

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 19, 2013

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2014

DATE: December 10, 2013

TO: Public Utility Commission

FROM: Jorge Ordonez *JDO* *MAGNE* *aa*

THROUGH: Jason Eisdorfer, Maury Galbraith, and Aster Adams

SUBJECT: PACIFIC POWER: (Docket No. UE 264/Advice No. 13-021) Revises tariff schedules related to the Transition Adjustment Mechanism reflecting the final 2014 Net Power Costs (NPC).

STAFF RECOMMENDATION:

Staff recommends that the tariff sheets filed in Pacific Power's (PacifiCorp or Company) Advice No. 13-021 be allowed to go into effect on January 1, 2014.

DISCUSSION:

Docket No. UE 264

On March 1, 2013, PacifiCorp filed with the Public Utility Commission of Oregon (OPUC or Commission) Advice No. 13-005 to revise customers' cost-based supply service in accordance with the Company's annual Transition Cost Adjustment Mechanism (TAM) and consistent with Order No. 09-274. The Company also submitted direct testimony in support of a decrease of approximately \$0.4 million from its Oregon-allocated NPC in the 2013 TAM.¹ The largest single factor in the NPC decrease was driven by the savings in purchased power expenses, which was partially offset by an increase in coal expenses, along with smaller increases in natural gas, wheeling, and other expenses.²

PacifiCorp's initial NPC filing was docketed as Docket No. UE 264. After the Company's direct testimony, the proceeding included rounds of testimony, pre-hearing memoranda, and post-hearing briefs. On July 15, 2013, the Company updated its March 2013 Filing

¹ See Exhibit PAC/100 Duvall/3, lines 8-12.

² See Table 1 of Exhibit PAC/100 Duvall/4.

with contract, fuel, and forward price curves updates resulting in an increase of \$0.9 million on an Oregon-allocated basis from its March 2013 Filing.³

On October 28, 2013, the Commission issued Order No. 13-387, that ordered the Company to "update its net power costs (NPC) to reflect the changes adopted in [such] order⁴ to establish its Transmission Adjustment Mechanism NPC for the calendar year 2014 [and to] file tariffs to be effective January 1, 2014."⁵ On November 15, 2013, in compliance with Order No. 13-387, PacifiCorp filed Advice No. 13-021, which sets net power costs for 2014 and the final transition adjustments for the 2014.

Rate Impacts

In PacifiCorp's Advice No. 13-021, the Company requested a decrease of \$1.5 million in Oregon-allocated NPC for 2014 from the 2013 TAM.⁶ This figure reflects changes based on the adjustments ordered in Order No. 13-387 and the final updates based on the most recent forward price curves and contracts entered into subsequent to the Order No. 13-387. The overall rate decrease is approximately 0.40 percent.

This proposed change will affect approximately 587,000 customers. The average residential customers using 900 kWh per month would see a monthly bill decrease of \$0.37 per month as a result of this change.

Advice No. 13-021 included changes to the following four tariff schedules:

Schedule 201	Net Power Costs, Cost-Based Supply Service
Schedule 220	Standard Offer Supply Service
Schedule 294	Transition Adjustment
Schedule 295	Transition Adjustment, Three-Year Cost of Service Opt-Out

Staff has reviewed PacifiCorp's final GRID⁷ run and the revised tariff sheets filed with Advice No. 13-021 and they comply with Commission Order 13-387.

³ See PAC/500 Duvall/2, lines 16-20.

⁴ The changes adopted in Order No. 13-387 were about the following issues: Wind Shaping, Bridger Coal Expense, Jim Bridger Heat Rate Improvement, Calculation Methodology, and BPA Transmission Credit.

⁵ See page 15 of Order No. 13-387 at <http://apps.puc.state.or.us/orders/2013ords/13-387.pdf>.

⁶ See page 2 of PacifiCorp Advice No. 13-021.

⁷ GRID stands for Generation and Regulation Initiative Decision Tool. Grid is an hourly production cost dispatch model that dispatches PacifiCorp's resources to serve its load obligation through the most economic means possible given the constraints of the Company's system.

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PROPOSED COMMISSION MOTION:

The replacement tariff sheets filed in PacifiCorp Advice No. 13-021 be allowed to go into effect on January 1, 2014.

UE 264/Advice 13-021