

ORDER NO. 11 5 16

ENTERED DEC 21 2011

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 227

In the Matter of

PACIFICORP, dba PACIFIC POWER

2012 Transition Adjustment Mechanism.

ORDER

DISPOSITION: SUFFICIENCY OF NOTICE OF DISCOVERY DISPUTE
ADDRESSED; STAFF'S RECOMMENDATION ADOPTED

At our Public Meeting on December 20, 2011, we deferred for resolution issues related to PacifiCorp, dba Pacific Power's tariff schedules related to its 2012 Transition Adjustment Mechanism (TAM). For reasons that follow, we conclude that Pacific Power's tariff schedules should be allowed to go into effect January 1, 2012.

Background

During the December 20, 2011 Public Meeting, Staff recommended that Pacific Power's tariff sheets be allowed to go into effect on January 1, 2012. Staff's recommendation is attached as Appendix A and incorporated by reference. The Industrial Customers of Northwest Utilities (ICNU) opposed Staff's motion, arguing that ICNU had a pending discovery dispute with Pacific Power. ICNU asked the Commission to send the discovery dispute to the Administrative Hearings Division (AHD) for resolution and order the tariffs to go into effect subject to refund. Pacific Power and Staff opposed ICNU's request, arguing that ICNU failed to provide timely notice of its discovery dispute.

The stipulation in docket UE 216, Pacific Power's 2011 TAM filing, establishes procedures the parties must follow with respect to any challenges to Pacific Power's final update of its power costs. That stipulation allows parties the right to raise issues challenging the final update at the Commission's last December public meeting. The stipulation further provides, however, that parties must follow *specific* steps as part of the process leading up to that public meeting. Specifically, an objecting party must provide notice of its potential challenges to Pacific Power's final update at least ten business days before the public meeting. Moreover, that notice must identify "specific elements of the update that are relevant to the potential challenge." Order No. 10-363, Appendix A at 6. If the matter is not resolved prior to the public meeting, the parties may ask the Commission for relief.

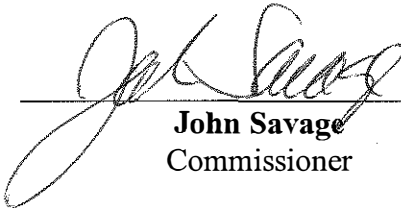
Resolution

We conclude that ICNU's notice of its discovery dispute was inadequate. Although parties to the stipulation broadly retain the right to raise issues at the Commission's public meeting, they also agreed to follow *specific* steps as part of the process leading up to that public meeting. The purpose of the ten-day notice and dispute-resolution process prior to the public meeting seems to be reasonably clear: *to identify disputes over specific elements of the update and to resolve those disputes before the public meeting*. Accordingly, we read this notice requirement to be compulsory. To interpret the stipulation otherwise would render the specific notice and resolution process meaningless.


Although ICNU provided the parties with timely notice of certain concerns on December 6, 2011, that notice did not serve to identify with specificity issues related to ICNU's outstanding discovery dispute. Rather, the December 6 notice simply stated that ICNU had pending discovery requests, and that ICNU might raise additional concerns later in the proceeding. This notice was insufficient. The stipulation requires ICNU to identify the specific elements of Pacific Power's update that are relevant to its challenge and provide an explanation of its concern. ICNU's notice did neither.¹

We therefore adopt Staff's recommendation that the tariff sheets filed in Pacific Power's replacement pages to Advice No. 11-018 be allowed to go into effect on January 1, 2012.


Made, entered, and effective DEC 21 2011.



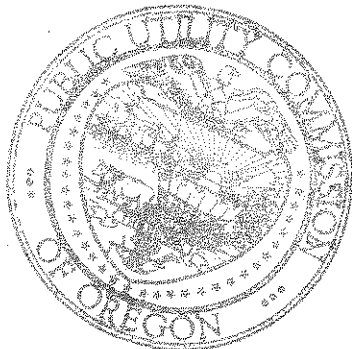
John Savage
 Commissioner



Susan K. Ackerman
 Commissioner



Stephen M. Bloom
 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.

¹ To the extent that ICNU's discovery requests seek information that ICNU could not have requested in a timely manner under the stipulation, we find that the requests were outside the scope of these proceedings.

ITEM NO. 4

PUBLIC UTILITY COMMISSION OF OREGON
 STAFF REPORT
 PUBLIC MEETING DATE: December 20, 2011

REGULAR CONSENT EFFECTIVE DATE January 1, 2012

DATE: December 14, 2011

TO: Public Utility Commission

FROM: Steve Schue *S.S.*

THROUGH: *BK* Bryan Conway and *MG* Maury Galbraith

SUBJECT: PACIFIC POWER: (Docket No. 227/Advice No. 11-018) Revises Tariff Schedules for the annual power cost update reflecting the final 2012 Net Power Costs (NPC).

STAFF RECOMMENDATION:

Staff recommends that the tariff sheets filed in Pacific Power's (PacifiCorp or Company) Replacement Pages to Advice No. 11-018 be allowed into effect on January 1, 2012.

DISCUSSION:

March 2011 Filing:

On March 17, 2011, PacifiCorp filed Advice No. 11-005 to revise customers' cost-based supply service in accordance with the Company's annual Transition Cost Adjustment Mechanism (TAM). The filing was consistent with Order No. 09-274, and included a Revision to Tariff Schedule 201, Net Power Costs, Cost-Based Supply Service, and an Original Tariff Schedule 205, TAM Adjustment for Other Revenues. The Company also submitted direct testimony in support of an increase of \$61.6 million to its Oregon-allocated Net Power Costs (NPC). This NPC increase would have resulted in an overall rate increase of approximately 5.2 percent.

The largest single factor in the NPC increase was increased coal costs. Another important factor was an increase in loads, given that forecasted 2012 market prices are significantly higher than PacifiCorp's overall system costs. Together, these two factors accounted for approximately two thirds of the requested rate increase.

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UE 227 Proceeding:

PacifiCorp's filing was assigned the docket number UE 227. After the Company's direct testimony, the proceeding included four additional rounds of testimony and a hearing, which took place on September 8, 2011. Subsequent to the hearing, PacifiCorp, Oregon Public Utility Commission (Commission) Staff (Staff), the Citizens' Utility Board of Oregon, and Noble Americas Energy Solutions, LLC agreed to a Stipulation, which was filed on September 20, 2011. On November 4, 2011, the Commission issued Order No. 11-435, which adopted the Stipulation.

Results of Order No. 11-435:

The Order resulted in an increase of \$50.7 million in Oregon-allocated NPC (based on forward curves and contracts at that time). This was \$10.9 million less than PacifiCorp requested in its March 17, 2011, filing, and resulted in a projected overall rate increase of approximately 4.4 percent.

Advice No. 11-018 and Final Rate Impacts:

PacifiCorp filed Advice No. 11-018 on November 15, 2011, requesting an increase of \$51.3 million in NPC. This figure was slightly different from that projected in Order No. 11-435 because it was based on more recent forward price curves, and included contracts entered into or finalized subsequent to the Order. The overall rate increase remained approximately 4.4 percent.

Consistent with Order No. 11-435, Advice No. 11-018 included Revisions to four Tariff Schedules. These include:

Schedule 201:	Net Power Costs, Cost-Based Supply Service
Schedule 220:	Standard Offer Supply Service
Schedule 294:	Transition Adjustment
Schedule 295:	Transition Adjustment, One-Time Multi-Year Cost of Service Opt-Out

Consistent with Order Nos. 10-363 and 11-435, Advice No. 11-018 also included an Original Tariff Schedule 205, TAM Adjustment for Other Revenues (directly related to NPC).

On December 6, 2011, the Industrial Customers of Northwest Utilities (ICNU) filed a Notice of Concerns Regarding Final Update (Notice). In the Notice, ICNU expressed

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concerns about five contracts which had not yet received regulatory approval and what ICNU considered to be substantive changes to PacifiCorp's forward price curve calculations in the final November 15, 2011, filing. These issues have now been resolved in three ways. First, PacifiCorp has received regulatory approval for four of the contracts. Second, the remaining contract, with Monsanto Company, is the subject of an uncontested Stipulation that the Idaho Public Utilities Commission will review on December 19, 2011. Approval for an effective date of January 1, 2012, is therefore expected. However, if there is a delay in regulatory approval, the Company has agreed in a letter dated December 13, 2011, not to oppose ICNU filing a deferral tracking the costs of the contract for the period from January 1, 2012, until the approved contract commencement date. Staff considers PacifiCorp's actions with respect to the five contracts discussed in ICNU's Notice to be in compliance with Section 13 of the Stipulation attached to and approved by Order No. 10-363. Finally, PacifiCorp agreed to reverse the changes to its forward price curve calculations. On December 14, 2011, the Company filed Replacement Sheets to Advice No. 11-018, incorporating this reversal in calculation methodology.

The calculation methodology reversal decreases Oregon-allocated NPC by \$308,000, resulting in an overall NPC increase of \$51.0 million. Attachment A provides detail for the overall rate increase, which remains approximately 4.4 percent. The increase for residential customers on Schedule 4 is approximately 3.8 percent. Monthly bills increase by \$3.46 for a residential customer using 950 kWh (per month). The increase for large general service customers on Schedule 48 will be approximately 6.1 percent.

PROPOSED COMMISSION MOTION:

The replacement tariff sheets filed in PacifiCorp Advice No. 11-018 be allowed into effect on January 1, 2012.

Pacific Power Advice 11-018

TAM Price Change - FINAL December

PACIFIC POWER
ESTIMATED EFFECT OF PROPOSED PRICE CHANGE
ON REVENUES FROM ELECTRIC SALES TO ULTIMATE CONSUMERS
DISTRIBUTED BY RATE SCHEDULES IN OREGON
Forecast 12 Months Ended December 31, 2012

Line No.	Description	Pre Sch No.	Pro Sch No.	No. of Cost	MWh	Present Revenues (\$000)			Proposed Revenues (\$000)			Change				Line No.
						Base Rates	Adders ¹	Net Rates	Base Rates	Adders ¹	Net Rates	Base Rates		Net Rates		
						(6)	(7)	(8)	(9)	(10)	(11)	(\$000)	% ²	(\$000)	% ²	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(9) + (10)	(12)	(13)	(14)	(15)	(14)/(8)
Residential																
1	Residential	4	4	478,578	5,588,220	\$560,344	\$11,511	\$571,855	\$582,073	\$11,511	\$593,584	\$21,729	3.9%	\$21,729	3.8%	1
2	Total Residential			478,578	5,588,220	\$560,344	\$11,511	\$571,855	\$582,073	\$11,511	\$593,584	\$21,729	3.9%	\$21,729	3.8%	2
Commercial & Industrial																
3	Gen. Svc. < 31 kW	23	23	74,901	1,053,146	\$111,984	(\$1,745)	\$110,239	\$116,088	(\$1,745)	\$114,343	\$4,104	3.7%	\$4,104	3.7%	3
4	Gen. Svc. 31 - 200 kW	28	28	10,000	2,072,210	\$159,821	\$7,564	\$167,385	\$167,873	\$7,564	\$175,437	\$8,052	5.0%	\$8,052	4.8%	4
5	Gen. Svc. 201 - 999 kW	30	30	803	1,326,831	\$94,782	\$1,911	\$96,693	\$99,854	\$1,911	\$101,765	\$5,072	5.4%	\$5,072	5.3%	5
6	Large Genoml Service >= 1,000 kW	48	48	212	2,886,720	\$183,684	(\$10,248)	\$173,436	\$194,253	(\$10,248)	\$184,005	\$10,569	5.7%	\$10,569	6.1%	6
7	Partial Req. Svc. >= 1,000 kW	47	47	5	232,367	\$15,090	(\$910)	\$14,180	\$15,914	(\$910)	\$15,004	\$824	5.7%	\$824	6.1%	7
8	Agricultural Pumping Service	41	41	6,131	123,013	\$14,091	(\$1,964)	\$12,127	\$14,548	(\$1,964)	\$12,584	\$457	3.2%	\$457	3.8%	8
9	Agricultural Pumping - Other	33	33	2,007	104,951	\$5,348	\$66	\$6,414	\$6,348	\$66	\$6,414	\$0	0.0%	\$0	0.0%	9
10	Total Commercial & Industrial			94,059	7,799,238	\$585,800	(\$5,326)	\$580,474	\$614,878	(\$5,326)	\$609,552	\$29,078	5.0%	\$29,078	5.0%	10
Lighting																
11	Outdoor Area Lighting Service	15	15	7,020	9,991	\$1,293	\$261	\$1,554	\$1,330	\$261	\$1,591	\$37	2.9%	\$37	2.4%	11
12	Street Lighting Service	50	50	247	9,314	\$1,047	\$228	\$1,275	\$1,075	\$228	\$1,303	\$28	2.7%	\$28	2.2%	12
13	Street Lighting Service MPS	51	51	726	17,431	\$3,116	\$678	\$3,794	\$3,200	\$678	\$3,878	\$84	2.7%	\$84	2.2%	13
14	Street Lighting Service	52	52	50	1,147	\$130	\$28	\$158	\$134	\$28	\$162	\$4	3.3%	\$4	2.7%	14
15	Street Lighting Service	53	53	263	9,017	\$572	\$134	\$706	\$586	\$134	\$720	\$14	2.5%	\$14	2.0%	15
16	Recreational Field Lighting	54	54	105	1,012	\$87	\$18	\$105	\$90	\$18	\$108	\$3	3.3%	\$3	2.6%	16
17	Total Public Street Lighting			8,411	47,912	\$6,245	\$1,347	\$7,592	\$6,415	\$1,347	\$7,762	\$170	2.7%	\$170	2.2%	17
18	Total Sales to Ultimate Consumers			581,048	13,435,370	\$1,152,389	\$7,532	\$1,159,921	\$1,203,366	\$7,532	\$1,210,898	\$50,977	4.4%	\$50,977	4.4%	18
19	Employee Discount				18,151	(\$450)	(\$59)	(\$459)	(\$468)	(\$59)	(\$477)	(\$18)		(\$18)		19
20	Total Sales with Employee Discount			581,048	13,435,370	\$1,151,939	\$7,523	\$1,159,462	\$1,202,898	\$7,523	\$1,210,421	\$50,959	4.4%	\$50,959	4.4%	20
21	AGA Revenue					\$2,886		\$2,886	\$2,886		\$2,886	\$0		\$0		21
22	Total Sales with Employee Discount and AGA			581,048	13,435,370	\$1,154,825	\$7,523	\$1,162,348	\$1,205,784	\$7,523	\$1,213,307	\$50,959	4.4%	\$50,959	4.4%	22

¹ Excludes effects of the Low Income Bill Payment Assistance Charge (Sch. 91), BPA Credit (Sch. 98), Klamath Dam Removal Surcharges (Sch. 199), Public Purpose Charge (Sch. 200) and Energy Conservation Charge (Sch. 297).

² Percentages shown for Schedules 48 and 47 reflect the combined rate change for both schedules