

This is an electronic copy. Attachments may not appear.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 564

In the Matter of the Reauthorization of Deferred)
Accounting for Costs Associated with) ORDER
PACIFICORP's Conservation Programs.)

DISPOSITION: REAUTHORIZATION APPROVED

At its public meeting on June 20, 2000, the Commission adopted Staff's recommendation to approve reauthorization of deferred accounting for costs associated with PacifiCorp's conservation programs. Staff's recommendation is attached as Appendix A and is incorporated by reference.

ORDER

IT IS ORDERED THAT reauthorization of deferred accounting for amounts related to PacifiCorp's DSM program costs for a 12-month period beginning July 1, 2000, as described in Appendix A, is granted.

Made, entered and effective _____.

BY THE COMMISSION:

Vikie Bailey-Goggins
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A party may appeal this order to a court pursuant to ORS 756.580.

ITEM NO. CA 4

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 26, 2001**

REGULAR AGENDA _____ **CONSENT AGENDA** X **EFFECTIVE DATE** July 1, 2001

DATE: June 6, 2001

TO: Phil Nyegaard through Lee Sparling and Ed Busch

FROM: Ed Krantz

SUBJECT: UM 564: Deferred Accounting for costs associated with PacifiCorp's Conservation Programs

SUMMARY RECOMMENDATION:

Approve reauthorization for up to a twelve month period beginning July 1, 2001.

DISCUSSION:

PacifiCorp filed an application on February 22, 1993, requesting deferred accounting treatment for cost recovery mechanisms used in connection with its conservation programs. The Commission approved the company's deferred accounting request at the December 14, 1993, public meeting. Deferrals were reauthorized for the twelve month period ending June 30, 1995, by Order No. 94-1165. Subsequently, the Commission reauthorized DSM related deferrals, each year, through June 30. Current reauthorization extends through June 30, 2001.

The account is subject to ORS 757.259 and OAR 860-27-0300, and the Commission may authorize deferred accounts for periods of 12 months or less. As a result, the deferrals will cease on June 30, 2000, unless the Commission reauthorizes the process. It should be noted that the three percent public purpose charge is currently scheduled to begin October 1, 2001, under the provisions of Senate Bill 1149. At that date, or in the event of a delay, the date that implementation of the charge occurs, PacifiCorp will cease its energy efficiency activities and associated deferrals. Therefore, Staff recommends the Commission allow PacifiCorp to continue the previously authorized deferred accounting beginning July 1, 2001, for up to twelve months, depending on the implementation date of the three percent public purpose charge.

The information required in an application for deferred accounting by the Commission's rules is provided in the attachment to this memorandum.

Phil Nyegaard

June 6, 2001

Page 2

STAFF RECOMMENDATION:

I recommend the Commission allow PacifiCorp to continue deferred accounting for its DSM program costs for up to twelve months beginning July 1, 2001, depending on when the SB 1149 public purpose charge goes into effect.

Attachment

ATTACHMENT

DSM COST RECOVERY ADJUSTMENT MECHANISMS
PacifiCorp (Pacific Power & Light Company)

Description

Pacific's DSM Cost Recovery Adjustment, requested to be extended through June 30, 2002, contains three mechanisms designed to provide cost recovery for the Company's energy efficiency investment. In addition, this request covers the cost of funding the Northwest Energy Efficiency Alliance (NEEA).

- Accrual of an allowance to compensate for lost revenues associated with DSM program savings.
- Deferred program cost amortization.
- Accrual of carrying charges on DSM investments.

Reason for Deferral

Adoption of this deferred account is authorized by ORS 757.259(2)(e) and OAR 860-27-0300 in order to minimize the frequency of rate changes or the fluctuation of rate levels. ORS 757.262 allows the Commission to adopt policies to eliminate disincentives to acquisition of conservation resources.

Proposed Accounting

The proposed account for recording the conservation cost deferrals is FERC Account 182.3, Other Regulatory Assets.

Estimated New Deferrals in Next Authorization Period

The Company's estimated deferrals for July 1, 2001 through June 30, 2002 are as follows:

Net Lost Revenues	\$ 602,000
Carrying Charges	1,748,000
Delayed Amortization	<u>8,453,000</u>
Total	\$10,803,000

Reasons to Continue Deferred Accounting

Pacific's demand side management activities are an ongoing program. Recovery of these costs is necessary to encourage acquisition of cost-effective demand-side resources.

ORDER NO. 01-552