

Agenda Date: September 24, 2015
Item Number: A5

Docket: UE-151773
Company: Pacific Power and Light Company

Staff: Tiffany Van Meter, Regulatory Analyst
Jason Ball, Regulatory Analyst

Recommendation

Take no action, thereby allowing Pacific Power's increase to Schedule 98 in Docket UE-151773 to become effective October 1, 2015, by operation of law.

Background

On August 28, 2015, Pacific Power and Light Company (Pacific Power or company) filed to revise its Schedule 98, "Adjustment Associated with the Pacific Northwest Electric Power Planning and Conservation Act" more commonly known as the "Residential Exchange Program" (REP). This schedule passes the benefits of the federal power system to Pacific Power's residential and small farm customers. The Bonneville Power Administration provides these benefits in accordance with Section 5(c) of the Pacific Northwest Electric Power Planning and Conservation Act.¹ This act requires that residential exchange credit benefits be passed through directly to a utility's qualifying residential and small farm customers with none of the benefit going to the investor-owned utility. Pacific Power's payment from the BPA will be based on actual energy sales to the company's eligible customers.

Discussion

Today's tariff revision is the bi-annual filing made by Pacific Power to adjust the REP benefits it receives from BPA annually. The utility's REP benefit amount is calculated by subtracting the utility Priority Firm Exchange rate (PFx) from its Average System Cost rate and multiplying it by the Average Exchange Load. The BPA increased the (PFx) for Pacific Power in its 16 Rate Case from \$61.85 per MWh to \$69.21 per MWh, a difference of \$7.36 per MWh. The resulting net benefit to Pacific Power's customers is \$14.1 million for each fiscal year 2016 and 2017. However, this number is reduced each year by \$198,392 due to the current negative amount of REP benefits. The net dollars available to Pacific Power's qualifying customers for FY 2016 and FY 2017 is therefore \$13,916,601. Pacific Power's proposed REP benefit rate is 0.747 cents per kWh an increase of 0.325 cents per kWh. Qualifying residential or small farm customers with average usage of 1,300 kWh will see a decrease in their bill of \$4.23 or 3.68 percent.

The reason the company's REP benefit account has a negative balance, leading to a reduction in the benefit amount in this filing, is because Washington residents used less energy than the

¹ 16 U.S.C §839c(c).

amount used to calculate the previous REP benefit. Since BPA payments are based on actual energy, the qualifying customers received a credit that was higher than projected.

The company also included in its Tariff filing proposed language changes to the Condition of Service section to remove reference to an outdated contract.

Conclusion

Staff recommends the commission take no action, thereby allowing Pacific Power's increase to Schedule 98 in Docket UE-151773 to become effective October 1, 2015, by operation of law.