

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

JOINT EXPLANATORY BRIEF

8 This brief ("Explanatory Brief") explains the Partial Stipulation dated September 12,
9 2008, in this proceeding among PacifiCorp, Staff of the Public Utility Commission of Oregon
10 ("Staff"), the Citizens' Utility Board ("CUB"), and the Industrial Customers of Northwest Utilities
11 ("ICNU") (together, the "Parties").¹ The Partial Stipulation resolves the issue of the amount of
12 operations and maintenance ("O&M") expenses to be included in PacifiCorp's (or the
13 "Company") 2009 Renewable Adjustment Clause ("RAC"). The Parties submit this
14 Explanatory Brief to the Public Utility Commission of Oregon ("Commission") pursuant to
15 OAR 860-014-0085(4).²

16 **INTRODUCTION**

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

24
25 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.

26 ² PacifiCorp submits this brief on its own behalf and on behalf of Staff and CUB. ICNU is signatory to
this brief on its own behalf.

1 Staff and PacifiCorp filed testimony in this proceeding indicating that their proposed
2 O&M expenses to be included in the 2009 RAC differed by only \$52,226 on a total Company
3 basis, or \$13,794 on an Oregon-allocated basis, out of approximately \$21.6 million on a total
4 Company basis, or \$5.7 million on an Oregon-allocated basis. Partial Stipulation ¶¶ 4 and 5.
5 After discovery and settlement discussions, the Parties entered into a Partial Stipulation
6 resolving the issue of O&M expenses.

7 DISCUSSION

8 The Parties agree to include in the 2009 RAC O&M expenses in the amount of
9 \$21,609,137 on a total Company basis, or \$5,707,282 on an Oregon-allocated basis
10 (“Stipulated O&M Expenses”). The Stipulated O&M Expenses include an adjustment to reflect
11 funding from the Energy Trust of Oregon for Goodnoe Hills. The Parties agreed upon the
12 Stipulated O&M Expenses as a reasonable compromise between Staff’s and PacifiCorp’s
13 positions on O&M expenses.

14 The Partial Stipulation addresses three other issues related to O&M expenses in the
15 2009 RAC. First, the Partial Stipulation does not reflect an agreement on a methodology for
16 calculating or forecasting O&M expenses in this proceeding or in future RAC proceedings.
17 Partial Stipulation ¶ 8.

18 Second, the Partial Stipulation addresses the issue of updates to O&M expenses in
19 this proceeding. Section 6(e) of the Stipulation adopted in Order No. 07-572³ contemplates
20 that the Company will update its RAC filing by December 1 to reflect then-current, prudently-
21 incurred actual resource costs, or forecasted costs where appropriate, of certain cost
22 elements. Pursuant to Section 6(b) of that stipulation, such cost elements include forecasted
23 O&M costs. The Partial Stipulation provides that PacifiCorp will not further update its O&M
24 expenses for the 2009 RAC. Partial Stipulation ¶ 9.

25

26 ³ 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 Third, the Partial Stipulation delineates the Parties' agreement if a resource for which
2 Stipulated O&M Expenses are included in the 2009 RAC does not come on line on or before
3 December 31, 2008, or is otherwise not included in rates. In such a case, the O&M expenses
4 related to that resource will be deducted from the Stipulated O&M Expenses. Consistent with
5 the Stipulation in UM 1330, the Parties agree to support the use of deferred accounting to
6 allow an opportunity for recovery of the O&M expenses related to such resource, should it
7 come on line during calendar year 2009. The Stipulated O&M Expense specified in Exhibit A
8 to the Partial Stipulation will be used in the deferral for any resource in this filing, prorated for
9 the period of the deferral. However, no Party waives any arguments or rights during the
10 amortization phase of such deferred accounting. Partial Stipulation ¶ 10.

11 The Partial Stipulation represents a reasonable compromise of positions among the
12 parties. The Stipulated O&M Expenses fall within a "range of reasonableness" for resolution
13 of the O&M issue. See *Re US West*, Docket UM 773, Order No. 96-284 at 31 (Nov. 1, 1999).
14 As a result, the rates resulting from the Partial Stipulation will be just and reasonable and
15 approval of the Partial Stipulation is in the public interest.

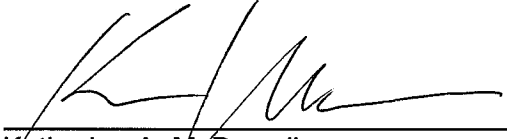
16 CONCLUSION

17 For the reasons set forth above, the Parties respectfully request that the Commission
18 approve the Partial Stipulation.

19
20
21
22
23
24
25
26

1 DATED: September 12, 2008.

MCDOWELL & RACKNER PC

2
3 
4 _____
Katherine A. McDowell
Attorneys for PacifiCorp

5
6 DAVISON VAN CLEVE, PC

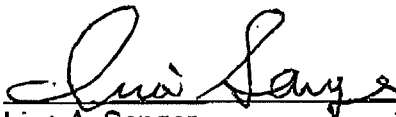
7
8 _____
9 Irion A. Sanger
Attorneys for ICNU

1 DATED: September 12, 2008.

MCDOWELL & RACKNER PC

2
3
4 Katherine A. McDowell
Attorneys for PacifiCorp

5
6 DAVISON VAN CLEVE, PC

7
8 
9 Irion A. Sanger
Attorneys for ICNU