

ORDER NO.

ENTERED

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**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

UE 121/UE 127

In the Matter of PACIFICORP'S Application for )  
Partial Authorization to Defer Excess Net Power )  
Costs and Approval of its Request to Implement )  
an Amortization in Rates of Deferred Excess Net )  
Power Costs. Advice No. 01-002 (UE 121) )

ORDER

)  
In the Matter of the Revised Tariff Sheets Filed )  
by PACIFIC POWER & LIGHT for Electric )  
Service. Advice No. 01-121 (UE 127). )

DISPOSITION: STIPULATION ADOPTED

**Background:** Between November 16, 2000, and April 4, 2001, as a result of a faulty meter owned by Bonneville Power Administration (BPA), PacifiCorp mistakenly delivered power to BPA. The discovery of this issue ultimately led PacifiCorp to file a case in the United States District Court for Oregon, *PacifiCorp vs. Bonneville Power Administration and Stephen J. Wright*, Case No. CV 3-02-01238-HA. This case led to a settlement agreement between PacifiCorp and BPA, executed on July 11, 2003. To compensate PacifiCorp, PacifiCorp and BPA agreed, among other things, to the following provision:

BPA will deliver to PacifiCorp 100 megawatts of WSPP Schedule C firm energy, in all Heavy Load Hours, in each of July and August 2003, and 50 megawatts of WSPP Schedule C firm energy, in all Heavy Load Hours, in October 2003.

On July 18, 2002, the Commission issued Order No. 02-469 (UM 995) authorizing PacifiCorp to recover approximately \$130,960,825 of its deferred excess net power costs (the UM 995 deferred account). In UE 121 and UE 127, the Commission entered amortization orders permitting PacifiCorp to recover in rates its excess net power costs in the UM 995 deferred account.

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The time period covered by the UM 995 deferred account was November 1, 2000, through September 7, 2001. PacifiCorp inadvertently delivered power to BPA between November 15, 2000, and April 4, 2001. Consequently, part of the excess net power costs incurred during that time period and amortized in rates can be attributed to the power that was mistakenly delivered to BPA.

On August 19, 2003, PacifiCorp, Commission Staff, the Industrial Customers of Northwest Utilities (ICNU), and the Citizens' Utility Board (CUB) filed a stipulation with the Commission to reduce the amount in the UM 995 deferred account by a portion of the value of the BPA settlement. The parties filed supporting testimony on September 17, 2003, and on that same date, PacifiCorp filed a motion asking the Commission to admit the stipulation into the record of UE 121 and UE 127 and to approve the stipulation as presented.

**The Stipulation.** The parties agree to a reduction in the balance in the UM 995 deferred account of \$975,000, an offset that is designed to reflect the Oregon allocated share of the fair market value of the settlement agreement. To reflect the recalculation of interest to take the offset into account, the parties to the stipulation agree to a further reduction in the balance of the UM 995 deferred account of \$225,000. As a result of the stipulation, therefore, the UM 995 deferral balance will be reduced by a total of \$1,200,000, effective as of the date the stipulation is adopted. The parties agree that the stipulation will settle all issues associated with the regulatory treatment of the BPA settlement in Oregon.

PacifiCorp and ICNU filed separate comments on the stipulation. PacifiCorp notes that it accepted the adjustments described above in an effort to reach a settlement that was agreeable to all parties. PacifiCorp notes that because of this, the parties have agreed in the stipulation that no one shall be deemed to have approved the facts, principles, methods, or theories employed by any other party in arriving at the stipulation and the adjustments and approaches incorporated in the stipulation should not be viewed as setting a precedent in subsequent proceedings, except for certain ongoing commitments specifically noted in the stipulation. ICNU notes that the amount of the BPA settlement returned to Oregon customers clearly reflects a compromise among the parties. ICNU therefore notes that this approach should not serve as precedent for any future proceedings.

The stipulation is attached to this order as Appendix A and incorporated herein.

**Commission Disposition.** We have reviewed PacifiCorp's motion, the stipulation, and the supporting testimony. We find the stipulation to be a reasonable resolution of the issue and conclude that it should be adopted as filed.

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**ORDER**

IT IS ORDERED that the stipulation among PacifiCorp, Staff, ICNU, and CUB, attached to this order as Appendix A, is adopted.

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

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**Lee Beyer**  
Chairman

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**John Savage**  
Commissioner

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**Ray Baum**  
Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request 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.

BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON

UE 121 AND UE 127

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.  
Advice No. 01-002. (UE 121)

In the Matter of the Revised Tariff Sheets Filed  
by PACIFIC POWER & LIGHT for Electric  
Service. Advice No. 01-021. (UE 127)

**STIPULATION REGARDING  
DISPOSITION OF THE BPA  
SETTLEMENT**

**PARTIES**

The Parties to this Stipulation are PacifiCorp (or "the Company"), the Staff of the Public Utility Commission of Oregon ("Staff"), the Industrial Customers of Northwest Utilities ("ICNU") and the Citizens' Utility Board ("CUB") (together "the Parties").

**BACKGROUND**

On July 18, 2002, the Oregon Public Utility Commission ("Commission" or "OPUC") issued Order No. 02-469 in Docket No. UM 995 authorizing PacifiCorp to recover approximately \$130,960,825 of the Company's deferred excess net power costs<sup>1</sup> ("the UM 995 deferred account"). In these dockets, UE 121 and UE 127, the Commission entered amortization orders permitting the Company to recover in rates its excess net power costs in the UM 995 deferred account.

The time period covered by the UM 995 deferred account was November 1, 2000 through September 7, 2001. Between November 16, 2000 and April 4, 2001, as a result of a faulty meter owned by the Bonneville Power Administration ("BPA"), PacifiCorp mistakenly delivered

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<sup>1</sup> On August 2, 2002, the Commission issued an Errata Order in which it amended Order No. 02-469. All references herein to Order No. 02-469 are to the order as amended by that Errata Order.

power to BPA. The discovery of this issue ultimately led PacifiCorp to file a case in Oregon U.S. District Court, *PacifiCorp vs. Bonneville Power Administration and Stephen J. Wright*, Case No. CV 3-02-01238-HA. This case, in turn, led to a settlement agreement between PacifiCorp and BPA, executed on July 11, 2003 (“the BPA Settlement”). Under the BPA Settlement, the parties agreed to, among other things, the following provision:

“BPA will deliver to PacifiCorp 100 megawatts of WSPP Schedule C firm energy, in all Heavy Load Hours, in each of July and August 2003, and 50 megawatts of WSPP Schedule C firm energy, in all Heavy Load Hours, in October 2003.”

This Stipulation proposes to reduce the amount in the UM 995 deferred account by a portion of the value of the BPA Settlement. The Parties submit this Stipulation to the Commission and request that the Commission admit this Stipulation into the record of these dockets and approve the Stipulation as presented on an expedited basis.

#### **AGREEMENT**

The Parties agree as follows:

1. PacifiCorp agrees to a reduction in the balance in the UM 995 deferred account of \$975,000, an offset that reflects the Oregon allocated share of the fair market value of the settlement agreement in Case No. CV 3-02-01238-HA. To reflect the recalculation of interest to take into account this offset, PacifiCorp also agrees to a further reduction in the balance the UM 995 deferred account of \$225,000. As a result of this Stipulation, the UM 955 deferral balance will be reduced by the \$975,000 offset and the \$225,000 interest adjustment, effective as of the date of the approval of this Stipulation. The Parties agree that this filing will settle all issues associated with the regulatory treatment of the BPA Settlement in Oregon, including the amount and calculation of the offset and the associated changes in interest to the UM 995 deferred account.

2. The issues addressed herein are resolved for settlement purposes only and do not bind any Party in the future with regard to the principles or approaches utilized in this Stipulation. By entering into this Stipulation, no Party shall be deemed to have approved,

admitted or consented to the facts, principles, methods or theories employed by any other Party in arriving at the terms of this Stipulation. No Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

3. This Stipulation will be offered into the record of this proceeding as evidence pursuant to OAR 860-14-0085. The Parties agree to support this Stipulation throughout this proceeding, including any appeal, provide witnesses to sponsor this Stipulation at any hearing and recommend that the Commission issue an order adopting the settlements contained herein.

4. If this Stipulation is challenged by any other party to this proceeding, the Parties to this Stipulation reserve the right to cross-examine witnesses and put on such case as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlements embodied in this Stipulation. Notwithstanding this reservation of rights, the Parties to this Stipulation agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

5. The Parties have negotiated this Stipulation as an integrated document. If the Commission rejects all or any material portion of this Stipulation or imposes additional material conditions in approving this Stipulation, any Party disadvantaged by such action shall have the rights provided in OAR 860-014-0085 and shall be entitled to seek reconsideration or appeal of the Commission's Order.


6. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

7. Upon Commission determination that any party has failed to adhere to the terms of this Stipulation, any non-defaulting party may, upon written notice, withdraw from this Stipulation and shall no longer be bound by this Stipulation.

8. The Parties agree that the terms of this Stipulation shall be enforceable by the Commission.

PACIFICORP

STAFF OF THE OREGON  
PUBLIC UTILITY COMMISSION

By:  \_\_\_\_\_  
Date: August 19, 2003

By: \_\_\_\_\_  
Date: \_\_\_\_\_

INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

CITIZENS' UTILITY BOARD

By: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Date: \_\_\_\_\_

PACIFICORP

STAFF OF THE OREGON  
PUBLIC UTILITY COMMISSION

By: \_\_\_\_\_

By: Steph SG

Date: \_\_\_\_\_

Date: August 19, 2003

INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

CITIZENS' UTILITY BOARD

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



PACIFICORP

STAFF OF THE OREGON  
PUBLIC UTILITY COMMISSION

By: \_\_\_\_\_

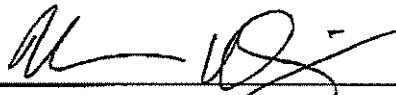
By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

CITIZENS' UTILITY BOARD

By:  \_\_\_\_\_

By: \_\_\_\_\_

Date: 8-19-03 \_\_\_\_\_

Date: \_\_\_\_\_

This Stipulation is entered into by each Party on the date entered below such Party's signature.

PACIFICORP

STAFF OF THE OREGON  
PUBLIC UTILITY COMMISSION

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

INDUSTRIAL CUSTOMERS OF  
NORTHWEST UTILITIES

CITIZENS' UTILITY BOARD

By: \_\_\_\_\_

By: Rent Gulso

Date: \_\_\_\_\_

Date: 8-19-03