

Agenda Date: September 26, 2013  
Item Number: A1

**Docket:** UE-131565  
**Company:** PacifiCorp dba Pacific Power & Light Company

**Staff:** Thomas Schooley, Asst. Director, Energy Regulation  
Jason Ball, Regulatory Analyst

### **Recommendation**

Take no action, thereby allowing Pacific Power & Light Company's increase in the direct pass-through of monetary benefits from Bonneville Power Administration reflected in changes to schedule 98 in Docket UE-131565 to become effective October 1, 2013, by operation of law.

### **Background**

On August 26, 2013 PacifiCorp dba Pacific Power & Light Company (PacifiCorp or company) filed a proposed revision to its Schedule 98 tariff entitled Adjustment associated with the Pacific Northwest Electric Power Planning and Conservation Act, commonly referred to as the Residential Exchange Program (REP). The Bonneville Power Administration (BPA) REP was included in the Northwest Electric Power Planning and Conservation Act as a way to distribute the benefits of low-cost federal power to residential and small farm customers in the Pacific Northwest.

This revision is a result of the implementation of the 2012 REP Settlement Agreement<sup>1</sup> (Settlement) and the Average System Cost (ASC) FY 2012-2013 Review Processes.<sup>2</sup> The Settlement implemented a new method to calculate and distribute the REP benefits among the participating investor-owned utilities (IOUs).<sup>3</sup> The Settlement maintains the calculation of benefits based on the difference between each IOU's ASC and BPA's base Priority Firm Exchange Rate (PF Rate) as established in its last rate case. The IOU's receive a calculated amount of total benefits based on their eligible loads. This initial benefit is reduced proportionally to a maximum aggregate benefit that is explicitly defined in the Settlement. This final amount for each IOU is adjusted and redistributed among the same IOU group based on each IOU's initial adjustment amount and subject to annual maximums. Attachment A to this memo is Exhibit D to the Settlement that provides an illustrative example of these calculations.

Only qualifying residential and small farm customers are eligible to receive REP credits. PacifiCorp serves approximately 128,000 electric customers in its Washington service territory with the majority located in Columbia, Walla Walla, and Yakima counties. PacifiCorp has provided notice to all affected customers of the tariff revisions as required by WAC 480-100-193.

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<sup>1</sup> Appendix A to *Administrator's Final Record Of Decision* BPA Docket REP-12-A-02

<sup>2</sup> *Final Average System Cost Report* Docket ASC-14-PC-01

<sup>3</sup> REP benefits may also include the distribution of RECS and Carbon Credits. These are valued at the prevailing market price.

### **Discussion**

The company's qualifying customers receive these benefits based on the difference between PacifiCorp's ASC and the PF Rate including a utility specific surcharge. As a result of the FY 2014-2015 ASC Review Process, PacifiCorp's ASC is increasing from \$60.51/MWh to \$65.61/MWh. The company also has a balancing account for tracking the benefits of Schedule 98. The current balance of the account is \$670,000 which the company proposes to distribute equally over the 2014-2015 rate period used by BPA. An average customer using approximately 1000 kWh per month will receive an additional \$0.16 credit or 0.15 percent reduction on their monthly electric bill.

BPA also changed the Customer Load Eligibility Guidelines and now requires a certificate of eligibility for customers using more than 100,000 kWh annually. This condition has been added to the tariff language.

### **Conclusion**

Take no action, thereby allowing Pacific Power & Light Company's increase in the direct pass-through of monetary benefits from Bonneville Power Administration reflected in changes to schedule 98 in Docket UE-131565 to become effective October 1, 2013, by operation of law.

Attachment