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BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UE 122

In the Matter of the Application of)
PACIFICORP for Approval of Power) ORDER
Cost Adjustment and Power Cost)
Adjustment Mechanism.)

DISPOSITION: TARIFF SUSPENDED

On March 23, 2001, PacifiCorp filed Advice No. 01-009, requesting that the Commission approve Schedule 95, which would increase PacifiCorp's annual revenue requirement by approximately \$42.7 million through a power cost adjustment. The tariff would result in an average rate increase of over 24.5 percent for the period from May 2, 2001, through July 2001. In the same application, PacifiCorp requested approval of a power cost adjustment (PCA) mechanism and authorization for deferred accounting associated with the mechanism.

This matter was put on the agenda for the Commission's regular Public Meeting on May 1, 2001. On April 26, 2001, Staff presented the Commission with a memorandum recommending suspension of PacifiCorp's proposed tariff sheets in Advice No. 01-009, pursuant to ORS 757.215(1), and moving consideration of a PCA mechanism to docket UE 116. Staff also recommended that the Commission deny the deferred accounting request associated with implementation of a PCA mechanism.

Staff made its recommendation because Staff believed that PacifiCorp's filing lacked completeness, clarity, and substance. According to Staff, PacifiCorp failed to supply adequate information demonstrating why its financial need for this rate increase was urgent. PacifiCorp has submitted a deferred accounting application that will allow the company to recover a significant portion of its excess power costs from May through July. Staff is unsure why the company wants an additional increase at present. Staff realized that it is possible that the relief PacifiCorp requested in other dockets may not be enough to address the damage caused by high wholesale rates, but Staff believes it is incumbent on PacifiCorp to demonstrate why this is so before it requests relief in a new docket. According to Staff, PacifiCorp made no such demonstration.

PacifiCorp withdrew its item from the May 1 Public Meeting agenda, and the filing was considered at a Special Public Meeting on May 14, 2001. On May 7, 2001, PacifiCorp filed a response to the Staff memorandum. PacifiCorp reduced its request for the amount to be recovered under Schedule 95 from \$42.7 million over three months to \$17.5 million over two and one half months (from May 15, 2001, through July 2001). This would be an overall increase of approximately 12 percent.

Staff responded with a second memorandum dated May 10, 2001. Staff's second memorandum is attached to this Order as Appendix A and incorporated herein by reference. Staff's recommendations remained the same as in its April 26 memorandum, for two reasons. First, Staff argues that PacifiCorp's three month forecast from the PD Mac model does not provide reasonably reliable results on which to approve an interim rate increase. Second, Staff asserts that PacifiCorp's response does not show that immediate financial relief is necessary given the deferrals PacifiCorp is expected to make under UM 995.

On May 11, 2001, the Industrial Customers of Northwest Utilities (ICNU) filed a written response to PacifiCorp's Advice No. 01-009, opposing Commission approval of the rate increase as unwarranted and unnecessary. At the Special Public Meeting on May 14, Citizens' Utility Board and ICNU spoke out against granting PacifiCorp's application.

After discussion and deliberation, the Commission voted to adopt the recommendation Staff submitted in its May 10, 2001, memorandum.

ORDER

IT IS ORDERED that:

1. PacifiCorp's proposed tariff sheets filed in Advice No. 01-009 are suspended.
2. Consideration of a Power Cost Adjustment mechanism is moved to Docket UE 116.
3. PacifiCorp's deferred accounting request associated with implementation of a PCA mechanism is denied.