

ORDER NO. 12 106

ENTERED MAR 27 2012

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1591

In the Matter of

PACIFIC POWER,

Request to Revise Standard Rates in Schedule 37 for avoided cost purchases from Qualifying Facilities of 10,000 kW or less.

Advice No 12-005

ORDER

DISPOSITION: ADVICE NO. 12-005 APPROVED EFFECTIVE APRIL 11, 2012

On March 2, 2012, PacifiCorp, dba Pacific Power, filed Advice No. 12-005, revising Schedule 37 – Avoided Cost Purchases from Qualifying Facilities (10,000 kW or less). Pacific Power stated the filing was made to meet the two-year cycle requirement for avoided cost rates. Pacific Power last filed its standard rates for Schedule 37 on March 4, 2010.

At the March 27, 2012 Public Meeting, Staff recommended we approve the filing, effective April 2, 2011. Staff's recommendation is attached as Appendix A and incorporated by reference.

Following discussion with Staff, Pacific Power, and interested persons, we took the following action. First, under OAR 860-029-0005(4), we waived, on our own motion, Pacific Power's obligation in this instance to file standard rates for qualifying facility (QF) purchases at least every two years under OAR 860-029-0080(8). Second, we treated Pacific Power's Advice No. 12-005 as the required filing of standard rates for QF purchases following Commission acknowledgement of an integrated resource plan (IRP) under OAR 860-029-0080(3), and deemed the filing to have been made on March 12, 2012—the day following the issuance of our Order No. 12-082 that acknowledged, with conditions and exceptions, Pacific Power's 2011 IRP.¹ Finally, we approved Advice No. 12-005, with the new rates to be effective on April 11, 2012.


¹ During the Public Meeting, we indicated that the filing would be deemed filed on March 10, 2012. Because March 10, 2012 is a Saturday, we clarify in this order that the proper date of March 12, 2012.

ORDER

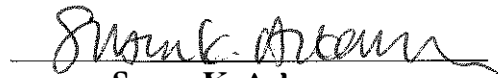
IT IS ORDERED that:

1. Pacific Power's obligation under OAR 860-029-0080(8) to file standard rates for qualifying facility (QF) purchases within two years of its March 4, 2010 filing is waived.
2. Pacific Power's Advice No. 12-005 is considered to be the required filing of standard rates for QF purchases following acknowledgement of an integrated resource plan under OAR 860-029-0080(3), and is considered to have been filed on March 12, 2012.
3. Advice No. 12-005 is approved, with rates to be effective on April 11, 2012.

Made, entered, and effective MAR 27 2012.



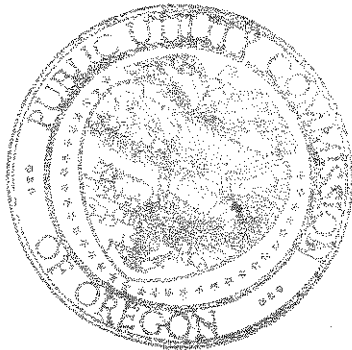
John Savage
Commissioner



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.

ITEM NO. 2

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 27, 2012**

REGULAR X CONSENT _____ EFFECTIVE DATE April 2, 2012

DATE: March 22, 2012

TO: Public Utility Commission

FROM: Adam Bless *AB*

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

SUBJECT: PACIFIC POWER: (Advice No. 12-005) Revises standard rates in Schedule 37 for avoided cost purchases from Qualifying Facilities of 10,000 kW or less.

STAFF RECOMMENDATION:

Staff recommends that the Commission allow Pacific Power's (PacifiCorp or Company) Advice No. 12-005 to go into effect on April 2, 2012.

DISCUSSION:

On March 2, 2012, PacifiCorp d.b.a Pacific Power ("Company") filed Advice No. 12-005, revising Schedule 37 – Avoided Cost Purchases from Qualifying Facilities (10,000 kW or less). PacifiCorp filed this request in accordance with Commission Order 05-584 in Docket UM 1129, in which the Commission affirmed a two year cycle for filing avoided cost rates. PacifiCorp previously filed its standard rates for Schedule 37 on March 4, 2010.¹

PacifiCorp's avoided costs reflect a resource sufficient position through 2015, and a resource deficient period starting in 2016. This is consistent with the timing of the combined cycle combustion turbine (CCCT) identified for acquisition in the 2011 integrated Resource Plan (IRP).

¹ Order 10-488 says "Utilities shall file their avoided costs every two years and, also, 30 days after an IRP order is issued." PacifiCorp based the avoided costs in this advice filing on its 2011 IRP, which the Commission acknowledged on March 9, 2012. Although this Advice Filing preceded the IRP acknowledgement order by 7 days, staff concurs that the 2011 IRP is the appropriate basis for determination of resource sufficiency and avoided cost.

Pacific Power Advice No. 12-005
March 22, 2012
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For the resource sufficient period, PacifiCorp set avoided costs at the forward market price. Staff reviewed the market price forecasts and found that PacifiCorp had used the Mid-C market price, rather than the blended price used in previous years. At Staff's request, PacifiCorp filed replacement sheets using the blended market price, and a request to waive statutory notice to allow the revision into effect on April 2, 2012.

For the resource deficient period, PacifiCorp used a proxy gas combustion turbine plant with the same unit cost, heat rate, capacity factor, discount rate and payment rate as they used in the 2011 IRP.² PacifiCorp used gas prices from the Official Forward Price Gas Price Curve dated December 2011. Staff reviewed the avoided cost calculations and found that they are calculated in accordance with Commission Order 05-584 as clarified in Orders 10-488 and 06-538. The methodology used to calculate avoided costs is the same methodology used in the Company's Advice Filing 10-005. The 20-year levelized avoided cost in this revised tariff is \$54.28, as opposed to a 20-year levelized cost of \$77.25 under the current tariff.

The avoided costs in this filing apply only to the standard avoided cost stream and do not reflect the renewable avoided cost stream set forth in Order 11-505. PacifiCorp submitted its renewable avoided costs in a separate filing on February 13, 2012. Those costs will be reviewed separately.

Staff concludes that the avoided cost rates in revised Schedule 37 were calculated in a method that is consistent with Orders 05-584, 06-538 and 10-488. The rates were set at avoided costs and do not unfairly burden ratepayers or subsidize owners of Qualifying Facilities.

PROPOSED COMMISSION MOTION:

Pacific Power's Advice 12-005, revising Schedule 37, Avoided Cost Purchases from Qualifying Facilities of 10,000 kW or less, be approved effective for service on and after April 2, 2012, with less than statutory notice.

Pacific Power Advice No. 12-005.docx

² Order 06-538 at p.55 states: "1) Assumptions for each regarding capacity factors for proxy CCCTs for PGE and PacifiCorp are based on most recent Integrated Resource Plans (IRPs) and are reasonable; 2) Assumptions about costs for proxy CCCTs for PGE and PacifiCorp are based on most recent IRPs and are reasonable ..."