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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 148

In the Matter of)	
)	ORDER
PACIFIC POWER & LIGHT COMPANY)	
(dba PACIFICORP))	
)	
Requests Approval for Recovery of SB 1149)	
Implementation Costs Deferred Between)	
January 2002 and December 2002.)	

DISPOSITION: APPLICATION APPROVED

On March 28, 2003, Pacific Power & Light Company (PacifiCorp) requested approval to begin recovering in rates the amortization of \$5.18 million of SB 1149 implementation costs, which were deferred between January 2002 and December 2002. Approval of the tariff sheets in Advice No. 03-004 would increase PacifiCorp's Oregon revenues by approximately \$1.1 million or 0.1 percent. PacifiCorp is currently amortizing approximately \$18.3 million of previously approved SB 1149 costs.

This change would represent a price increase of 0.1 percent for the residential class, 0.2 percent for the small nonresidential class, and 0.2 percent for the large nonresidential class.

The Industrial Customers of Northwest Utilities (ICNU) has suggested, and staff agrees, that the increase should be allowed subject to refund after completion of a Staff audit later this summer. Staff completed an audit last year on \$18.3 million of SB 1149 implementation costs already being amortized.

Staff's recommendation is attached as Appendix A and is incorporated by reference. At its public meeting on May 13, 2003, the Commission adopted Staff's recommendation as modified below:

Pacific Power and Light Company's request for proposed tariff sheets in Advice No. 03-004 to become effective with service on and after May 21, 2003 be approved, subject to refund upon completion of Staff's audit.

ORDER

IT IS ORDERED that Pacific Power and Light Company's request for proposed tariff sheets in Advice No. 03-004 to become effective with service on and after May 21, 2003 is approved, subject to refund upon completion of Staff's audit.

Made, entered and effective _____.

BY THE COMMISSION:

Becky Beier
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. CA2

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 13, 2003**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ May 21, 2003

DATE: April 7, 2003

TO: John Savage through Lee Sparling and Ed Busch

FROM: Judy Johnson

SUBJECT: PACIFIC POWER & LIGHT COMPANY: (Docket No. UE 148/Advice No. 03-004) Requests Approval for Recovery of SB 1149 Implementation Costs

STAFF RECOMMENDATION:

I recommend the Commission allow Pacific Power & Light Company's proposed tariff sheets in Advice No. 03-004 to become effective with service on and after May 21, 2003.

DISCUSSION:

On March 28, 2003, Pacific Power & Light Company (PacifiCorp or company) requested approval to begin recovering in rates the amortization of \$5.18 million of SB 1149 implementation costs, which were deferred between January 2002 and December 2002. Approval of the tariff sheets in Advice No. 03-004 would increase PacifiCorp's Oregon revenues by approximately \$1.1 million or 0.1 percent overall. The Commission originally authorized deferral of costs related to SB 1149 in Order No. 00-039. In Order No. 00-165, the Commission concluded that SB 1149 directly authorized deferral of these costs and that they were not controlled by ORS 757.259 and thus not subject to an amortization cap and an earnings review.

The Commission's order in UE 116, Order No. 01-787, authorized PacifiCorp to recover \$5.4 million in SB 1149 costs incurred prior to March 31, 2001. Commission Order 02-147 authorized recovery of an additional \$12.93 million in SB 1149 costs incurred between April 1, 2001 and December 31, 2001. In both these cases, the Commission ordered amortization of costs on a straight-line basis over five years from three classes of customers: Residential, Small Nonresidential, and Large Nonresidential. These costs are being recovered from each class through class-specific surcharges, set forth in Schedule 291 (Residential), Schedule 292 (Small Nonresidential), and Schedule 293

APPENDIX A
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(Large Nonresidential). PacifiCorp states that it is using the same rate spread methodology as approved in UE 116 to collect the amortization (i.e., \$1.1 million) requested in this filing.

These changes represent a price increase of 0.1 percent for the Residential class, 0.2 percent for the Small Nonresidential class, and 0.2 percent for the Large Nonresidential class. The monthly bill of a typical residential customer using 1,000 kWhs per month will increase by \$0.04, or 0.1 percent. A typical customer's bill would increase from \$66.38 to \$66.42.

PROPOSED COMMISSION MOTION:

Pacific Power and Light Company's request for proposed tariff sheets in Advice No. 03-004 to become effective with service on and after May 21, 2003 be approved.

PacifiCorp SB 1149 Advice 03-004