

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UE 216

In the Matter of

PACIFICORP, dba PACIFIC POWER,

2011 Transition Adjustment Mechanism

ORDER

DISPOSITION: MOTION GRANTED IN PART

**I. INTRODUCTION**

By motion filed October 29, 2010, PacifiCorp, dba Pacific Power (Pacific Power or Company), requests that the Public Utility Commission of Oregon provide the Company direction regarding Pacific Power's incorporation of a recent order in docket UM 1355 (Order No. 10-414 or the UM 1355 order) into the Company's calculation of its Transition Adjustment Mechanism (TAM) rates to be implemented January 1, 2011, pursuant to the final order in this docket (Order No. 10-363). Given the timing of the impending implementation of the TAM rates, Pacific Power asked that its motion be given expedited consideration.

By ruling dated November 1, 2010, the administrative law judge ruled that replies to Pacific Power's motion were to be filed not later than November 5, 2010. On November 4, 2010, replies were filed by the Industrial Customers of Northwest Utilities (ICNU) and the Citizens Utility Board of Oregon (CUB).

**II. PACIFIC POWER'S MOTION**

On July 7, 2010, the parties<sup>1</sup> filed a Stipulation that resolved the issues in this docket. Paragraph 11 of the stipulation provides:

The Company agrees to reflect the final Commission decision in Docket UM 1355 in the 2011 TAM if the decision is timely and issued prior to the Indicative Filing. The Parties agree that the adopted schedule in

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<sup>1</sup> The Stipulating Parties are Pacific Power, Staff, CUB, ICNU, and Sempra Energy Solutions LLC.

UM 1355, including the proposed Commission decision date, would result in a timely order \* \* \*.

The Commission approved the stipulation in Order No. 10-363, which was issued on September 16, 2010.

At the time the parties entered into the stipulation, the proposed decision date in UM 1355 was October 15, 2010. The final order in UM 1355 was issued on October 22, 2010. On account of that delay, Pacific Power requests that the Commission direct the Company to either (1) implement the UM 1355 order in the 2012 TAM, or (2) reflect the UM 1355 order in the 2011 TAM by permitting a special net power cost update on December 1, 2010.

According to Pacific Power, conditioning the incorporation of the UM 1355 order into the 2011 TAM on the timing of the Commission's decision in UM 1355 is important to the Company for two reasons. First, the TAM rates go into effect on January 1, 2011, and Pacific Power needs time to incorporate the Commission's changes into the calculation of Schedule 201 rates. Prior to the rates going into effect, the TAM procedure calls for two updates – an Indicative Filing on November 8, 2010, and a Final Update on November 15, 2010. The October 15 date was determined, in part, based on Pacific Power's ability to incorporate the UM 1355 order into these updates.

Second, the Commission's direct access statutes and rules set forth deadlines for the Company's actions in implementing the annual direct access election period, including (1) pre-election period mailing to eligible customers; (2) publication of the Transition Adjustment through posting of indicative prices at least five days prior to the election period; (3) an election period beginning on November 15, 2010; (4) an election period of five days; and (5) customer submission of a Direct Access Service Request by December 12, 2010. According to Pacific Power, when entering into the Stipulation, Pacific Power considered that an order in UM 1355 would need to be issued with enough time to incorporate the decision into the Company's transition adjustment calculations. The Company states that it is in the midst of the first step in the direct access election period and cannot delay the period for 2010.

In docket UM 1355 the Commission established a revised methodology for calculating the forced outage rates for electric generating plants owned by or operated under the control of the Oregon electric utilities, including Pacific Power.

Pacific Power argues that the adopted methodology imposes labor-intensive requirements that the Company cannot implement in its TAM filings to meet the Indicative Filing and Final Update filing deadlines.

Because the decision in UM 1355 was issued one week after the date that the parties to the UE 216 Stipulation agreed was timely, Pacific Power argues that the Stipulation does not require that the Company reflect the UM 1355 order in its 2011 TAM. Pacific Power proposes that the Commission direct the Company to incorporate the UM 1355

decision in the 2012 TAM. Pacific Power notes that such a delay would allow for pre-filing discussions among the parties and a more orderly implementation process.

Alternatively, Pacific Power states that it could incorporate the UM 1355 order into the calculation of TAM rates to be effective January 1, 2011, however such an update could not be completed until after the Final Update set forth in the TAM guidelines and scheduled for November 15, 2010. Pacific Power states that the earliest it can complete this additional update is December 1, 2010.

Pacific Power notes that this schedule would preclude reflection of the UM 1355 order in the Company's transition adjustment calculation. Pacific Power states that it has concerns about updating net power costs in this manner, after the direct access election period. The Company asks the Commission for direction regarding which course of action should be taken.

### **III. REPLIES TO MOTION**

#### **A. ICNU**

ICNU strenuously opposes Pacific Power's proposal to delay implementation of the final UM 1355 order until the 2012 TAM proceeding. ICNU does not oppose providing Pacific Power a limited amount of time to implement the order, provided that Commission Staff and Intervenors are allowed sufficient time to review the Company's implementation method.

According to ICNU, the decision in UM 1355 was timely under the UE 216 Stipulation. ICNU notes that the final order in UM 1355 was issued over two months before the TAM rates will be in effect, and well before the November 8, 2010 Update.

Regarding Pacific Power's alternate proposal, ICNU notes that the Company's proposed date is three and a half weeks after the November 8, 2010, Indicative Filing that should include the results of the final UM 1355 order. ICNU argues that Pacific Power has not shown a need for the additional three and a half weeks, given that the Company was well aware of the likely possible outcomes in UM 1355.

According to ICNU, Pacific Power's proposed December 1, 2010, filing date will present practical difficulties in reviewing the Company's filings. ICNU notes that the Commission is likely to review Pacific Power's TAM updates at the December 28, 2010, Commission Public Meeting, providing less than four weeks (including holidays) to review the update. ICNU states that even a two week extension for Pacific Power's filing will limit the parties' ability to review and challenge the updates.

If the Commission grants Pacific Power an extension of time, ICNU recommends the Commission modify the recently adopted TAM guidelines regarding review of the Company's Final Updates. The Commission should condition any extension of time on Pacific Power's agreement that it will not object to any party requesting to defer any costs

or benefits associated with implementation of the UM 1355 order at or before the final Commission Public Meeting. The Commission also should allow the parties to conduct full and comprehensive reviews of Pacific Power's implementation of the UM 1355 order in next year's TAM.

**B. CUB**

CUB opposes both options proposed by Pacific Power. CUB characterizes Pacific Power's problems as self-inflicted, stating that the Commission had signaled its thinking months ago in the UM 1355 docket, and the final order merely tweaked the prior thinking. Because the final order was delayed by only one week and the Company's motion has added another week of delay, CUB argues that any extension granted to Pacific Power should be no longer than two weeks.

CUB notes that OAR 860-038-0001(4) allows an entity to seek relief from its obligations under the rules implementing direct access. CUB proposes that the Commission delay the direct access implementation timeline dates by two weeks to provide sufficient time for Pacific Power to incorporate the UM 1355 final order into its calculation of the Company's Schedule 201 rates.

**IV. RESOLUTION**

We deny Pacific Power's motion to delay incorporation of our decisions in UM 1355 into the Company's TAM calculations until its filing next spring for 2012. There is no reason to wait until then to include the effects of the order in the net power cost rates charged to customers.

We grant Pacific Power's motion to make a special 2011 net power cost update on December 1, 2010, that incorporates the UM 1355 decision into its calculations. We do not believe Pacific Power adequately explained the need for a delay, even though it took an entire week after Order No. 10-414 was issued to prepare and file its motion. However, it is so late in the process now that denying the motion altogether would serve no purpose.

We are sympathetic with CUB's proposal to delay the direct access enrollment dates. However, at this point, we believe that delay would do more harm than good. Delay would require renotification of all eligible customers and make it difficult, if not impossible, for customers to make all the necessary arrangements (e.g., for transmission) for service to begin next January 1 (the date on which transition charges/credits are predicated).


We agree with ICNU that parties should have a full opportunity to review Pacific Power's final updates. As proposed by ICNU, any party may request to defer any costs or benefits associated with implementation of the UM 1355 order at or before the Commission Public Meeting where Pacific Power's final update is presented.

**V. ORDER**

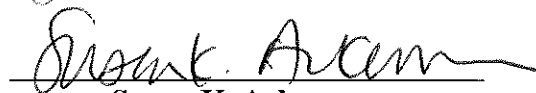
IT IS ORDERED that:

1. Pacific Power's request to defer the implementation of docket UM 1355 Order 10-414 until the Company's 2012 TAM filing is denied.
2. PacifiCorp, dba Pacific Power, shall file its Special Net Power Cost Update, incorporating docket UM 1355 adjustments pursuant to Order No. 10-414, not later than December 1, 2010.
3. Any party may request to defer any costs or benefits associated with the implementation of Order No. 10-414 at or before the Commission Public Meeting where PacifiCorp, dba Pacific Power's Final Update is presented.
4. Parties will be allowed to conduct full and comprehensive reviews of PacifiCorp, dba Pacific Power's implementation of Order No. 10-414 in the Company's 2011 TAM proceeding.

Made, entered, and effective NOV 18 2010.

  
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**Ray Baum**  
Chairman

  
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**John Savage**  
Commissioner

  
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**Susan K. Ackerman**  
Commissioner

