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BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

UM 995/UE 121/UC 578

In the Matter of the Application of )  
PACIFICORP for an Accounting Order )  
Regarding Excess Net Power Costs. )  
(UM 995) )

In the Matter of PACIFICORP's Application )  
for Partial Amortization of Its Request to )  
Defer Excess Net Power Costs and Approval )  
of Its Request to Implement an Amortization )  
in Rates of Deferred Excess Net Power )  
Costs. (UE 121) )

ORDER

INDUSTRIAL CUSTOMERS OF )  
NORTHWEST UTILITIES and CITIZENS' )  
UTILITY BOARD, )  
Complainants, )

vs. )

PACIFICORP, )  
Defendant. (UC 578) )

**DISPOSITION: APPLICATION TO AMORTIZE NET POWER COSTS  
APPROVED**

On February 20, 2001, at its regular public meeting, the Public Utility Commission of Oregon considered an application by PacifiCorp to allow the proposed tariff sheets filed in Advice No. 01-002 to become effective with service on and after February 21, 2001. On January 18, 2001, PacifiCorp had filed an Application to Waive Statutory Notice and Advice No. 01-002, docketed as UE 121, requesting approval of the tariff sheets necessary to implement Schedule 94, which would commence rate recovery of \$22.8 million the Commission authorized for deferral in docket UM 995. PacifiCorp and Commission Staff previously stipulated to that \$22.8 million.

The Commission considered PacifiCorp's application at its January 23, 2001, public meeting and decided to delay its decision on PacifiCorp's request until its February 20, 2001, public meeting in order to give PacifiCorp and Staff more time to present a justification for the rate increase. Staff prepared a memorandum with figures, which is attached as Appendix A. Staff's analysis shows that the proposed amortization of \$22.8 million of deferred net power costs is covered in the deferral account even using Staff's conservative methodology for recovery and excluding all effects of the Hunter power plant shutdown.

The monthly bill of a residential customer using 1,022 kWh per month will increase by \$1.66, or 2.55 percent, as a result of this amortization. Staff's memorandum contains a summary of the tariff and revenue changes for PacifiCorp's major rate schedules in its Attachment A.

Based on the information available to it, the Commission voted to allow the tariff sheets filed in Advice No. 01-002 to become effective with service on and after February 21, 2001. The \$22.8 million being amortized is subject to refund pursuant to ORS 757.215(4).

**ORDER**

IT IS ORDERED that PacifiCorp's proposed tariff sheets filed in Advice No. 01-002 become effective with service on and after February 21, 2001, increasing the company's annual revenues by \$22.8 million, or 3.0 percent.

Made, entered, and effective \_\_\_\_\_.

\_\_\_\_\_  
**Ron Eachus**  
Chairman

\_\_\_\_\_  
**Roger Hamilton**  
Commissioner

\_\_\_\_\_  
**Joan H. Smith**  
Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. The request must be filed with the Commission within 60 days of the date of service of this order and must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.

## APPENDIX A

ITEM NO. 2

PUBLIC UTILITY COMMISSION OF OREGON  
 STAFF REPORT  
 PUBLIC MEETING DATE: February 20, 2001

REGULAR AGENDA X                      CONSENT AGENDA                      EFFECTIVE DATE February 21, 2001

DATE:                      February 13, 2001

TO:                      Bill Warren through. Lee Sparling and Ed Busch

FROM:                      Judy Johnson

SUBJECT:                      PacifiCorp, Docket UE 121, Advice No. 01-002  
 Tariff Adjustment Filing for the Amortization of Deferred Net Power  
 Costs

## SUMMARY RECOMMENDATION:

I recommend the Commission allow the proposed tariff sheets filed in Advice No. 01-002 to become effective with service on and after February 21, 2001. This filing increases the company's annual revenues by \$22.8 million, or 3.0 percent (Attachment A).

## DISCUSSION:

On January 18, 2001, PacifiCorp filed an Application to Waive Statutory Notice and Advice No. 01-002, docketed as UE 121, requesting approval of the tariff sheets necessary to implement Schedule 94; which would commence rate recovery of \$22.8 million the Commission authorized for deferral in Docket UM\* 995: The \$22.8 million authorized for deferral was previously stipulated to by PacifiCorp and Staff. The signed Stipulation between PacifiCorp and Staff was presented to the Commission as Attachment B to Staff's memo in UM 995 and UE 121, prepared for the January 23, 2000 public meeting.

On January 22, 2001, Industrial Customers of Northwest Utilities (ICNU) and the Citizens' Utility Board (CUB) filed a Complaint, docketed as UC 578, under ORS 757.210. The filing of this Complaint preserves customers' rights to a refund in Docket UE 121, should the Commission later find the rate increase was not justified (ORS 757.215(4)).

At its January 23, 2001 public meeting, the Commission delayed its decision on PacifiCorp's request to amortize the \$22.8 million until its February 20, 2001 public



Bill Warren  
 February 13, 2001.  
 Page 2

meeting in order to give the company and Staff more time to present a more thorough justification for the rate increase.

Staff, PacifiCorp, and other parties met on January 31, 2001, to discuss the Hunter outage and actual power costs experienced by the company in November and December 2000. The company subsequently released information pertaining to replacement power for Hunter and Staff was able to prepare the following table providing justification for the proposed amortization of \$22.8 million of deferred net power costs.

## OREGON (INCLUDING HUNTER)

	11/00	12/00	01/01	Total
Net Variable Power Costs (Nov-Dec actual, Jan estimated)	\$26,978	\$52,737	\$34,566	\$114,280 (1)
Recovery Amount as the Result of Staff's Proposed Mechanism	\$8,433	\$31,116	\$17,158	\$56,707
(1) Hunter Outage Impact (Oregon)	\$2,536	\$20,019	\$9,477	\$32,032

## OREGON (EXCLUDING HUNTER)

	11/00	12/00	01/01	Total
Net Variable Power Costs (Nov-Dec actual, Jan estimated)	\$24,441	\$32,717	\$25,089	\$82,248
Recovery Amount as the Result of Staff's Proposed Mechanism	\$6,150	\$13,099	\$8,629	\$27,878

Staff's analysis (above) shows that even using Staff's proposed recovery mechanism, which is the most conservative, and excluding all effects of Hunter, there still remains sufficient dollars in the deferred account to cover the proposed \$22.8 million amortization level. (Oregon gets approximately 33 percent of total company costs.) Further, as mentioned above, this amount is subject to refund.

Bill Warren  
February 13, 2001.  
Page 3

The company-proposes to implement Schedule 94 as of February 21, 2001. PacifiCorp believes an early implementation date would achieve a better matching of the costs incurred by the company with the customers receiving the benefits of the power supplied. In addition, the company believes an early implementation would provide more promptly to customers a price signal that the company's power costs have increased, and encourage energy conservation.

Schedule 94 is designed -to recover \$22.8 million on an equal cents/kWh basis for forecast kWh sales for the 12 month period ending December 31, 2001 from all standard tariff customers or special contract customers with prices linked to. Schedule 47T, or 48T prices. Staff believes the company's proposed rate spread is appropriate because the increase is related to generation costs.

#### SUMMARY

With this proposed change, the monthly bill of a typical residential customer using 1,022 kWh per month will increase by \$1.66, from \$65.34 to \$67.00, or 2.55 percent. A summary of the proposed tariff and revenue changes for PacifiCorp's major rate schedules is shown in Attachment A.

#### STAFF RECOMMENDATION

I recommend the Commission allow the proposed tariff sheets filed in Advice No. 01-002 to become effective with service on and after February 21, 2001.

**Exhibit 1**  
**PACIFIC POWER & LIGHT COMPANY**  
**ESTIMATED EFFECT OF PROPOSED SCHEDULE 94**  
**ON REVENUES FROM ELECTRIC SALES TO ULTIMATE CONSUMERS**  
**DISTRIBUTED BY RATE SCHEDULES IN OREGON**  
**12 MONTHS ENDED DECEMBER 31,2001**

**(Please call to have this exhibit faxed.)**