

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

3 **UE 200**

4 In the Matter of:

5 PACIFICORP, dba PACIFIC POWER
6 2009 Renewable Adjustment Clause Schedule
7 202

PARTIAL STIPULATION

8 The parties have entered into this Partial Stipulation for the purpose of resolving the
9 issue of the amount of operations and maintenance ("O&M") expenses to be included in
10 PacifiCorp's (or the "Company") 2009 Renewable Adjustment Clause ("RAC").

11 **PARTIES**

12 1. The parties to this Partial Stipulation are PacifiCorp, Staff of the Public Utility
13 Commission of Oregon ("Staff"), the Citizens' Utility Board ("CUB"), and the Industrial
14 Customers of Northwest Utilities ("ICNU") (together, the "Parties").¹

15 **BACKGROUND**

16 2. On April 1, 2008, PacifiCorp filed revised tariff sheets for Schedule 202,
17 PacifiCorp's 2009 RAC, to be effective January 1, 2009. The purpose of the RAC is to
18 implement ORS 469A.120, Section 13 of SB 838, which states that "prudently incurred costs
19 associated with compliance with a renewable portfolio standard are recoverable in the rates of
20 an electric company." The Public Utility Commission of Oregon ("Commission") established
21 the RAC to serve as the automatic adjustment clause required by ORS 469A.120(3) to allow
22 timely recovery of such prudently incurred costs.

23 3. The April 1, 2008, RAC filing reflected total forecasted O&M expenses for the
24 calendar year of 2009 of \$26,085,114 on a total Company basis, or \$6,889,452 on an Oregon-

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26 ¹ Renewable Northwest Project and Portland General Electric Company are parties to this proceeding
but did not file testimony or participate in the settlement conference.

1 allocated basis. This amount includes an adjustment to reflect funding from the Energy Trust
2 of Oregon ("ETO") for Goodnoe Hills.

3 4. On July 23, 2008, Staff filed its proposed adjustment to the Company's O&M
4 expenses. Staff's adjustment resulted in forecasted O&M expenses of \$21,583,024 on a total
5 Company basis, or \$5,700,385 on an Oregon-allocated basis. This amount includes an
6 adjustment to reflect funding from ETO for Goodnoe Hills.

7 5. On August 22, 2008, the Company filed rebuttal testimony that updated the
8 forecasted O&M expenses based on updated projections. The updated O&M expenses were
9 \$21,635,250 on a total Company basis, or \$5,714,179 on an Oregon-allocated basis. This
10 amount includes an adjustment to reflect funding from ETO for Goodnoe Hills.

11 6. The Parties convened a settlement conference on September 8, 2008, to discuss
12 resolving the difference in the Company's and Staff's proposed O&M expenses.

13 **AGREEMENT**

14 7. As a result of the settlement conference, the Parties have reached a settlement
15 on the level of O&M expenses in this case. The Parties agree to include in the 2009 RAC
16 O&M expenses in the amount of \$21,609,137 on a total Company basis, or \$5,707,282 on an
17 Oregon-allocated basis ("Stipulated O&M Expenses"). The Stipulated O&M Expenses include
18 an adjustment to reflect funding from ETO for Goodnoe Hills. Exhibit A to this Partial
19 Stipulation shows the Company's and Staff's proposed O&M expenses and the Stipulated
20 O&M Expenses on a per-resource basis.

21 8. The Parties' agreement on Stipulated O&M Expenses does not reflect an
22 agreement on a methodology for calculating or forecasting O&M expenses in this proceeding
23 or in future RAC proceedings.

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1 9. Section 6(e) of the Stipulation adopted in Order No. 07-572² contemplates that
2 the Company will update its RAC filing by December 1 to reflect then-current, prudently-
3 incurred actual resource costs, or forecasted costs where appropriate, of certain cost
4 elements. Pursuant to Section 6(b) of that stipulation, such cost elements include forecasted
5 O&M costs. As part of the settlement of this issue, PacifiCorp will not further update its O&M
6 expenses for the 2009 RAC.

7 10. If a resource for which Stipulated O&M Expenses are included in the 2009 RAC
8 does not come on line on or before December 31, 2008, or is otherwise not included in rates,
9 the O&M expenses related to that resource, as specified in Exhibit A to this Partial Stipulation,
10 will be deducted from the Stipulated O&M Expenses. Consistent with the Stipulation in UM
11 1330, the Parties agree to support the use of deferred accounting to allow an opportunity for
12 recovery of the O&M expenses related to such resource, should it come on line during
13 calendar year 2009. The Stipulated O&M Expense specified in Exhibit A will be used in the
14 deferral for any resource in this filing, prorated for the period of the deferral. No Party waives
15 any arguments or rights during the amortization phase of such deferred accounting.

16 11. The Parties agree to submit this Partial Stipulation to the Commission and
17 request that the Commission approve the Partial Stipulation as presented. The Parties agree
18 that the adjustments and the rates resulting from their application are sufficient, fair, just, and
19 reasonable.

20 12. This Partial Stipulation will be offered into the record of this proceeding as
21 evidence pursuant to OAR 860-014-0085. The Parties agree to support this Partial Stipulation
22 throughout this proceeding and any appeal, (if necessary) provide witnesses to sponsor this
23 Partial Stipulation at the hearing, and recommend that the Commission issue an order
24 adopting the settlements contained herein.

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26 ² The Stipulation adopted in Order No. 07-572 set out the terms and conditions for PacifiCorp's and
Portland General Electric Company's RAC schedules.

1 13. If this Partial Stipulation is challenged by any other party to this proceeding, the
2 Parties agree that they will continue to support the Commission's adoption of the terms of this
3 Partial Stipulation. The Parties agree to cooperate in cross-examination and put on such a
4 case as they deem appropriate to respond fully to the issues presented, which may include
5 raising issues that are incorporated in the settlements embodied in this Partial Stipulation.

6 14. The Parties have negotiated this Partial Stipulation as an integrated document. If
7 the Commission rejects all or any material portion of this Partial Stipulation or imposes
8 additional material conditions in approving this Partial Stipulation, any Party disadvantaged by
9 such action shall have the rights provided in OAR 860-014-0085 and shall be entitled to seek
10 reconsideration or appeal of the Commission's Order.

11 15. By entering into this Partial Stipulation, no Party shall be deemed to have
12 approved, admitted, or consented to the facts, principles, methods, or theories employed by
13 any other Party in arriving at the terms of this Partial Stipulation, other than those specifically
14 identified in the body of this Partial Stipulation. No Party shall be deemed to have agreed that
15 any provision of this Partial Stipulation is appropriate for resolving issues in any other
16 proceeding, except as specifically identified in this Partial Stipulation.

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

19 This Partial Stipulation is entered into by each party on the date entered below such
20 Party's signature.

21 **Signature page follows.**

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STAFF

ICNU

By: M. H. [Signature]

By: _____

Date: 9/11/08

Date: _____

CUB

PACIFICORP

By: _____

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Date: _____

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STAFF

By: _____

Date: _____

ICNU

By: *David Sanger*

Date: 9/12/08

CUB

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CUB

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Date: 9-11-08

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STAFF

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Date: _____

CUB

PACIFICORP

By: _____

By: Andrea Kelly

Date: _____

Date: 12 Sept 08

Exhibit A
to UE 200 Partial Stipulation

Exhibit A to UE 200 Partial Stipulation
Pacific Power
Oregon
Renewable Adjustment Clause

CY 2009														
	Leaning Juniper	Marengo	Blundell Bottoming Cycle	Goodnoe Hills	Marengo II	Glenrock	Seven Mile Hill	Rolling Hills	Total	Factor	Factor %	Oregon Allocated		
O&M Expense	3,386,951	4,629,233	510,000	2,457,997	2,320,617	3,845,966	3,551,906	3,383,278	24,085,947	SG	26.4114%	6,361,443		
Energy Trust of Oregon Credit	-	-	-	(2,450,697)	-	-	-	-	(2,450,697)	SG	26.4114%	(647,264)		
Total PacifiCorp Rebuttal O&M	3,386,951	4,629,233	510,000	7,300	2,320,617	3,845,966	3,551,906	3,383,278	21,635,250	(1)	SG	26.4114%	5,714,179	
Percentage of Total O&M	15.7%	21.4%	2.4%	0.0%	10.7%	17.8%	16.4%	15.6%	100.0%					
									Staff Witness Garcia's Direct Position	21,583,024	(2)	SG	26.4114%	5,700,385
									Variance	52,226				13,794
									1/2 of Variance	26,113				6,897
Total Stipulated O&M Expense	3,382,863	4,623,645	509,384	7,291	2,317,816	3,841,324	3,547,619	3,379,194	21,609,137	(3)				5,707,282

Notes:

- 1) PacifiCorp Witness, R. Bryce Dalley, Exhibit PPL/304
- 2) Staff Witness, Deborah Garcia, Exhibit 102
- 3) Stipulated total O&M was derived by splitting the difference between the Company's rebuttal position and Staff's direct position.