

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of)	DOCKET UE-131670
)	
PACIFIC POWER AND LIGHT COMPANY)	ORDER 01
)	
Petition for Waiver from Certain Request for Proposals Requirements)	ORDER GRANTING PARTIAL WAIVER TO WAC 480-107, REQUESTS FOR PROPOSALS
.....)	

BACKGROUND

1 When a regulated electric utility files an Integrated Resource Plan (IRP) with the Commission that identifies a need for additional generation resources within three years, WAC 480-107-105(3) requires the utility to file a Request for Proposals (RFP) with the Commission within 135 days. Interested parties then have 60 days from the RFP’s filing date to comment, and the Commission will approve or suspend the RFP within 30 days after the close of the comment period.¹

2 On April 30, 2013, Pacific Power and Light Company (PacifiCorp or Company) timely submitted its 2013 IRP, which showed a capacity need within three years. On September 6, 2013, the Company filed a petition to waive certain requirements related to submitting RFPs contained in WAC 480-107.² The Company shows in its petition that the use of a combination of existing tariffs and bid processes for small acquisitions, and an RFP process without sealed bids for market transactions, can fulfill its obligation to serve customers’ demand needs in the next three years.

3 PacifiCorp is requesting exceptions to the rule as follows:

- Waiver of WAC 480-107-015(3)(b) with respect to Jim Bridger Turbine Upgrades;
- Waiver of WAC 480-107-015(3)(b) with respect to Combined Heat and Power Biomass (CHP Biomass);

¹ WAC 480-107-015(3)(a),(b) and (c).

² UE-131670, Petition for Waiver, paragraph 48. Further discussion about the subject matter of this petition can be found in the UE-111418 open meeting memoranda from Aug. 8, 2011, and Oct. 13, 2011.

- Waiver of WAC 480-107-015(3)(b) with respect to DSM Class 2;
- Waiver of entire WAC Chapter 480-107 with respect to Solar;³ and
- Waiver of WAC 480-107-015(3)(d) with respect to Front Office Transactions.

DISCUSSION

- 4 WAC 480-107-002(3) allows the Commission to grant exceptions to the rules governing RFPs, but only where such exceptions are “consistent with the public interest, the purposes underlying regulation, and applicable statutes.” PacifiCorp claims its request is “in the public interest because it allows the Company to utilize procurement processes that are specifically designed, by type of resource, to achieve the maximum benefit for PacifiCorp’s customers.”⁴
- 5 PacifiCorp’s request to waive WAC 480-107-015(3)(b) applies to three resources identified in the IRP: a turbine upgrade at the Jim Bridger plant, CHP Biomass, and Class 2 DSM. The Commission has already granted the Jim Bridger waiver in Docket UE-111418 and the project has been completed; the Company included the waiver request again because the project was completed in 2013, which places it within the three-year horizon of the current IRP. The CHP Biomass capacity will be acquired under the Company’s existing tariff Schedule 37; while the Class 2 DSM, which comprises the existing residential, commercial and industrial energy conservation programs, is to be acquired using existing tariff Schedules 107, 113, 114, 115, 118 and 125.
- 6 For these small capacity acquisitions, the Company proposes open, competitive processes through the normal course of business propositions and existing or future tariffs. The Company has demonstrated that these resources can be acquired prudently without use of the RFP process described in WAC 408-107(3)(b). Therefore, the requested exceptions to the rule for these acquisitions are appropriate.
- 7 PacifiCorp’s request to waive the entire WAC 480-107 is restricted to a solar energy program in Oregon, and therefore is not subject to Washington law and will not impact Washington ratepayers.

³ UE-131670, Petition for Waiver, paragraphs 42-43, page 20. The “Solar” program is an Oregon-only program.

⁴ UE-131670, Petition for Waiver, paragraph 6, page 3.

8 For the solar acquisitions, the Company proposes an RFP process that is specific to Oregon. Since the projects required under that RFP would not be included in Washington rates, a waiver of WAC 408-107 in its entirety is warranted for the solar resources identified in the 2013 IRP.

9 In its petition, the Company requested a waiver of WAC 480-107-015(3)(d) to facilitate its reliance on Front Office Transactions (FOTs) to solicit short-term, large-capacity acquisitions. WAC 480-107-015(3)(d) specifies that sealed bids must be used in the solicitation process. Sealed bids have historically been required in soliciting responses from vendors when the Company is contemplating capital investments in large projects. The requirements for capacity in the PacifiCorp IRP, differ, however, in that they are seasonal and short-term in nature and are for heavy load hours, six days per week from July through September. Given the seasonal and short-term nature of the capacity requirement, the Company proposes that FOTs are an efficient mechanism for soliciting bids as they are requests for market-based proposals for power delivered at specific times of the year and can be gathered more efficiently through electronic submissions from numerous vendors that can provide the required capacity.

10 Due to the manner in which FOTs are executed, the waiver of WAC 480-107-015(3)(d) is warranted and will not compromise the requirements of WAC 480-107-025, which defines the solicitation process.

11 The RFP process serves the public interest by providing periodic open competitive bids for the acquisition of least-cost resources based on the IRP. Another purpose of the RFP is to establish prices for qualified facilities offering power to the utility based on an estimated avoided cost schedule⁵ under PURPA section 210. The proposed market-based RFP process for FOTs fulfills those public purpose goals and will provide the input required for the Company to issue an avoided cost schedule for qualifying facilities. The other minor proposals use existing tariffs or open competitive processes that will also provide input to the development of avoided costs. Therefore, PacifiCorp's proposed RFP process will not harm the public interest.

12 Because the Company has shown that the proposed waivers are "consistent with the public interest, the purposes underlying regulation, and applicable statutes," granting the

⁵ This is required by WAC 480-107-055.

requested waivers is appropriate. The Commission also notes the waivers only apply to the present RFP requirements arising from the IRP presented in Docket UE-120416. The Commission further notes that neither the approval of the RFPs resulting from PacifiCorp's proposed process nor the prudence of all of the small acquisitions to which the proposed waivers apply are at issue, or are being determined, in this order.

13 No comments were entered into the docket on this petition.

FINDINGS AND CONCLUSIONS

- 14 (1) The Washington Utilities and Transportation Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies. RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16 and RCW 80.28.
- 15 (2) PacifiCorp is an electric company and a public service company subject to Commission jurisdiction.
- 16 (3) This matter came before the Commission at its regularly scheduled meeting on October 10, 2013.
- 17 (4) PacifiCorp has demonstrated pursuant to WAC 480-107-002(3) that the waivers from certain request for proposal filing requirements in WAC 480-107 the Company has requested are consistent with the public interest, the purposes underlying regulation, and applicable statutes.

ORDER

THE COMMISSION ORDERS:

- 18 (1) The Petition for Waivers filed on September 6, 2013, by Pacific Power and Light Company are granted for the requests for proposals necessary to meet the power needs indicated by the Integrated Resource Plan filed in Docket UE-120416 pursuant to WAC 480-107-002:

- a. Grant Pacific Power and Light Company's petition for a waiver to WAC 480-107-015(3)(b) for CHP Biomass, Class 2 DSM and the Jim Bridger turbine upgrade;
 - b. Grant Pacific Power and Light Company's petition for a waiver to WAC 480-107-015(3)(d) for front office transactions; and
 - c. Grant Pacific Power and Light Company's petition for a waiver to WAC 480-107 for solar programs outside Washington's jurisdiction.
- 19 (2) Pacific Power and Light Company must submit to the Commission a proposed Front Office Transaction RFP and any accompanying documentation within 30 days of the date of this Order, pursuant to WAC 480-107-015(3)(b).

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective October 10, 2013.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary