

Agenda Date: October 8, 2008
Item Number: A7

Docket: UE-081811
Company Name: PacifiCorp d/b/a Pacific Power & Light
Staff: Thomas Schooley, Regulatory Analyst

Recommendation

Allow PacifiCorp d/b/a Pacific Power & Light's Schedule 98 tariff revision to go into effect on November 1, 2008, on less than statutory notice.

Background

On October 6, 2008, PacifiCorp d/b/a Pacific Power & Light ("PacifiCorp," or "the company") filed a revision to Schedule 98 of its tariff, which is titled the "Adjustment Associated with the Pacific Northwest Electric Power Planning and Conservation Act," but is more commonly known as the "BPA residential exchange credit." This schedule passes through to PacifiCorp's residential and small farm customers benefits of the federal power system that are supplied by the Bonneville Power Administration ("BPA") through a contract in accordance with Section 5(c) of the Pacific Northwest Electric Power Planning and Conservation Act.¹ This law requires that residential exchange credit benefits be passed through directly to a utility's qualifying residential and small farm customers. PacifiCorp's payment from the BPA will be based on actual energy sales to the company's eligible customers.

In accordance with federal law, the BPA's payments to PacifiCorp are based on the difference between PacifiCorp's average system cost and the preference exchange rate determined by the BPA in the Administrator's Final Record of Decision issued September 22, 2008, in the BPA's WP-07 Supplemental Wholesale Power Rate Case.² Under this decision, the net BPA contract payment to PacifiCorp will be \$55.5 million per year, of which 20.2 percent is allocated to Washington, or \$11.2 million.³ PacifiCorp's Washington allotment is reduced by \$4.5 million for the BPA's "lookback" recovery and PacifiCorp presently holds an overpayment to customers of \$1.94 million. The company proposes to recover this overpayment balance over the next 12 months without interest. The net result is that PacifiCorp's proposed Schedule 98 bill credit will pass approximately \$4.77 million in benefits to its Washington customers. PacifiCorp's average system cost is \$51.27 per megawatt-hour.

The proposed revision to PacifiCorp's Schedule 98 reflects the residential exchange credit at a level of 0.255 cents per kilowatt-hour (kWh). This credit of 0.255 cents per kWh will reduce an

¹ 16 U.S.C. § 839c(c).

² 2007 Supplemental Wholesale Power Rate Case Administrator's Final Record of Decision (*DOE/BP #3929*).

³ A more thorough discussion of the recent history of the BPA legal proceedings will occur at the October 8 open meeting.

average customer's monthly electric bill by about \$3.31, or about 3.6 percent. The proposed residential exchange credit is less than one-third of the credit available prior to June 2007 when the program ceased. See table below.

	Rate (cents/kwh)	Impact per month
Average Customer Use		1,300 kilowatt-hours
As proposed	0.255	\$3.31
Prior to June 2007	0.884	\$11.49

PacifiCorp requests a November 1, 2008, implementation date requiring a commission order for approval on less than statutory notice. Less than statutory notice is warranted given the need to resume benefits to eligible customers as soon as benefits are available from the BPA.

Based on the payment PacifiCorp will receive from the BPA, Staff considers PacifiCorp's proposed revision to its Schedule 98 tariff to be properly calculated.

Conclusion

Staff recommends that the commission grant the request to set the residential exchange rate to 0.255 cents per kWh in Pacific's Schedule 98 and allow the tariff revision to go into effect November 1, 2008, on less than statutory notice.