding, PacifiCorp's inclusion of EIM costs in the TAM filing. We have considered AWEC's argument, and while we agree with AWEC that EIM costs are only included in the TAM due to a 2014 stipulation where EIM costs were grouped together with several other complex issues,¹³ we decline to adopt AWEC's proposed adjustment of removing EIM costs from this proceeding. We will allow PacifiCorp's forecast of EIM costs in this TAM, as we have approved this treatment in the last four TAM filings.

In allowing this cost, we consider four additional factors beyond the legal argument of whether EIM costs should be included in a NPC forecast. First, PacifiCorp's EIM costs are \$815,852 on an Oregon allocated-basis in PacifiCorp's reply update,¹⁴ a significant decrease from past years' EIM costs that have varied from \$1.3 to \$1.7 million,¹⁵ and no party contests the costs as unreasonable. Second, the components of the EIM costs return on net rate base (PacifiCorp's investment in hardware, software, and meters to enable EIM operations), ongoing O&M, depreciation, and CAISO's EIM fee, are shown in PacifiCorp's initial filing and broken down by line-item to provide transparency.¹⁶ The individual components were evaluated last year in PacifiCorp's Power Cost Adjustment Mechanism (PCAM) proceeding, leading to a Commission-approved stipulation that removed the EIM return on rate base from the PCAM true-up calculation, but not otherwise challenging the costs.¹⁷ Considering this history, we find the continued existence of these costs and the size of these costs are all within the scope of what was initially contemplated and allowed in our approval of the 2014 stipulation.

Finally, as noted by the parties, we recently approved a stipulation on Idaho Power 2018 power costs.¹⁸ In that case, CUB filed similar testimony arguing that Idaho Power's EIM capital costs should not be included in Idaho Power's annual power cost update. Although we did not evaluate the EIM costs individually in that proceeding due to the

¹³ *In the Matters of PacifiCorp, dba Pacific Power, 2015 Transition Adjustment Mechanism and PacifiCorp Application for Deferred Accounting and Prudence Determination Associated with the Energy Imbalance Market*; Docket Nos. UE 287 and UM 1689, Order No. 14-331 (Oct 1, 2014).

¹⁴ PAC/401, Wilding/1.

¹⁵ See Order No. 14-331 at 2 (2015 TAM EIM costs of \$1.7 million); *In the Matter of Pacific Power 2016 Transition Adjustment Mechanism*, Docket No. UE 296, PAC/505, Dickman/1 (2016 TAM Reply Update EIM costs of \$1.3 million) (Aug 3, 2015); *Pacific Power 2017 Transition Adjustment Mechanism*, Docket No. UE 307, PAC/405, Dickman/1 (2017 TAM Reply Update EIM costs of \$1.56 million) (Aug 1, 2016); *Pacific Power 2018 Transition Adjustment Mechanism*, Docket No. UE 323, PAC/405, Wilding/1 (2018 TAM Reply Update EIM costs of 1.6 million).

¹⁶ PAC/105, Wilding/1.

¹⁷ *In the Matter of PacifiCorp, dba Pacific Power 2016 Power Cost Adjustment Mechanism*, Docket No. UE 327, Order No. 17-524 at 4 (Dec 27, 2017).

¹⁸ *In the Matter of Idaho Power Company 2018 Annual Power Cost Update*, Docket No. UE 333, Order No. 18-170 (May 21, 2018).

comprehensive stipulation, we did approve the stipulation overall. Thus, PacifiCorp's treatment is consistent with Idaho Power's treatment of EIM costs.

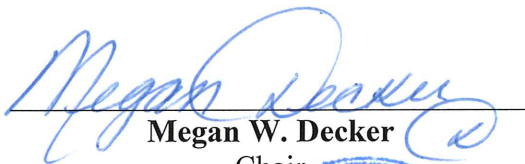
The parties' testimony on this issue has made us aware that EIM capital costs are more appropriately considered in base rates. However, we will accept PacifiCorp's commitment to include these costs in its next general rate case. In the meantime, we expect to continue allowing PacifiCorp's inclusion of EIM costs in the TAM filing because the costs are transparent, declining, and the TAM provides a predictable and consistent forum to review the costs.

VI. ORDER


IT IS ORDERED that:

1. The stipulation between PacifiCorp, dba Pacific Power; Staff of the Public Utility Commission of Oregon; the Alliance of Western Energy Consumers; Oregon Citizens' Utility Board; and Calpine Energy Solutions, LLC, attached as Appendix A, is adopted.
2. Advice No. 18-003 is permanently suspended.
3. PacifiCorp, dba Pacific Power, shall update its net power costs (NPC) to reflect the stipulation and its final update to establish its Transition Adjustment Mechanism NPC for the calendar year 2019, filing tariffs to be effective January 1, 2019.

Made, entered, and effective OCT 26 2018.


Megan W. Decker
 Chair




Stephen M. Bloom
 Commissioner


Letha Tawney
 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.

BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 339

In the Matter of
PACIFICORP, d/b/a PACIFIC POWER,
2019 Transition Adjustment Mechanism

PARTIAL STIPULATION

1 This Stipulation resolves all but one issue among all parties to the 2019 Transition
2 Adjustment Mechanism (TAM). The TAM is an annual filing by PacifiCorp, d/b/a Pacific
3 Power, to update its net power costs (NPC) in rates and set the transition adjustments for direct
4 access customers.

PARTIES

5
6 1. The parties to this Stipulation are PacifiCorp, Staff of the Public Utility
7 Commission of Oregon (Staff), the Oregon Citizens' Utility Board (CUB), the Alliance of
8 Western Energy Consumers (AWEC), and Calpine Energy Solutions LLC (Calpine
9 Solutions) (collectively, the Stipulating Parties). No other party intervened in the 2019 TAM.

BACKGROUND

10
11 2. On March 30, 2018, PacifiCorp filed its 2019 TAM, with direct testimony and
12 exhibits from Michael G. Wilding, Dana M. Ralston, and Judith M. Ridenour. PacifiCorp
13 also filed revised tariff sheets for Schedule 201¹ to implement the 2019 TAM. The company
14 filed the 2019 TAM on a stand-alone basis without a general rate case and proposed that new
15 rates become effective on January 1, 2019.

¹ As described in the company's direct testimony, the TAM typically updates the rates set forth in Schedule 205. The Initial Filing here, however, did not include a billable rate adjustment for Schedule 205 and therefore the company did not file revised tariff sheets for Schedule 205. See PAC/300, Ridenour/3.

1 3. The TAM is PacifiCorp's annual filing to update its NPC in rates and to set the
2 transition adjustments for customers who choose direct access during the open enrollment
3 window in November. Along with the forecast NPC, the 2019 TAM also includes test period
4 forecasts for: (1) other revenues related to NPC; (2) incremental benefits and costs related to
5 the company's participation in the energy imbalance market (EIM) with the California
6 Independent System Operator Corporation (CAISO); and (3) renewable energy production
7 tax credits (PTCs).

8 4. PacifiCorp's March 30, 2018, TAM filing (Initial Filing) reflects normalized,
9 total-company NPC for the test period (the 12 months ending December 31, 2019) of
10 approximately \$1.502 billion. On an Oregon-allocated basis, NPC in the Initial Filing are
11 approximately \$386.9 million. This amount is approximately \$21.6 million higher than the
12 \$365.3 million included in rates through the 2018 TAM (docket UE 323), and \$16.9 million
13 higher when adjusted for forecasted load loss, other revenues, and PTCs. The TAM Initial
14 Filing reflects an overall average rate increase of approximately 1.3 percent.

15 5. On April 3, 2018, CUB filed its notice of intervention and Calpine Solutions
16 filed a petition to intervene. On April 10, 2018, AWEC file a petition to intervene. On April
17 26, 2018, Administrative Law Judge Sarah Rowe held a prehearing conference and
18 subsequently issued a Prehearing Conference Memorandum granting the requested
19 interventions and adopting a procedural schedule.

20 6. On May 21, 2018, PacifiCorp filed a list of corrections, as required by the TAM
21 Guidelines adopted by the Commission in Order No. 09-274 and revised in Order Nos. 09-
22 432 and 10-363.² The total impact of the identified corrections is a decrease of approximately

² *In the Matter of PacifiCorp's 2009 Transition Adjustment Mechanism*, Docket No. UE 199, Order No. 09-274, App A at 10 (July 16, 2009); *In the Matter of PacifiCorp's 2010 Transition Adjustment Mechanism*, Docket No. UE 207, Order No. 09-432 (Oct. 30, 2009); *In the Matter of PacifiCorp's 2011 Transition Adjustment Mechanism*, Docket No. UE 216, Order No. 10-363 (Sept. 16, 2010).

1 \$647,000 to the filed Oregon-allocated NPC. PacifiCorp indicated that the identified
2 corrections would be included in the TAM Reply Update.

3 7. On May 25, 2018, the Stipulating Parties held a technical workshop.

4 8. On June 11, 2018, Staff, AWEC, and Calpine Solutions filed opening testimony.
5 CUB filed a letter indicating that it did not intend to file opening testimony.

6 9. On June 20, 2018, the Stipulating Parties convened a settlement conference. The
7 Stipulating Parties held an additional telephonic settlement conference on June 27, 2018, and
8 during that conference reached an all-party stipulation that resolved all but one issue in the
9 2019 TAM. The settlement establishes baseline 2019 NPC in rates, subject to the Reply
10 Update and Final Update.

11 10. On July 6, 2018, PacifiCorp filed a Stipulated Motion to Modify the Procedural
12 Schedule based on the settlement agreement. The motion was granted on July 6, 2018.

13 AGREEMENT

14 11. Overall Agreement: The Stipulating Parties agree to submit this Stipulation to
15 the Commission and request that the Commission approve the Stipulation as presented. The
16 Stipulating Parties agree that the rate change resulting from the Partial Stipulation results in
17 rates that are fair, just, and reasonable, as required by ORS 756.040. The Partial Stipulation
18 results in a decrease in the Initial Filing of approximately \$11.8 million on an Oregon-
19 allocated basis, for an Oregon-allocated TAM baseline (both NPC and PTCs) of \$370 million,
20 or \$354 million when adjusted for loads and other revenues, as shown on Exhibit 1. This
21 results in an overall rate increase of 0.4 percent, as shown in Exhibit 2. A preliminary estimate
22 of the impact of each adjustment is included as Exhibit 3. The impacts of the individual
23 adjustments, described below and set forth in Exhibit 3, are based on one-off studies from the
24 Initial Filing.

25 12. TAM Adjustments and Updates: The Stipulating Parties agree that NPC forecast
26 reflected in the company's Initial Filing, subject to the adjustments described in this Partial

1 Stipulation and resolution of the remaining unsettled issue, is reasonable. The Stipulating
 2 Parties agree that PacifiCorp will file a Reply Update and Final Update to its 2019 TAM filing
 3 consistent with the TAM Guidelines, including the adjustments described in this Stipulation.
 4 The Stipulating Parties recognize that the estimated impact of each of the agreed-upon
 5 adjustments may change in the TAM updates, along with the NPC baseline and overall rate
 6 change.

7 13. Wind Repowering: The prorated NPC benefits, including production tax credit
 8 (PTC) benefits, of repowering projects completed in 2019 will be included in the 2019 TAM.
 9 To account for PacifiCorp's proposal to repower certain of its owned wind resources, the
 10 Stipulating Parties agree to a one-time modification of the Renewable Adjustment Clause
 11 (RAC), which was approved by the Commission in Order No. 07-572,³ and is set forth in
 12 PacifiCorp's Schedule 202. Specifically, the RAC will be modified as follows: The
 13 Stipulating Parties agree that PacifiCorp will make its repowering RAC filing on or before
 14 January 2, 2019. The Stipulating Parties agree to recommend and support implementation of
 15 an expedited procedural schedule for the repowering RAC docket to allow the RAC rates to
 16 be effective by July 1, 2019. This term modifies the RAC schedule that calls for an April 1
 17 filing with rates effective the following January.⁴ The July 1, 2019, rate effective date is
 18 contemporaneous with the expected in-service date for the first repowering project.⁵

³ *In the Matter of the Public Utility Commission of Oregon Investigation of Automatic Adjustment Clause Pursuant to SB 838*, Docket No. UM 1330, Order No. 07-572 (Dec. 19, 2007).

⁴ Order No. 07-572 at 2.

⁵ The Stipulating Parties agree that if the expected in-service date for the first RAC-eligible project goes beyond July 1, 2019, they will not oppose a later rate effective date. In addition, because individual repowering projects will be completed at different times in 2019 (*see*, AWEC/100, Mullins/8 Table 2), the Stipulating Parties agree that the RAC rates will not reflect any repowering project costs until the project is in service. The Stipulating Parties also agree that the inclusion of the prorated NPC benefits of repowering in the 2019 TAM appropriately reflects the in-service dates for the repowered facilities.

1 The Stipulating Parties further agree that if any repowering project is disallowed in the
2 RAC, then the NPC and PTC benefits included in the 2019 TAM will be adjusted accordingly
3 so that the costs and benefits remain matched.

4 The preliminary, approximate estimate of this adjustment is an Oregon-allocated NPC
5 reduction of \$7,702,186, which may be revised in the Reply Update and Final Update based
6 on changes to the scope or expected in-service dates of the repowering projects.

7 14. PTC Rate Inflator: PacifiCorp agrees to apply an inflation adjustment of one
8 tenth of a cent to the PTC rate used in the 2019 TAM. This adjustment results in a PTC rate
9 of 2.5 cents/kWh for 2019 and decreases Oregon-allocated NPC by approximately \$247,732.

10 15. Wind Capacity Factors: PacifiCorp agrees to forecast the net capacity factor for
11 company-owned wind projects using a 50/50 blend of (1) the P50 production estimates
12 determined when each wind project was initially developed, and (2) the cumulative average
13 methodology proposed by PacifiCorp in its Initial Filing. This adjustment decreases Oregon-
14 allocated NPC by approximately \$634,314. The Stipulating Parties expressly agree that this
15 is a one-time, non-precedential adjustment in the 2019 TAM. In future power cost filings,
16 parties are free to propose different methodologies for forecasting wind plant net capacity
17 factors. In addition, PacifiCorp will not oppose a party's request for a generic investigation,
18 or a PacifiCorp-specific investigation, into the forecasting methodology for net capacity
19 factors for wind projects.

20 16. Jim Bridger Long-Term Fuel Plan: PacifiCorp agrees to work with the
21 Stipulating Parties to develop an alternative analysis that evaluates the reasonableness of the
22 company's fueling strategy for the Jim Bridger plant based on a January 1, 2030 useful life
23 for the plant. The company will address any resulting changes to the Jim Bridger Long-Term
24 Fueling Plan in the 2020 TAM in or before April 2019.

1 17. Economic Cycling of Coal Plants: The Stipulating Parties will not oppose
2 PacifiCorp's proposed modeling to account for the economic cycling of coal plants in the
3 2019 TAM.

4 18. Bridger Coal Company (BCC) Depreciation Expense: The Stipulating Parties
5 agree that in future TAM filings, PacifiCorp will include information setting forth how and
6 why BCC depreciation expense has changed from the levels set in the company's most recent
7 general rate case. The Stipulating Parties agree that PacifiCorp will provide workpapers in
8 future TAM filings to support the depreciable lives of BCC assets. The Stipulating Parties
9 will continue to work together to determine the types of depreciation workpapers to be
10 included with future TAM filings before the filing of the 2020 TAM in April 2019.

11 19. Official Forward Price Curve (OFPC): The Stipulating Parties will not oppose
12 the use of PacifiCorp's OFPC in the 2019 TAM and will not recommend any changes to the
13 company's hedging policy or the allocation of hedging costs and benefits between customers
14 and PacifiCorp in the 2019 TAM.

15 20. Jim Bridger-to-Walla Walla Transmission Link: PacifiCorp agrees to an
16 adjustment to decrease the Oregon-allocated NPC by approximately \$141,911, which reflects
17 the impact of modeling the 300 MW transmission link between the Jim Bridger plant and the
18 Walla Walla area described in AWEC's testimony.⁶ PacifiCorp does not agree to include this
19 modeling change in this or future TAM filings and AWEC is not precluded from proposing
20 this adjustment in future TAM filings.

21 21. Model Validation: PacifiCorp agrees to perform an additional year of GRID
22 model validation using a 2017 base year and the methodology described in PacifiCorp's Initial
23 Filing.⁷

⁶ AWEC/100, Mullins/21-22.

⁷ See PAC/100, Wilding/17-26.

1 22. EIM Benefits: PacifiCorp agrees to update its forecasted EIM benefits using the
2 same methodology as its Initial Filing,⁸ based on all available data as proposed by Staff.⁹ The
3 updated EIM benefits will also account for the expiration of the West Valley tolling
4 agreement. This adjustment decreases Oregon-allocated NPC by approximately \$2.5 million.

5 23. Wheeling Costs: At the time of the Final Update, PacifiCorp agrees to provide
6 the Stipulating Parties and the Commission with an attestation that the wheeling expense
7 included in the 2019 TAM is accurate and complete. At that time, PacifiCorp will also
8 provide the Stipulating Parties information on its wheeling contracts and verify that there are
9 no additional filed transmission rate cases that impact the wheeling expense included in the
10 2019 TAM.

11 24. Pioneer Wind: The Stipulating Parties will not oppose PacifiCorp's Pioneer
12 Wind qualifying facility production estimate.

13 25. Refined Coal at Hunter Plant: PacifiCorp agrees that the 2019 TAM will reflect
14 NPC benefits of the refined coal used at the Hunter plant as a result of the transaction approved
15 by the Commission in Order No. 18-193.¹⁰ This adjustment reduces Oregon-allocated NPC
16 by approximately \$895,517.

17 26. Five-Year Direct Access Program: PacifiCorp agrees not to oppose a party's
18 request for a generic investigation into the company's five-year direct access program.

19 27. Consumer Opt-Out Charge: The Stipulating Parties agree that the consumer opt-
20 out charge applicable to PacifiCorp's five-year direct access program will be calculated with
21 no change to the fixed generation costs in years six through 10. This adjustment does not

⁸ See PAC/100, Wilding/40-45.

⁹ Staff/100, Gibbens/17-18.

¹⁰ *In the Matter of PacifiCorp Application for Approval of Certain Agreements with Tinuum Group, LLC*, Docket No. UP 369, Order No. 18-193 (May 24, 2018).

1 impact the TAM rates but it decreases the Consumer Opt-Charge collected from five-year
 2 direct access customers by the following amounts:

Schedule 30 Primary	\$1.61/MWh
Schedule 30 Secondary	\$1.63/MWh
Schedule 47/48 Primary	\$1.53/MWh
Schedule 47/48 Secondary	\$1.63/MWh
Schedule 47/48 Transmission	\$1.41/MWh

3 The Stipulating Parties expressly agree that this is a one-time, non-precedential adjustment
 4 in the 2019 TAM, and no party has waived its right to propose changes to the calculation of
 5 the consumer opt-out charge in future proceedings. In addition, this agreement does not
 6 constitute a waiver of any parties' rights relative to the pending appeal of Order No. 15-394.

7 28. Renewable Energy Certificate (REC) Transfers: The Stipulating Parties
 8 recommend that the Commission approve the company's proposal in the 2019 TAM to
 9 transfer RECs from PacifiCorp to an electricity service supplier to account for the migration
 10 of direct access load.¹¹

11 29. EIM Costs: PacifiCorp and AWEC have not reached an agreement related to
 12 AWEC's proposal to remove EIM costs from the TAM.¹² The Stipulating Parties agree that
 13 this issue is not covered by this Partial Stipulation.

14 30. Tariff Revisions. Upon approval of this Partial Stipulation and resolution of the
 15 disputed issues, concurrent with the filing of the Final Update, PacifiCorp will file revised
 16 Schedules 201 and 205 (if necessary) and revised transition adjustment Schedules 294 and
 17 295 as a compliance filing in docket UE 339, to be effective January 1, 2019, reflecting the
 18 agreements in this Partial Stipulation, the Commission's resolution of the disputed issue, and
 19 the results of the Final Update.

¹¹ PAC/100, Wilding/46-47.

¹² See AWEC/100, Mullins/22-24.

1 31. This Partial Stipulation will be offered into the record of this proceeding as
2 evidence pursuant to OAR 860-001-0350(7). The Stipulating Parties agree to support this
3 Partial Stipulation throughout this proceeding and any appeal, provide witnesses to sponsor
4 this Partial Stipulation at the hearing, and recommend that the Commission issue an order
5 adopting the settlements contained herein. The Stipulating Parties also agree to cooperate in
6 drafting and submitting joint testimony or a brief in support of the Partial Stipulation in
7 accordance with OAR 860-001-0350(7).

8 32. If this Partial Stipulation is challenged, the Stipulating Parties agree that they
9 will continue to support the Commission's adoption of the terms of this Partial Stipulation.
10 The Stipulating Parties agree to cooperate in cross-examination and put on such a case as they
11 deem appropriate to respond fully to the issues presented, which may include raising issues
12 that are incorporated in the settlements embodied in this Partial Stipulation.

13 33. The Stipulating Parties have negotiated this Stipulation as an integrated
14 document. If the Commission rejects all or any material part of this Partial Stipulation or adds
15 any material condition to any final order that is not consistent with this Partial Stipulation,
16 each Stipulating Party reserves its right, pursuant to OAR 860-001-0350(9), to present
17 evidence and argument on the record in support of the Partial Stipulation or to withdraw from
18 the Stipulation. To withdraw from the Partial Stipulation, a Stipulating Party must provide
19 written notice to the Commission and other Stipulating Parties within five days of service of
20 the final order rejecting, modifying, or conditioning this Partial Stipulation. Stipulating
21 Parties shall be entitled to seek rehearing or reconsideration pursuant to OAR 860-001-0720
22 in any manner that is consistent with the agreement embodied in this Stipulation.

23 34. By entering into this Partial Stipulation, no Stipulating Party shall be deemed to
24 have approved, admitted, or consented to the facts, principles, methods, or theories employed
25 by any other Stipulating Party in arriving at the terms of this Partial Stipulation, other than
26 those specifically identified in the body of this Partial Stipulation. No Stipulating Party shall

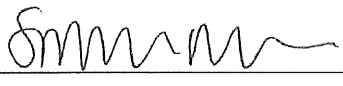
1 be deemed to have agreed that any provision of this Stipulation is appropriate for resolving
2 issues in any other proceeding, except as specifically identified in this Partial Stipulation.

3 35. This Partial Stipulation is not enforceable by any Stipulating Party unless and
4 until adopted by the Commission in a final order. Each signatory to this Partial Stipulation
5 acknowledges that they are signing this Partial Stipulation in good faith and that they intend
6 to abide by the terms of this Partial Stipulation unless and until the Partial Stipulation is
7 rejected or adopted only in part by the Commission. The Stipulating Parties agree that the
8 Commission has exclusive jurisdiction to enforce or modify the Partial Stipulation.

9 36. This Partial Stipulation may be executed in counterparts and each signed
10 counterpart shall constitute an original document.

11 37. This Partial Stipulation is entered into by each Stipulating Party on the date
12 entered below such Stipulating Party's signature.

STAFF

By: 
Date: 7/23/18

PACIFICORP

By: _____
Date: _____

**ALLIANCE OF WESTERN ENERGY
CONSUMERS**

By: _____
Date: _____

**OREGON CITIZENS' UTILITY
BOARD**

By: _____
Date: _____

CALPINE ENERGY SOLUTIONS LLC

By: _____
Date: _____

1 be deemed to have agreed that any provision of this Stipulation is appropriate for resolving
2 issues in any other proceeding, except as specifically identified in this Partial Stipulation.

3 35. This Partial Stipulation is not enforceable by any Stipulating Party unless and
4 until adopted by the Commission in a final order. Each signatory to this Partial Stipulation
5 acknowledges that they are signing this Partial Stipulation in good faith and that they intend
6 to abide by the terms of this Partial Stipulation unless and until the Partial Stipulation is
7 rejected or adopted only in part by the Commission. The Stipulating Parties agree that the
8 Commission has exclusive jurisdiction to enforce or modify the Partial Stipulation.

9 36. This Partial Stipulation may be executed in counterparts and each signed
10 counterpart shall constitute an original document.

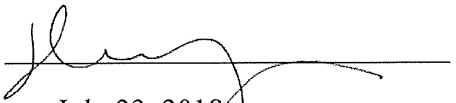
11 37. This Partial Stipulation is entered into by each Stipulating Party on the date
12 entered below such Stipulating Party's signature.

STAFF

By: _____

Date: _____

PACIFICORP

By:  _____

Date: July 23, 2018 _____

**ALLIANCE OF WESTERN ENERGY
CONSUMERS**

By: _____

Date: _____

**OREGON CITIZENS' UTILITY
BOARD**

By: _____

Date: _____

CALPINE ENERGY SOLUTIONS LLC

By: _____

Date: _____

ORDER NO. 18 421

STAFF

By: _____


Date: _____

PACIFICORP

By: _____

Date: _____

ALLIANCE OF WESTERN ENERGY
CONSUMERS

By: 

Date: 7/23/18

OREGON CITIZENS' UTILITY
BOARD

By: _____

Date: _____

CALPINE ENERGY SOLUTIONS LLC

By: _____

Date: _____

be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding, except as specifically identified in this Partial Stipulation.

35. This Partial Stipulation is not enforceable by any Stipulating Party unless and until adopted by the Commission in a final order. Each signatory to this Partial Stipulation acknowledges that they are signing this Partial Stipulation in good faith and that they intend to abide by the terms of this Partial Stipulation unless and until the Partial Stipulation is rejected or adopted only in part by the Commission. The Stipulating Parties agree that the Commission has exclusive jurisdiction to enforce or modify the Partial Stipulation.

36. This Partial Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

37. This Partial Stipulation is entered into by each Stipulating Party on the date entered below such Stipulating Party's signature.

STAFF

By: _____

Date: _____

PACIFICORP

By: _____


Date: _____

**ALLIANCE OF WESTERN ENERGY
CONSUMERS**

By: _____

Date: _____

**OREGON CITIZENS' UTILITY
BOARD**

By:  _____

Date: 7/23/18

CALPINE ENERGY SOLUTIONS LLC

By: _____

Date: _____

be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding, except as specifically identified in this Partial Stipulation.

35. This Partial Stipulation is not enforceable by any Stipulating Party unless and until adopted by the Commission in a final order. Each signatory to this Partial Stipulation acknowledges that they are signing this Partial Stipulation in good faith and that they intend to abide by the terms of this Partial Stipulation unless and until the Partial Stipulation is rejected or adopted only in part by the Commission. The Stipulating Parties agree that the Commission has exclusive jurisdiction to enforce or modify the Partial Stipulation.

36. This Partial Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

37. This Partial Stipulation is entered into by each Stipulating Party on the date entered below such Stipulating Party's signature.

STAFF

By: _____

Date: _____

PACIFICORP

By: _____

Date: _____

ALLIANCE OF WESTERN ENERGY CONSUMERS

By: _____

Date: _____

OREGON CITIZENS' UTILITY BOARD

By: _____

Date: _____

CALPINE ENERGY SOLUTIONS LLC

By:  _____

Date: 7-23-18

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 339

Exhibit 1

Accompanying Stipulation

July 23, 2018

PacifiCorp
CY 2019 TAM
Initial Filing with Settlement

Line no	ACCT.	Total Company			Factor	Factors CY 2018	Factors CY 2019	Oregon Allocated		
		UE-323 CY 2018 - Final Update	TAM CY 2019 - Initial Filing	TAM CY 2019 - Initial Filing w/ Settlement				UE-323 CY 2018 - Final Update	TAM CY 2019 - Initial Filing	TAM CY 2019 - Initial Filing w/ Settlement
1	Sales for Resale									
2	Existing Firm PPL	447 14,589,272	8,142,702	8,142,702	SG	25.741%	26.725%	3,755,357	2,176,121	2,176,121
3	Existing Firm UPL	447 -	-	-	SG	25.741%	26.725%	-	-	-
4	Post-Merger Firm	447 416,976,550	315,490,543	316,265,558	SG	25.741%	26.725%	107,332,001	84,314,241	84,521,362
5	Non-Firm	447 -	-	-	SE	24.186%	25.322%	-	-	-
6	Total Sales for Resale	431,565,821	323,633,245	324,408,260				111,087,358	86,490,363	86,697,484
7										
8	Purchased Power									
9	Existing Firm Demand PPL	555 4,627,573	3,365,936	3,365,936	SG	25.741%	26.725%	1,191,162	899,540	899,540
10	Existing Firm Demand UPL	555 23,836,008	2,756,828	2,756,828	SG	25.741%	26.725%	6,135,516	736,757	736,757
11	Existing Firm Energy	555 30,516,365	17,869,545	17,869,545	SE	24.186%	25.322%	7,380,840	4,524,997	4,524,997
12	Post-merger Firm	555 635,614,579	609,731,622	596,489,901	SG	25.741%	26.725%	163,610,602	162,949,604	159,410,779
13	Secondary Purchases	555 -	-	-	SE	24.186%	25.322%	-	-	-
14	Other Generation Expense	555 7,552,475	7,091,901	7,124,313	SG	25.741%	26.725%	1,944,047	1,895,297	1,903,959
15	Total Purchased Power	702,146,999	640,815,832	627,606,523				180,262,168	171,006,195	167,476,032
16										
17	Wheeling Expense									
18	Existing Firm PPL	565 21,359,209	22,380,362	22,380,362	SG	25.741%	26.725%	5,497,975	5,981,109	5,981,109
19	Existing Firm UPL	565 -	-	-	SG	25.741%	26.725%	-	-	-
20	Post-merger Firm	565 117,589,895	109,568,290	109,569,174	SG	25.741%	26.725%	30,268,270	29,281,915	29,282,151
21	Non-Firm	565 6,273,914	4,447,418	4,447,418	SE	24.186%	25.322%	1,517,440	1,126,193	1,126,193
22	Total Wheeling Expense	145,223,018	136,396,070	136,396,954				37,283,685	36,389,216	36,389,453
23										
24	Fuel Expense									
25	Fuel Consumed - Coal	501 753,810,234	676,667,893	671,926,269	SE	24.186%	25.322%	182,320,284	171,348,518	170,147,825
26	Fuel Consumed - Coal (Cholla)	501 55,637,424	40,869,237	40,780,754	SE	24.186%	25.322%	13,456,743	10,349,070	10,326,664
27	Fuel Consumed - Gas	501 3,252,700	4,631,939	4,632,077	SE	24.186%	25.322%	786,714	1,172,918	1,172,953
28	Natural Gas Consumed	547 247,372,678	317,504,511	317,339,160	SE	24.186%	25.322%	59,830,783	80,399,747	80,357,876
29	Simple Cycle Comb. Turbines	547 2,439,959	3,718,622	3,718,646	SE	24.186%	25.322%	590,141	941,644	941,650
30	Steam from Other Sources	503 5,000,414	4,484,552	4,484,552	SE	24.186%	25.322%	1,209,425	1,135,596	1,135,596
31	Total Fuel Expense	1,067,513,408	1,047,876,754	1,042,881,457				258,194,090	265,347,493	264,082,564
32										
33	TAM Settlement Adjustment**	-	-	(545,317)	As Settled			-	-	(141,911)
34										
35	Net Power Cost (Per GRID)	1,483,317,604	1,501,455,411	1,481,931,357				364,652,585	386,252,542	381,108,654
36										
37	Oregon Situs NPC Adjustments	647,742	645,737	645,737	OR	100.000%	100.000%	647,742	645,737	645,737
38	Total NPC Net of Adjustments	1,483,965,346	1,502,101,148	1,482,577,094				365,300,327	386,898,278	381,754,391
39										
40	Non-NPC EIM Costs*	4,944,640	3,414,924	3,414,924	SG	25.741%	26.725%	1,272,777	912,632	912,632
41	Production Tax Credit (PTC)	(66,634,263)	(22,247,375)	(47,301,476)	SG	25.741%	26.725%	(17,152,017)	(5,945,568)	(12,641,228)
42	Total TAM Net of Adjustments	1,422,275,724	1,483,268,697	1,438,690,543				349,421,087	381,865,342	370,025,795
43										
44										
45										
46										
47										
48										
49	*EIM Benefits for the 2019 TAM are reflected in net power costs									
50	**TAM Settlement UE 339 - Partial Stipulation agreed to decrease Oregon-allocated NPC by \$141,911									
51										
52										
53										
54										
Increase Absent Load Change									32,444,255	20,604,707
Oregon-allocated NPC (incl. PTC) Baseline in Rates from UE-323								\$349,421,087		
\$ Change due to load variance from UE-323 forecast								15,549,436		
2019 Recovery of NPC (incl. PTC) in Rates								\$364,970,523		
Increase Including Load Change									16,894,819	5,055,271
Add Other Revenue Change									(28,433)	(28,433)
Total TAM Increase/Decrease								\$	16,866,386	\$ 5,026,839

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 339

Exhibit 2

Accompanying Stipulation

July 23, 2018

TAM

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 ENDING DECEMBER 31, 2019

Line No.	Description	Sch No.	No. of Cust	MWh	Present Revenues (\$000)			Proposed Revenues (\$000)			Change				Line No.
					Base Rates	Adders ¹	Net Rates	Base Rates	Adders ¹	Net Rates	Base Rates (\$000)		Net Rates (\$000)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
							(5) + (6)			(8) + (9)	(8) - (5)	(11)/(5)	(10) - (7)	(13)/(7)	
<u>Residential</u>															
1	Residential	4	506,345	5,401,764	\$623,235	\$5,942	\$629,177	\$625,377	\$5,942	\$631,319	\$2,142	0.3%	\$2,142	0.3%	1
2	Total Residential		506,345	5,401,764	\$623,235	\$5,942	\$629,177	\$625,377	\$5,942	\$631,319	\$2,142	0.3%	\$2,142	0.3%	2
<u>Commercial & Industrial</u>															
3	Gen. Svc. < 31 kW	23	80,663	1,139,223	\$126,505	\$5,296	\$131,801	\$126,947	\$5,296	\$132,243	\$442	0.4%	\$442	0.3%	3
4	Gen. Svc. 31 - 200 kW	28	10,452	1,972,036	\$181,441	\$3,372	\$184,813	\$182,218	\$3,372	\$185,590	\$777	0.4%	\$777	0.4%	4
5	Gen. Svc. 201 - 999 kW	30	866	1,328,571	\$108,451	\$1,276	\$109,727	\$108,941	\$1,276	\$110,217	\$490	0.5%	\$490	0.5%	5
6	Large General Service >= 1,000 kW	48	195	3,221,037	\$226,897	(\$9,525)	\$217,372	\$227,988	(\$9,525)	\$218,463	\$1,091	0.5%	\$1,091	0.5%	6
7	Partial Req. Svc. >= 1,000 kW	47	6	49,859	\$5,617	(\$152)	\$5,465	\$5,633	(\$152)	\$5,481	\$16	0.5%	\$16	0.5%	7
8	Agricultural Pumping Service	41	7,982	222,624	\$25,979	(\$1,219)	\$24,760	\$26,064	(\$1,219)	\$24,845	\$85	0.3%	\$85	0.3%	8
9	Total Commercial & Industrial		100,164	7,933,350	\$674,890	(\$952)	\$673,938	\$677,791	(\$952)	\$676,839	\$2,901	0.4%	\$2,901	0.4%	9
<u>Lighting</u>															
10	Outdoor Area Lighting Service	15	6,305	9,058	\$1,167	\$216	\$1,383	\$1,170	\$216	\$1,386	\$3	0.3%	\$3	0.2%	10
11	Street Lighting Service	50	225	7,713	\$861	\$169	\$1,030	\$863	\$169	\$1,032	\$2	0.2%	\$2	0.2%	11
12	Street Lighting Service HPS	51	815	19,940	\$3,514	\$723	\$4,237	\$3,522	\$723	\$4,245	\$8	0.2%	\$8	0.2%	12
13	Street Lighting Service	52	35	404	\$53	\$9	\$62	\$53	\$9	\$62	\$0	0.0%	\$0	0.0%	13
14	Street Lighting Service	53	273	9,678	\$611	\$121	\$732	\$612	\$121	\$733	\$1	0.2%	\$1	0.1%	14
15	Recreational Field Lighting	54	104	1,345	\$112	\$21	\$133	\$112	\$21	\$133	\$0	0.0%	\$0	0.0%	15
16	Total Public Street Lighting		7,757	48,138	\$6,318	\$1,259	\$7,577	\$6,332	\$1,259	\$7,591	\$14	0.2%	\$14	0.2%	16
17	Total Sales before Emp. Disc. & AGA		614,266	13,383,252	\$1,304,443	\$6,249	\$1,310,692	\$1,309,500	\$6,249	\$1,315,749	\$5,057	0.4%	\$5,057	0.4%	17
18	Employee Discount				(\$484)	(\$4)	(\$488)	(\$486)	(\$4)	(\$490)	(\$2)		(\$2)		18
19	Total Sales with Emp. Disc		614,266	13,383,252	\$1,303,959	\$6,245	\$1,310,204	\$1,309,014	\$6,245	\$1,315,259	\$5,055	0.4%	\$5,055	0.4%	19
20	AGA Revenue				\$2,439		\$2,439	\$2,439		\$2,439	\$0		\$0		20
21	Total Sales		614,266	13,383,252	\$1,306,398	\$6,245	\$1,312,643	\$1,311,453	\$6,245	\$1,317,698	\$5,055	0.4%	\$5,055	0.4%	21

¹ 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).

² Percentages shown for Schedules 48 and 47 reflect the combined rate change for both schedules

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 339

Exhibit 3

Accompanying Stipulation

July 23, 2018

Oregon TAM 2019 (March 2018 Initial Filing)	NPC (\$) =	1,501,455,411
	\$/MWh =	25.46

	Impact (\$) Oregon Allocated Basis	NPC (\$) Total Company
Settlement Adjustments		
S01 - Wind Capacity Factor 50/50 (P50-Actuals)	(634,314)	
S02 - Wind Repower	(894,585)	
S03 - Settlement Adjustment	(141,911)	
S04 - Hunter Coal	(895,517)	
S05 - EIM Benefit	(2,525,453)	
Total Settlement Adjustments to NPC =	(5,091,781)	
Total Change from March 2018 Initial Filing		(19,524,054)
Oregon TAM 2019 (July 2018 Settlement)	NPC (\$) =	1,481,931,357
	\$/MWh =	25.13

	Impact (\$) Oregon Allocated Basis
Non-NPC Settlement Adjustments	
PTC Rate Inflator	(505,649)
PTC Impact of Repowering and Wind Capacity Factors	(6,695,660)
Total Non-NPC Settlement Adjustments =	(7,201,309)