

January 16, 2013

***VIA ELECTRONIC FILING***

***AND OVERNIGHT DELIVERY***

Washington Utilities and Transportation Commission

1300 S. Evergreen Park Drive SW

P.O. Box 47250

Olympia, WA 98504-7250

Attention: David W. Danner

Executive Director and Secretary

RE: **Docket UE-100749 – Order 12 Compliance Filing**

Dear Mr. Danner:

PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company) submits this filing to comply with paragraph 14 of the Washington Utilities and Transportation Commission (Commission) Order 12, Order Modifying Order 06 and Requiring Compliance Filing, issued December 28, 2012.[[1]](#footnote-1) This paragraph directs:

By January 16, 2013, PacifiCorp shall file (a) a full accounting of REC sales proceeds the Company has received from April 3, 2011, through December 31, 2012; (b) a forecast of the REC sales proceeds PacifiCorp reasonably anticipates receiving from January 1, 2013, through December 31, 2013; (c) a proposed revised customer credit amount for inclusion in Schedule 95 that will reflect that forecast for 2013 and reconcile the previous forecasted REC sales proceeds to the actual amounts the Company has received since April 3, 2011; and (d) a report on the status of discussions with the other parties on development of a mechanism for crediting historic and future REC sales proceeds to the Company’s customers as required by Orders 10 and 11.

In accordance with Commission Order 12, this filing includes an accounting of actual and forecast proceeds from the sale of Washington renewable energy credits and renewable energy attributes[[2]](#footnote-2) from April 3, 2011, through December 31, 2013, attributable to Washington under the West Control Area inter-jurisdictional allocation methodology. Washington’s allocation of revenues is calculated in accordance with Orders 10 and 11 in this docket. This filing also includes an accounting of actual credits to customers through Schedule 95—Renewable Energy Revenue Adjustment, from April 3, 2011, through December 31, 2012, and the forecast of credits to customers for January 2013. Based on the data presented in this filing, the amount of REC and REA revenues credited to customers through Schedule 95 will exceed the amount of actual and reasonably forecast REC and REA revenues by approximately $3.6 million.

In addition, this filing provides a report on the status of the discussions with Commission Staff, the Industrial Customers of Northwest Utilities (ICNU), and Public Counsel on the development of a mechanism for crediting historical and future REC/REA sales proceeds to the Company’s Washington customers as required by Orders 10 and 11.

**Accounting of REC and REA Revenues**

Confidential Attachment A shows an accounting of actual and forecast revenues from April 3, 2011,[[3]](#footnote-3) through December 31, 2013, calculated in compliance with Orders10 and 11.[[4]](#footnote-4) In addition, the attachment shows actual credits provided to customers through Schedule 95—Renewable Energy Revenue Adjustment from April 3, 2011, through December 31, 2012, and a forecast of Schedule 95 credits for January 2013. Confidential Attachment B shows a summary of the Company’s megawatt hours (MWh) of renewable generation, quantities of REAs and RECs sold, quantities of REAs and RECs held for compliance, and revenues from sales of REAs and RECs for the various types of renewable generation (wind, small hydro, large hydro, and biomass) from resources included in the west control area. This attachment also shows the average price of REAs and RECs used for the revenue imputation calculations in Confidential Attachment A. Confidential Attachment C shows actual and forecast transaction details for west control area resources by contract by month for calendar years 2011 through 2013.

Page 1 of Confidential Attachment A shows, for the period April 3, 2011, through December 31, 2013, a summary of the Washington allocation of actual and forecast revenues from known contracts as of January 10, 2013 (line 1), the Washington allocation of revenues in 2013 for additional forecast transactions based on the Company’s business plan (line 2),[[5]](#footnote-5) the Washington allocation of imputed revenues associated with REAs or RECs held for compliance (line 3), an adjustment for Washington’s RPS compliance requirements (line 4). Total Washington-allocated revenue is calculated on line 5. Line 6 shows actual credits to customers through Schedule 95 from April 3, 2011, through December 31, 2012. Line 7 shows forecast Schedule 95 credits for January 2013.

Page 2 of Confidential Attachment A shows the more detailed calculations that are summarized on page 1. The first step in determining Washington-allocated REA or REC revenues is allocating revenues from the sale of REAs or RECs from west control area resources. Lines 1 through 6 show the total revenue (actual or forecast) from west control area resources. Lines 10 through 15 show Washington’s allocation of these revenues using the Control Area Generation West (CAGW) factor.

The second step is the calculation of imputed revenues associated with REAs or RECs held for compliance according to section C of Order 10. From lines 17 through 50, the Company calculates the Washington allocation of the value of REAs or RECs held for compliance. These imputation calculations are categorized by renewable generation resource type (wind, small hydro, large hydro, and biomass). The Company allocates Washington its CAGW share of all REAs or RECs held for compliance, and then multiplies that share by an average price based on transactions for that type and vintage of REA or REC. As described in paragraph 31 of Order 11, this calculation is based on the premise that 100 percent of these REAs or RECs were effectively “sold” by the Company.

The final step in the calculation is shown on Lines 52 through 55 and reflects an adjustment for Washington’s RPS compliance requirement. This calculation uses the same average price assumption for wind RECs as used in the revenue imputation calculation for RECs held for compliance (described above). Total Washington-allocated REA or REC revenue is calculated on Line 57 and is carried forward to page 1, line 5.

Based on the data presented in Confidential Attachment A, the Company estimates that the net excess distribution to customers through Schedule 95 will equal approximately $3.6 million. This assumes actual and forecast Washington-allocated REC and REA revenues from April 3, 2011, through December 31, 2013, and actual and forecast credits to customer through Schedule 95 from April 3, 2011, through January 31, 2013. Accordingly, as discussed in the Company’s December 13, 2012, motion to amend Order 06, the Company proposes to revise Schedule 95 to zero cents per kilowatt hour (kWh) effective immediately. At this time the Company is not proposing to revise Schedule 95 to charge customers the over-credited amounts.

**Report on Discussions with Other Parties**

On January 9, 2013, the Company held a conference call with Commission Staff, ICNU, and Public Counsel to discuss the development of a mechanism for crediting historical and future REC/REA sales proceeds to the Company’s customers as required by Orders 10 and 11. The Company believes the parties are making progress on reaching agreement on the appropriate mechanism. As ordered by the Commission, the Company will make a compliance filing within 90 days of Order 11 describing the mechanism. The Company anticipates that filing will reflect a mechanism agreed to by all parties.

The Company respectfully requests that all formal correspondence and Staff requests regarding this filing be addressed to:

By e-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center

 PacifiCorp

 825 NE Multnomah, Suite 2000

 Portland, Oregon, 97232

Informal questions regarding this filing should be directed to Bryce Dalley at (503) 813-6389 or by e-mail to Bryce.Dalley@PacifiCorp.com.

Sincerely,

William R. Griffith

Vice President, Regulation

Enclosures

cc: UE-100749 Service List

1. This compliance filing reflects the Company’s understanding of Orders 6, 10, 11, and 12 in docket UE-100749. By submitting this filing, the Company is not indicating acceptance of or agreement with the terms of Orders 10 and 11. The Company filed for judicial review of Commission Orders 10 and 11 on December 28, 2012, and reserves all rights pending the outcome of the appeal. [↑](#footnote-ref-1)
2. Whether renewable energy attributes can be used for compliance purposes as “renewable energy credits” or “renewable energy certificates” is dependent upon the terms of the applicable state law. In Washington, the requirements and associated restrictions are specified by Washington’s Energy Independence Act, chapter 19.285 RCW (EIA). In this compliance filing and accompanying attachments, the Company uses the term renewable energy credits (RECs) to refer to renewable energy attributes eligible to be used for compliance with Washington’s renewable portfolio standard (RPS) adopted in the EIA. The term renewable energy attributes (REAs) is used for those attributes not eligible to be used for compliance under the EIA. [↑](#footnote-ref-2)
3. For administrative ease, post April 3, 2011 revenues reflect amounts from April 1, 2011 forward. [↑](#footnote-ref-3)
4. The Company designates portions of Attachment A and all of Attachments B and C as confidential under the Protective Order in this docket, Order 03. [↑](#footnote-ref-4)
5. The additional forecast transactions for 2013 are estimates only and are not based on actual contracts. [↑](#footnote-ref-5)