

June 9, 2016

***VIA ELECTRONIC MAIL***

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

Attn: JP Batmale

**RE: UM 1020—PacifiCorp's Comments**

PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) appreciates the opportunity to provide comments in response to Staff's questions in this proceeding. On May 23, 2016, the Public Utility Commission of Oregon (Commission) Staff sent questions to stakeholders in this proceeding seeking input on the appropriateness of commingling funds. The Company provides the following responses to Staff's specific questions.

**1. Other ways in which general ratepayers support small scale renewables and whether that should be included within the scope of Staff's review.**

Staff has identified several work streams as a result of Senate Bill (SB) 1547 that could impact small scale renewable development, including implementing the small scale renewables requirement of SB 1547 and community solar. The Company believes that the analysis in this forum should be consistent with these future policies.

**2. Intended purpose of the voluntary program grant funds.**

The Company's Blue Sky Program is a voluntary, customer-supported renewable option. The Blue Sky Program provides customers an easy way to support renewable energy generation and foster additional renewable energy development in the western region above and beyond the Company's basic generation mix. As part of the Blue Sky Program, customers make purchases in fixed, monthly increments of 100-kilowatt hours—i.e., "blocks"—and these purchases help fund the development of smaller-scale renewable wind projects located in the western region. Customer purchases allow the Company to purchase additional renewable energy certificates (RECs) associated with newly developed wind facilities in the western region. These RECs are retired by the Company on behalf of Blue Sky customers at a level consistent with the customer's block purchase.

The renewable energy supported is above and beyond what the Company generates or acquires to serve all of its customers or meet state or federal mandates, such as the Oregon Renewable Portfolio Standard (RPS). The RECs purchased on behalf of Blue Sky customers are tracked and retired in an independent renewable energy tracking system ensuring that each REC is counted only once.

Funds received from participating customers are first used to cover program costs and match renewable energy purchases to customer block purchases. The remaining funds may be used to help support qualifying initiatives, as defined in the tariff, which includes helping fund small- and medium-scale community based renewable energy projects that provide strong environmental, economic, and educational benefits to communities within the Company's service territory. These projects create steel-in-the-ground demonstrations for customers and have helped make projects possible for organizations that do not have access to federal incentives, including homeless shelters, food banks, fire stations, community centers, and schools.

The purpose of the grant/funding component is to provide participating customers the opportunity to partner with project sponsors and grow the renewable energy market closer to home. Customers have expressed enthusiasm when they learn of the Blue Sky supported projects in their communities, and this makes the program even more tangible.

**3. How does this purpose differ from that of general ratepayer funded renewable programs?**

The purpose of the Blue Sky program is to allow customers to voluntarily purchase and support renewable energy above and beyond what the company includes in its basic generation mix. Customers that chose to participate in a voluntary green power program such as the Blue Sky Program have chosen to pay a premium to support the specific policy objectives of the Blue Sky program. Funding from Blue Sky customers is intended to provide additional funding for renewable energy development in their community and in the region.

**4. When funds are "commingled" for a specific project, is the intended purpose of either fund compromised?**

Utilizing funds from two sources does not compromise the intended purpose of either fund. Utilizing multiple funding sources enables projects to be developed that may not otherwise be possible with only one funding source. Additionally, the purpose for providing each of these funding sources complement one another to provide options to customers, support renewable development, and provide educational opportunities.

**5. Under what circumstances does combining voluntary and general ratepayer funds lead to additional benefits for voluntary and all ratepayers that could not have been achieved with one or the other fund?**

Voluntary programs focus on projects that would not otherwise be possible. This often involves organizations that cannot access capital for a funding match, cannot monetize federal and state incentives, and need more support than the ETO incentives that cover the above market costs.

Blue Sky funding awards can also cover expenses not included in the ETO incentives, such as educational signage and onsite monitoring displays. ETO incentives can also cover certain

soft costs not eligible for Blue Sky funding, such as project management and engineering or design costs incurred before applying for Blue Sky funding. Leveraged together, these complementary funding sources can meet the total needs of projects that create educational opportunities and deliver significant added benefits to Oregon communities.

**6. Should ratepayers that choose to participate in a voluntary program expect that their voluntary funding is purchasing new renewable resources that are entirely additional to those renewable resources procured using or supported by general ratepayer funds (into which they also contribute)?**

Customers that choose to participate in a voluntary program should not expect that their voluntary funding is purchasing new renewable resources that are entirely additional. Blue Sky communications state that one impact of participating in the Blue Sky Block option is the opportunity to help make new, community-based projects possible. Blue Sky and the ETO work collaboratively to ensure that the funding partnership is communicated accurately if onsite signage is created or if these projects receive media coverage.

**7. How does commingling of funds impact the administration of individual funds for specific projects and for reporting purposes for each fund?**

Utilizing multiple funding sources for funding specific projects does not impact the administration of individual funds for specific projects. The administration of ETO and Blue Sky complement one another to enable projects to be built and funded.

The administrative costs associated with administering the Blue Sky funding award component of the Block program, which includes managing the funding cycle, tracking project progress, assuring that grantees are in compliance with the terms and conditions of the agreement and approved funding and processing reimbursements is covered by the Blue Sky program, as are the expenses associated with the project evaluation services provided by a third party.

**8. New legislation introduced several new policies that could impact small scale renewable development, including community solar, a new small scale capacity goal, and a larger RPS requirement. In light of existing and new policies, how can voluntary and general ratepayer funds be optimized to meet requirements at least cost while providing opportunities to exceed requirements when customers prefer to do so?**

Implementation of the new legislation should be informed by existing customer funding structures to develop an efficient methodology for the various elements of the legislation. Flexibility in the use of existing customer funding will be key in identifying the potential for optimal use of these funds as elements of the legislation are implemented.

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If you have questions about these comments, please contact Erin Apperson, Manager of Regulatory Affairs, at (503) 813-6642.

Sincerely,

A handwritten signature in black ink that reads "R. Bryce Dalley" with a stylized flourish at the end.

R. Bryce Dalley  
Vice President, Regulation