

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 216

In the Matter of

PACIFICORP, dba PACIFIC POWER,

This filing introduces the 2011 Transition
Adjustment Mechanism.

ORDER

DISPOSITION: ADVICE NO. 10-023 ALLOWED


On November 15, 2010, PacifiCorp, dba Pacific Power (Pacific Power) filed Advice No. 10-023 with the Public Utility Commission of Oregon (Commission), updating tariff Schedule 201, Net Power Costs Cost-Based Supply Service, with a proposed effective date of January 1, 2011. Pacific Power filed replacement sheets on December 20, 2010, and an application to waive statutory notice on December 22, 2010. A description of the filing and its procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

At its public meeting on December 28, 2010, the Commission adopted Staff's recommendation, and allowed the Company's Advice No. 10-023, as modified by its December 20, 2010 filing, to go into effect as of January 1, 2011, with less than statutory notice.

ORDER

IT IS ORDERED that Pacific Power's final 2011 Transition Adjustment Mechanism net variable power costs in Advice No. 10-023 are adopted, and the changes to Schedule 201 are approved, effective January 1, 2011, with less than statutory notice.


Made, entered, and effective DEC 29 2010.



Ray Baum
Chairman



John Savage
Commissioner



Susan K. Ackerman
Commissioner



A party may request rehearing or reconsideration of this order under 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 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

ITEM NO. CA19

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 28, 2009**

REGULAR CONSENT EFFECTIVE DATE January 1, 2011

DATE: December 21, 2010

TO: Public Utility Commission

FROM: Kelcey Brown *ME for KB*

THROUGH: *in* Lee Sparling, and *ME* Maury Galbraith

SUBJECT: PACIFIC POWER & LIGHT: (Advice No. 10-023) Sets the final net power costs for cost-based supply service for 2011 in compliance with Order No. 10-456.

STAFF RECOMMENDATION:

Staff recommends that the Commission approve Pacific Power and Light's (PacifiCorp or Company) request to revise Tariff Schedule 201 in accordance with Commission Order No. 10-363 and 10-456 issued in Docket UE 216, the 2011 Transition Adjustment Mechanism (TAM). These revisions will be effective with service on and after January 1, 2011.

DISCUSSION:

Pursuant to Commission Order No. 05-1050 in Docket UE 170, the TAM is filed each year on or about April 1. The purpose of the TAM filing is to update net power costs for the forthcoming year and to set transition credits for Oregon customers who choose direct access in the November open enrollment window.

2011 TAM Proceedings

On February 26, 2010, PacifiCorp filed testimony in support of its initial TAM forecast of net power costs for the period ending December 31, 2011, of \$1.28 billion on a system basis and \$313 million on an Oregon basis. The Company proposed to increase net power costs by \$57 million and increase rates \$12 million to adjust for the reduction in Oregon load, for a total increase of \$69 million on an Oregon allocated basis from the 2010 NVPC set in UE 207. Staff and intervenors filed reply testimony on May 12, 2010, proposing adjustments to PacifiCorp's original filing.

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December 21, 2010
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Parties were able to negotiate a settlement agreement on July 7, 2010. The parties agreed that the total-Company NVPC for 2011 would be \$1.233 billion, subject to the Rebuttal and Final Updates. This is an Oregon-allocated NVPC of \$301.8 million or an increase of \$58.2 million, including the load change adjustment. The \$11.0 million reduction reflected consideration of the issues in the testimony of Staff, Industrial Customers of Northwest Utilities (ICNU), Citizens' Utility Board and Sempra.

The final TAM update, filed November 15, 2010, forecasted NVPC to be \$305.1 million on an Oregon allocated basis, reflecting adjustments agreed upon in the settlement stipulation adopted by Order No. 10-363.

On December 10, 2010, pursuant to Paragraph 14 of the Stipulation in this proceeding, ICNU raised concerns with the Company's Final Updates to the TAM. As part of this filing, ICNU also raised concerns with the Company's implementation of Commission Order No. 10-414 in Docket UM 1355. PacifiCorp and ICNU engaged in discussions and have reached a resolution of the issues. PacifiCorp and ICNU have agreed to additional adjustments to the Final Update resulting in a decrease to NVPC of approximately \$4.4 million on a total Company basis.

The final TAM update, reflecting additional stipulated adjustments, forecasts Oregon-allocated final net power costs for 2011 to be \$303.3 million for the 2011 test year. This filing results in an overall rate increase of \$59.7 million, or 6.0 percent. A residential customer using 900 kWh per month will see a bill increase of \$3.93 as a result of this change.

Staff has reviewed PacifiCorp's final GRID run, incorporating the most recent forward price curve and other proposed changes and updates, and PacifiCorp and ICNU's stipulated adjustments, and finds that they comply with Commission Order No. 10-363 and 10-456.

Final TAM

Advice 10-023 updates tariff Schedule 201, Net Power Costs Cost-Based Supply Service, with a proposed effective date of January 1, 2011.

PROPOSED COMMISSION MOTION:

PacifiCorp's final 2011 TAM net variable power costs in Advice No. 10-023 be adopted, and the changes to Schedule 201 be approved, effective January 1, 2011.