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September 10, 2018

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
201 High Street SE, Suite 100
Salem, OR 97301-3398

Attn: Filing Center


RE: UE 344—Stipulation and Joint Testimony

PacifiCorp d/b/a Pacific Power encloses for filing in this docket the following documents:

- The Stipulation between PacifiCorp, Staff of the Public Utility Commission of Oregon, and the Oregon Citizens' Utility Board; and
- Joint Testimony in Support of the Stipulation.

If you have questions about this filing, please contact Natasha Siores at (503) 813-6583.

Sincerely,



Etta Lockey
Vice President, Regulation

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 344

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

2017 Power Cost Adjustment Mechanism

STIPULATION

INTRODUCTION

1. PacifiCorp d/b/a Pacific Power, Public Utility Commission of Oregon (Commission) Staff, and the Oregon Citizens' Utility Board (CUB) (collectively the Stipulating Parties) enter into this Stipulation to resolve all issues in docket UE 344, PacifiCorp's 2017 power cost adjustment mechanism (PCAM). No other party intervened in this docket.

BACKGROUND

2. The Commission approved PacifiCorp's PCAM in Order No. 12-493 in docket UE 246. The PCAM allows the recovery or refund of the difference between actual costs incurred to serve customers and the rates established in PacifiCorp's annual transition adjustment mechanism (TAM) filing. The amount recovered from or refunded to customers for a given year is subject to the following parameters:

- Asymmetrical Deadband – Any net power cost (NPC) difference between negative \$15 million and positive \$30 million is absorbed by the company.
- Sharing Mechanism – Any NPC difference above or below the deadband is shared 90 percent by customers and 10 percent by the company.

- Earnings Test – If the company’s earned return on equity (ROE) is within plus or minus 100 basis points of the allowed ROE, there is no recovery from or refund to customers.
- Amortization Cap – The amortization of deferred amounts are capped at six percent of the revenue for the preceding calendar year.¹

3. On May 15, 2018, PacifiCorp filed its PCAM for calendar year 2017.

Attachment A to this Stipulation is a summary of the company’s PCAM calculation. On an Oregon-allocated basis, actual PCAM costs exceeded base PCAM costs established in the 2017 TAM (Docket UE 307), by approximately \$2.3 million.

4. After application of the deadband, there is no recovery for the 2017 PCAM.

5. The Stipulating Parties held a settlement conference on July 20, 2018. This conference resulted in an agreement resolving all issues in this docket.

AGREEMENT

6. The Stipulating Parties agree that PacifiCorp’s PCAM calculation for calendar year 2017, as set forth in the company’s initial filing and summarized above, complies with Order No. 12-493 and results in no change to existing rates.

7. The Stipulating Parties agree to submit this Stipulation to the Commission and request that the Commission approve the Stipulation as presented. The Stipulating Parties agree that this Stipulation will result in rates that meet the standard in ORS 756.040.

8. This Stipulation will be offered in to the record as evidence under OAR 860-001-0350(7). The Stipulating Parties agree to support this Stipulation throughout this proceeding and

¹ *In the Matter of PacifiCorp d/b/a Pacific Power’s Request for a General Rate Revision*, Docket UE 246, Order No. 12-493 at 15 (Dec. 20, 2012).

any appeal, provide witnesses to sponsor the Stipulation at hearing, if required, and recommend that the Commission issue an order adopting the Stipulation.

9. The Stipulating Parties have negotiated this Stipulation as an integrated document. If the Commission rejects all or any material portion of this Stipulation or imposes additional material conditions in approving this Stipulation, any of the Stipulating Parties are entitled to withdraw from the Stipulation or exercise any other rights provided in OAR 860-001-0325(9). To withdraw from the Stipulation, a Stipulating Party must provide written notice to the Commission and the other Stipulating Parties within five days of service of the final order rejecting, modifying, or conditioning this Stipulation.

10. By entering into this Stipulation, no Settling Party approves, admits, or consents to the facts, principles, methods, or theories employed by any other Settling Party.

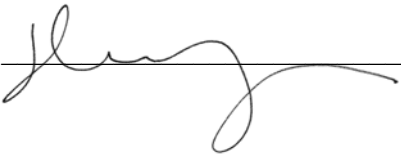
11. This Stipulation is not enforceable by any Settling Party unless and until adopted by the Commission in a final order. Each signatory to this Stipulation avers that they are signing this Stipulation in good faith and that they intend to abide by the terms of this Stipulation unless and until the Stipulation is rejected or adopted only in part by the Commission. The Settling Parties agree that the Commission has exclusive jurisdiction to enforce or modify the Stipulation. If the Commission rejects or modifies this Stipulation, the Settling Parties reserve the right to seek reconsideration or rehearing of the Commission order under ORS 756.561 and OAR 860-001-0720 or to appeal the Commission order under ORS 756.610.

12. This Stipulation may be executed in counterparts and each signed counterpart constitutes an original document.

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

PACIFICORP

STAFF of the PUBLIC UTILITY
COMMISSION OF OREGON

By:  _____

By: _____

Date: 9/10/18 _____

Date: _____

OREGON CITIZENS' UTILITY BOARD


By: _____

Date: _____

PACIFICORP

STAFF of the PUBLIC UTILITY
COMMISSION OF OREGON

By: _____

By:  _____

Date: _____

Date: 9/10/18 _____

OREGON CITIZENS' UTILITY BOARD

By: _____

Date: _____

PACIFICORP

STAFF of the PUBLIC UTILITY
COMMISSION OF OREGON

By: _____

By: _____

Date: _____

Date: _____

OREGON CITIZENS' UTILITY BOARD

By:  _____

Date: 9/10/18 _____

ATTACHMENT A

Oregon Power Cost Adjustment Mechanism
 Attachment A - Power Cost Adjustment Mechanism Calculation

Line No.	Reference	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Total
1	Actual: Total Company Adjusted Actual NPC	\$ 138,590,571	\$ 116,924,463	\$ 113,018,110	\$ 106,185,764	\$ 115,246,592	\$ 125,188,870	\$ 152,656,742	\$ 164,962,347	\$ 131,596,685	\$ 119,201,242	\$ 113,389,351	\$ 129,072,708	\$ 1,528,056,446
2	Actual Allocated PTC	(8,454,789)	(10,428,390)	(11,459,227)	(9,963,310)	(5,479,012)	(7,040,913)	(4,514,493)	(3,508,195)	(4,194,324)	(5,309,249)	(8,245,032)	(10,722,006)	(89,943,441)
3	Actual EIM Costs	381,196	381,196	381,196	381,196	381,196	381,196	381,196	381,196	381,196	381,196	381,196	381,196	4,574,351
4	Actual Other Revenues	(540,918)	(729,234)	(875,208)	(1,073,334)	(767,085)	(950,069)	(885,354)	(694,411)	(729,314)	(888,619)	(868,619)	(961,113)	(8,813,243)
5	Total PCAM Adjusted Actual Costs	\$ 129,976,060	\$ 106,109,035	\$ 100,864,872	\$ 97,513,316	\$ 109,381,691	\$ 117,579,084	\$ 147,637,091	\$ 161,172,937	\$ 127,044,242	\$ 113,274,604	\$ 104,655,895	\$ 118,170,285	\$ 1,433,474,113
6	Actual System Retail Load	5,135,856	4,192,399	4,332,834	4,123,994	4,332,163	4,803,602	5,375,125	5,122,566	4,304,828	4,227,257	4,318,686	4,921,839	55,194,054
7	Actual PCAM Costs \$/MWH	\$ 25.31	\$ 25.31	\$ 23.84	\$ 23.84	\$ 25.25	\$ 24.48	\$ 27.45	\$ 31.46	\$ 29.91	\$ 26.80	\$ 24.23	\$ 24.01	\$ 26.97
8	Line 5 / Line 6													
9	Base: Total Company Base NPC	\$ 139,984,697	\$ 118,713,689	\$ 122,851,318	\$ 117,262,046	\$ 123,701,137	\$ 129,386,833	\$ 151,077,269	\$ 143,761,067	\$ 122,892,472	\$ 121,024,247	\$ 122,421,004	\$ 131,903,005	\$ 1,535,668,814
10	Adjustment for Direct Access	(643,721)	(622,362)	(645,087)	(604,394)	(669,026)	(817,168)	(1,131,058)	(892,424)	(835,050)	(890,679)	(808,739)	(731,739)	(9,301,677)
11	Base Allocated PTC	(7,343,039)	(7,343,039)	(7,343,039)	(7,343,039)	(7,343,039)	(7,343,039)	(7,343,039)	(7,343,039)	(7,343,039)	(7,343,039)	(7,343,039)	(7,343,039)	(88,116,470)
12	Base EIM Costs	325,043	325,043	325,043	325,043	325,043	325,043	325,043	325,043	325,043	325,043	325,043	325,043	3,900,512
13	Base Other Revenues	(887,896)	(887,896)	(887,896)	(887,896)	(887,896)	(887,896)	(887,896)	(887,896)	(887,896)	(887,896)	(887,896)	(887,896)	(10,654,753)
14	Total PCAM Base Costs	\$ 122,435,093	\$ 110,195,405	\$ 114,100,338	\$ 108,761,759	\$ 115,100,218	\$ 120,863,771	\$ 142,040,349	\$ 134,962,150	\$ 113,941,530	\$ 112,237,475	\$ 113,706,374	\$ 123,265,373	\$ 1,431,396,427
15	Base PCAM Costs \$/MWH	\$ 4,941,400	\$ 4,367,578	\$ 4,526,701	\$ 4,222,416	\$ 4,462,704	\$ 4,569,044	\$ 5,262,767	\$ 5,101,299	\$ 4,442,315	\$ 4,340,624	\$ 4,474,948	\$ 4,988,112	\$ 55,640,607
16	System PCAM Unit Cost Differential \$/MWH	\$ 24.78	\$ 25.23	\$ 25.21	\$ 25.76	\$ 25.95	\$ 26.53	\$ 26.99	\$ 26.46	\$ 25.05	\$ 25.96	\$ 25.41	\$ 24.86	\$ 25.73
17	Oregon Retail Load	\$ 0.53	\$ 0.08	\$ (1.90)	\$ (2.11)	\$ (0.60)	\$ (2.05)	\$ 0.46	\$ 5.01	\$ 3.86	\$ 0.94	\$ (1.18)	\$ (0.85)	\$ 0.25
18	Monthly PCAM Differential - Above or (Below) Base	\$ 741,255	\$ 90,791	\$ (2,085,817)	\$ (2,056,881)	\$ (697,551)	\$ (2,104,158)	\$ 559,071	\$ 5,754,384	\$ 3,725,722	\$ 92,1070	\$ (1,257,187)	\$ (1,087,767)	\$ 2,583,959
19	Oregon Sius Resource True-Up	\$ (4,969)	\$ (7,019)	\$ 13,618	\$ (2,325)	\$ (11,579)	\$ (20,579)	\$ (48,825)	\$ (89,886)	\$ (39,762)	\$ (22,087)	\$ (14,066)	\$ (8,206)	\$ (255,684)
20	Total Monthly PCAM Differential - Above or (Below) Base	\$ 736,287	\$ 83,772	\$ (2,072,199)	\$ (2,059,207)	\$ (609,130)	\$ (2,124,716)	\$ 490,246	\$ 5,664,498	\$ 3,685,939	\$ 899,003	\$ (1,271,253)	\$ (1,095,972)	\$ 2,328,268
21	Cumulative PCAM Differential - Above or (Below) base	\$ 736,287	\$ 820,059	\$ (1,252,140)	\$ (3,310,346)	\$ (3,919,477)	\$ (6,044,192)	\$ (5,553,947)	\$ 110,551	\$ 3,796,490	\$ 4,686,493	\$ 3,424,241	\$ 2,338,268	\$ 30,000,000
22	Positive Deadband - ABOVE Base	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000	\$ 30,000,000
23	Negative Deadband - BELOW Base	\$ (15,000,000)	\$ (15,000,000)	\$ (15,000,000)	\$ (15,000,000)	\$ (15,000,000)	\$ (15,000,000)	\$ (15,000,000)	\$ (15,000,000)	\$ (15,000,000)	\$ (15,000,000)	\$ (15,000,000)	\$ (15,000,000)	\$ (15,000,000)
24	Amount Deferrable - ABOVE Deadband	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	Amount Deferrable - BELOW Deadband	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	Total Incremental Deferrable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	Total Incremental Deferral After 90%/10% Sharing Band	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Energy Balancing Account:														
28	Monthly Interest Rate	\$ 0.64%	\$ 0.64%	\$ 0.64%	\$ 0.64%	\$ 0.64%	\$ 0.64%	\$ 0.64%	\$ 0.64%	\$ 0.64%	\$ 0.64%	\$ 0.64%	\$ 0.64%	\$ 0.64%
29	Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30	Incremental Deferral	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
31	Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32	Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings Test:														
33	Earned Return on Equity													11.13%
34	Allowed Return on Equity													9.80%
35	100bp ROE Revenue Requirement													\$ 27,940,555
36	Allowed Deferral/After Earning Test													\$ (9,354,883)
37	Total Deferred													\$ -

Notes: Note 1: 7.621% annual interest rate based on Oregon approved rate of return