

ORDER NO. 11 25 1

ENTERED JUL 07 2011

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1483(1)

In the Matter of

PACIFICORP, dba PACIFIC POWER

Application for Reauthorization for  
Deferred Accounting.

ORDER

**DISPOSITION: APPLICATION APPROVED WITH CONDITIONS**

On May 18, 2011, PacifiCorp, dba Pacific Power (Pacific Power or Company), requested reauthorization to defer the costs and expenses associated with the photovoltaic feed-in tariff pilot program, including payments to owners of qualified systems for generation (i.e., a volumetric incentive rate) and costs associated with the administration of the pilot program. The Company will seek amortization of the deferred amount in a future Commission proceeding. This deferral is necessary to allow the Company to recover costs associated in compliance with ORS 757.365, as allowed by ORS 757.365(10).

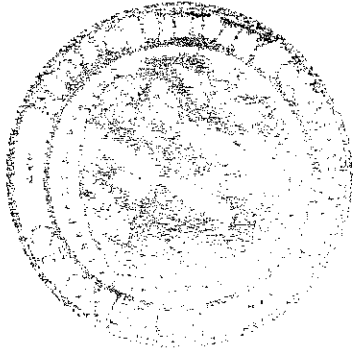
At its Public Meeting on July 5, 2011, the Commission adopted Staff's recommendation and approved Pacific Power's current request subject to the conditions contained in Appendix A.

**ORDER**

IT IS ORDERED that Pacific Power's application is approved under ORS 757.259, 757.365(10), and 469A.120(1) and (3), subject to the same conditions required by Order No. 11-021, for the 12 months beginning May 19, 2011.

Made, entered, and effective JUL 07 2011

BY THE COMMISSION:



*Becky L. Beier*  
\_\_\_\_\_  
**Becky L. Beier**  
Commission Secretary

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. CA2

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: July 5, 2011

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE May 19, 2011

DATE: June 15, 2011

TO: Public Utility Commission

FROM: Deborah Garcia *DG*

THROUGH: *in* Lee Sparling, *ME* Maury Galbraith and *gg* Judy Johnson

SUBJECT: PACIFIC POWER: (UM 1483(1)) Requests reauthorization to defer costs associated with its Oregon Solar Incentive Program.

**STAFF RECOMMENDATION:**

I recommend the Commission approve Pacific Power's (Pacific or Company) filing for the 12-month period beginning May 19, 2011, subject to the same conditions for accounting and reporting requirements as previously required by Order No. 11-021.

**DISCUSSION:**

Pacific Power requests reauthorization to defer the costs and expenses associated with the photovoltaic feed-in tariff pilot program, including payments to owners of qualified systems for generation (i.e. a volumetric incentive rate) and costs associated with the administration of the pilot program. The Company will seek amortization of the deferred amount in a future Commission proceeding. This deferral is necessary to allow the Company to recover costs associated with compliance with ORS 757.365, as allowed by ORS 757.365(10).

Using an abundance of caution, the Company has again filed its application in the alternative under ORS 757.365(10), ORS 469A.120(1) and (3), or ORS 757.259. As ORS 757.365(10) provides the Commission authority independent of other statutes to authorize deferral of costs associated with compliance with ORS 757.365(10), the Company requests that the Commission authorize deferral under that statute.

Alternatively, if the Commission finds that ORS 757.365(10) does not provide independent legal authority, such costs are appropriately deferred under ORS 469A.120 (1) and (3) as costs associated with compliance with the Oregon

Pacific Power UM 1483(1)  
June 15, 2011  
Page 2

Renewable Portfolio Standards (RPS). Finally, if the Commission determines that neither of the aforementioned statutes allow for deferral of such costs, the Company requests authorization under ORS 757.259.<sup>1</sup>

#### Description of Utility Expense

The expense to be deferred includes the prudently incurred incremental expense associated with the preparations made by the Company for implementation on July 1, 2010, as well as the ongoing incremental costs to administer the program, including payments to participants in the program.

#### Reasons for Deferral

The incremental costs associated with compliance with ORS 757.365 are not currently included in rates. As the statute provides that prudently incurred costs associated with compliance with the statute are recoverable in rates, the deferral is necessary to accomplish that outcome.

#### Proposed Accounting

The Company proposes to continue accounting for the deferred costs of the program by recording the deferral in specific subaccounts of Account 182.3 Other Regulatory Assets for the following cost categories: Program Development, Program Administration, Incentive Payments, and Metering. Credits to be applied against those costs include the categories Customer Charges and Avoided Energy Value.

#### Estimate of Amounts

As of April 4, 2011, Pacific has deferred approximately \$400,000 of costs associated with the program. The Company estimates that the costs for this deferral period may range from \$3.3 million to \$3.5 million. Changes in the incentive rate established by the Commission, as well as differences between actual and projected generation, may impact this estimate.

#### Staff's Analysis

Staff's counsel advises that Pacific's decision to file its request to defer under all statutes that may be applicable is appropriate. If the Commission approves this filing, Staff recommends that Commission approval be pursuant to all of the aforementioned statutes.

As PacifiCorp's application to defer is appropriately made under the statutes, and the application meets the requirements of OAR 860-027-0300, Staff recommends approval

---

<sup>1</sup> While OAR 860-084-0060 establishes that a utility may recover costs through an automatic adjustment clause proceeding filed at the Commission pursuant to ORS 469A.120, it doesn't specify under which statute a request to defer should be made.

Pacific Power UM 1483(1)  
June 15, 2011  
Page 3

with the condition that PacifiCorp's accounting and reporting of incremental program costs and credits continue to be done as specified in Order No. 11-021.

**PROPOSED COMMISSION MOTION:**

Pacific Power's application be approved pursuant to ORS 757.259, 757.365(10), and 469A.120(1) and (3), subject to the same conditions required by Order No. 11-021, for the 12 months beginning May 19, 2011.

Pacific UM 1483(1) Solar Photovoltaic Pilot Program