

1 **BEFORE THE PUBLIC UTILITY COMMISSION**
2 **OF OREGON**

3 UM 1147

4 In the Matter of

5 PUBLIC UTILITY COMMISSION OF
6 OREGON

7 Staff Request to Open an Investigation Related
8 to Deferred Accounting.

STAFF'S COMMENTS ON PACIFICORP'S
PETITION FOR EXCEPTION

9 **INTRODUCTION**

10 On June 30, 2008, PacifiCorp requested an exception to the interest rate requirements set
11 forth in Docket No. UM 1147, Order No. 08-263, as applied to PacifiCorp's Bonneville Power
12 Administration ("BPA") balancing account ("Petition"). The Public Utility Commission of
13 Oregon Staff ("Staff") has reviewed PacifiCorp's Petition and concluded that its proposal is
14 reasonable.

15 **DISCUSSION**

16 In UM 1147, Staff recommended applying the new interest rates to any accounts that
17 exist under the Pacific Northwest Electric Power Planning and Conservation Act of 1980 ("1980
18 Act"). PacifiCorp's BPA balancing account is an account under the 1980 Act. The Public
19 Utility Commission of Oregon ("Commission") adopted the Blended Treasury rate plus 100
20 basis points to be calculated annually by January 10 to also apply to balancing accounts under
21 the 1980 Act. *See* Order No. 08-263 at 16. ("We remain unconvinced that it is inappropriate to
22 apply the modified Blended Treasury Rate to balancing accounts established under the [1980
23 Act], but we would consider exception filings providing additional information and arguments").

24 Staff continues to assert that the Commission has authority to determine the interest rate
25 applied to PacifiCorp's BPA balancing account. However, after reviewing PacifiCorp's Petition,
26 Staff agrees that granting PacifiCorp's exception is reasonable.

1 PacifiCorp’s Petition reiterates many of the arguments that Staff rebutted in its UM 1147
2 Reply Comments at 6-7 and that the Commission adopted in Order No. 08-263 at 16. In its
3 Petition, however, PacifiCorp adds additional support that the Blended Treasury Rate with
4 modifications does not reflect the financing periods and financial risks associated with the BPA
5 account. *See Id.* at 15. (the Commission concluded that the Blended Treasury rate with
6 modifications “reflects the financing periods and financial risks associated with deferred
7 accounts in amortization”).

8 Specifically, PacifiCorp’s Petition argues that the BPA balancing account is not subject
9 to the same financing periods and financial risks as other deferred accounts because it is a pass-
10 through mechanism. *See* Petition at 3. PacifiCorp concludes the better measure of the risks of
11 the BPA balancing account result in application of the Fidelity Money Market Fund # 695 to
12 credit balances and no interest to debit balances. *See Id.*

13 Further, PacifiCorp notes in paragraph 5 of its Petition that it does not charge customers
14 interest when customers owe it money in this account. Given that customers currently owe
15 PacifiCorp funds due to providing customers greater residential exchange benefits than made
16 available by the BPA, PacifiCorp’s one-sided application of interest is a benefit to customers.
17 Based upon the additional information supplied in PacifiCorp’s Petition, and in consideration of
18 the fact that PacifiCorp does not charge interest when customers owe it funds, Staff supports the
19 requested exception.

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1 CONCLUSION

2 For the foregoing reasons, Staff respectfully recommends that the Commission grant
3 PacifiCorp's Petition.

4 DATED this 17th day of July 2008.

5 Respectfully submitted,

6 HARDY MYERS
7 Attorney General

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9 s/ Jason W. Jones
10 Jason W. Jones, #00059
11 Assistant Attorney General
12 Of Attorneys for Public Utility Commission of
13 Oregon Staff
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1 CONCLUSION

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4 DATED this 17th day of July 2008.

5 Respectfully submitted,

6 HARDY MYERS
7 Attorney General

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10 Jason W. Jones, #00059
11 Assistant Attorney General
12 Of Attorneys for Public Utility Commission of
13 Oregon Staff

1 **CERTIFICATE OF SERVICE**

2 I certify that on July 17, 2008 I served the foregoing STAFF'S COMMENTS ON
3 PACIFICORP'S PETITION FOR EXCEPTION upon the parties in this proceeding by electronic
4 mail and by sending a true, exact and full copy by regular mail, postage prepaid, or by hand-
5 delivery/shuttle, to the parties accepting paper service.

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