

February 28, 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: Steven V. King
Acting Executive Director and Secretary

RE: Docket UE-100749—Renewable Energy Revenue Tracking Mechanism

Dear Mr. King:

In accordance with Washington Utilities and Transportation Commission (Commission) Orders 10 and 11 in Docket UE-100749, PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company) submits this letter jointly with Commission Staff, the Industrial Customers of Northwest Utilities, and Public Counsel. This letter describes the parties' agreed-upon proposal for a mechanism to account for renewable energy credit (REC) and renewable energy attribute (REA) revenue. In paragraph 75 of Order 10 the Commission ordered the following:

[P]arties must file either an agreed mechanism for crediting historic and future Renewable Energy Credits sales proceeds to PacifiCorp's customers, or individual proposals for such a mechanism accompanied by supporting documentation demonstrating how the proposal complies with this order and Commission objectives.

On January 9, 2013, the parties held a conference call and were able to agree on the calculations for determining Washington's share of REC and REA revenues and an appropriate mechanism. Although the parties agree on the design of the mechanism, the parties do not agree on whether revenues before April 3, 2011, should be credited to customers. The Company is currently appealing this issue. Detailed below is the operation of the mechanism and the method for calculating REC and REA revenues. The parties request that the Commission issue an order approving the calculations and the operation of the mechanism described below.

Operation of the Mechanism

On May 1 of each year (beginning May 1, 2013) the Company will submit a compliance filing detailing REC and REA revenues for the previous calendar year.¹ The annual filing will also include revisions and updates to the tariff schedule designed to credit or charge Washington customers for the prior year's Washington-allocated net revenues over an approximate one-year period beginning 30 days from the Company's compliance filing (June 1). The compliance filing will occur each year

¹ The Company recognizes that Order 13 in Docket No. UE-100749 establishes a January 31 filing date. However, Western Renewable Energy Information System (WREGIS) certificates from renewable generation are not created until 90 days after the end of each generation month. Accordingly, the Company requires an approximate four month period to transfer the WREGIS certificates to counterparties and validate actual generation by resource.

with true-ups for any over- or under-crediting of net revenues based on fluctuations in Washington KWh sales. Interest will accrue on the net balance at the Company's Washington after-tax authorized rate of return (currently 6.72 percent as established in docket UE-111190). To the extent the Commission orders pre-April 3, 2011 revenues to be credited to customers, a mechanism similar to that described above would be used, potentially modified to lengthen the amortization period to avoid significant fluctuations in customer rates. Order 10 required the Company to credit to customers REC and REA revenues from January 1, 2009, through April 2, 2011. Accordingly, the Company will accrue interest on the pre-April 3, 2011 balance at the Company's Washington after-tax authorized rate of return from the date of that order (August 23, 2012) forward.² This is consistent with the Company's accounting treatment, where a regulatory liability was established upon receipt of the order and is accruing interest each month. To the extent pre-April 3, 2011 revenues are credited to customers, the Company will ensure there is no double-counting of revenues from the post-April 3, 2011 periods.

Calculation of Washington-allocated REC and REA Revenues

Confidential Attachment A shows an accounting of actual revenues from January 1, 2009, through March 31, 2011,³ calculated in compliance with Orders 10 and 11.⁴ Confidential Attachment B is parallel in structure to Confidential Attachment A, but covers the time period from April 1, 2011 through January 31, 2013. Confidential Attachment C 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 Attachments A and B. Confidential Attachment D shows that the Company credited \$8.4 million to customers through Schedule 95—Renewable Energy Revenue Adjustment, from April 1, 2011 through January 31, 2013.⁵

Page 1 of Confidential Attachment A shows, for the period January 1, 2009, through March 31, 2011, a summary of the Washington allocation of actual and forecast revenues from known contracts as of February 4, 2013 (line 1), the Washington allocation of imputed revenues associated with REAs or RECs held for compliance (line 2), an adjustment for Washington's RPS compliance requirements (line 3), and REA or REC sales included in rates in the Company's 2009 general rate case (line 4). Total Washington-allocated revenues are calculated on line 5.

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.

² Interest will be calculated and presented in the Company's compliance filings on May 1 of each year. Please note that interest is not reflected in the amounts presented in Confidential Attachments A and B.

³ For administrative ease, the pre-April 3, 2011 revenues are categorized as amounts through March 31, 2011.

⁴ The Company designates portions of Attachments A and B and all of Attachment C as confidential under the Protective Order in this docket, Order 03.

⁵ Consistent with Order 13, the Company adjusted Schedule 95 to zero cents per kilowatt hour, effective February 12, 2013. The Company estimates that an additional \$300,000 was credited to customers in February prior to the rate adjustment.

The second step is the calculation of imputed revenues associated with REAs or RECs held for compliance according to section C of Order 10. Lines 17 through 50 reflect the calculation of Washington's 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.

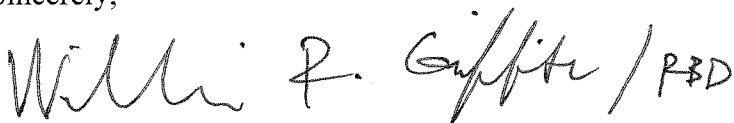
The third step in the calculation is shown on lines 52 through 55 and reflects an adjustment for Washington's RPS compliance requirement. This calculation uses the same average price assumption for wind RECs as used in the revenue imputation calculation for RECs held for compliance (described above).

The final step is to subtract REA or REC revenues included in rates from January 1, 2010, through March 31, 2011, as part of the Company's 2009 general rate case. This is detailed on lines 57 through 59. Total Washington-allocated REA or REC revenue is calculated on line 59 and is carried forward to page 1, line 5. As stated above, Confidential Attachment B is parallel in structure to Confidential Attachment A, but covers the time period from April 1, 2011 through January 31, 2013.

The parties agree to the calculation method for determining Washington's allocation of REA and REC revenue described above. This methodology is consistent with Commission Orders 10 and 11 in this docket. The same methodology was used in the Company's compliance filings submitted on December 31, 2012,⁶ and January 16, 2013.⁷

Although not agreed to by the parties, in the future the Company may seek to amend the mechanism to include costs associated with Washington renewable portfolio standard compliance, such as REC purchases, through a separate filing.

Sincerely,

Handwritten signature of William R. Griffith, with the initials "RBD" written to the right of the signature.

William R. Griffith
Vice President, Regulation
PacifiCorp

On behalf of PacifiCorp, Commission Staff, the Industrial Customers of Northwest Utilities, and Public Counsel.

Enclosures

cc: UE-100749 Service List

⁶ The December 31, 2012 filing was made in compliance with Orders 10 and 11.

⁷ The January 16, 2013 filing was made in compliance with Order 12.

CERTIFICATE OF SERVICE

I certify that I have cause to be served the foregoing document, via E-mail and Overnight Delivery, to the following:

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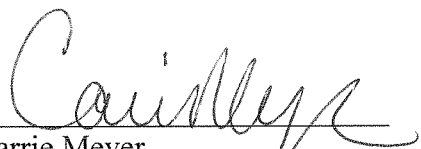
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DATED this 28th day of February 2013.


Carrie Meyer
Supervisor, Regulatory Operations

REDACTED
ATTACHMENT A

CONFIDENTIAL PER THE PROTECTIVE ORDER IN
WUTC DOCKET UE-100749

Summary of Washington-Allocated Revenue from Sale of Renewable Energy Attributes (REAs) and Renewable Energy Credits (RECs) - As of February 4, 2013
 Docket UE 100749

Line	Description	(A)			(B)		(C)		Total	Notes/Formula
		Actual 2009	Actual 2010	Actual Jan - Mar 2011	Actual 2010	Actual Jan - Mar 2011				
1	Washington Allocation of Revenue (WCA Resources) from Known Contracts	\$ 4,939,889	\$ 7,753,851	\$ 1,167,962	\$	\$	\$	13,861,702	CONF Attach A Page 2, Line 15	
2	Washington Allocation of Imputed Revenue for MWhs Held for Compliance (WCA Resources)	\$ 1,839,703	\$ 2,593,110	\$ 698,457	\$	\$	\$	5,131,271	CONF Attach A Page 2, Line 50	
3	Adjustment for Washington RPS Compliance Requirement	\$ -	\$ -	\$ (897,732)	\$	\$	\$	(897,732)	CONF Attach A Page 2, Line 55	
4	Less: Amounts in Rates for 2010 (UE-090205)	\$ -	\$ (657,755)	\$ (181,409)	\$	\$	\$	(839,164)	CONF Attach A Page 2, Line 58	
5	Total Washington-Allocated Revenue	\$ 6,779,592	\$ 9,689,206	\$ 787,279	\$	\$	\$	17,256,077	CONF Attach A Page 2, Line 59	

Washington-Allocated Revenue from Sale of Renewable Energy Attributes (REAs) and Renewable Energy Credits (RECs)
 Docket UE 100749

Line	Description	(A)	(B)	(C)	(D)
		Actual 2009	Actual 2010	Actual Jan - Mar 2011	Actual Total
1	Total Company Booked Revenues (WCA Resources)				
2	WCA Wind				
3	WCA Small Hydro				
4	WCA Large Hydro				
5	WCA Biomass				
6	Total Booked Revenues (WCA Resources)	\$ 22,313,263	\$ 34,501,120	\$ 5,251,724	\$ 62,066,107
7					
8	Washington % (CAGW) ²	22.1388%	22.4742%	22.2396%	
9					
10	WA Allocated Booked Revenues (WCA Resources)				
11	WCA Wind				
12	WCA Small Hydro				
13	WCA Large Hydro				
14	WCA Biomass				
15	Total WA Allocated Booked Revenues (WCA Resources)	\$ 4,939,889	\$ 7,753,851	\$ 1,167,962	\$ 13,861,702
16					
17	Imputed Revenue Calculations (Used for RPS Compliance)				
18	Held for Compliance (WCA Wind)				
19	Washington % (CAGW)	22.1388%	22.4742%	22.2396%	
20	Washington Allocation				
21	Assumed Percentage Sold	100.00%	100.00%	100.00%	
22	Washington Allocation Considered Sold				
23	Average Price				
24	WA Allocated Imputed Revenues (WCA Wind)				
25					
26	Held for Compliance (WCA Small Hydro)				
27	Washington % (CAGW)	22.1388%	22.4742%	22.2396%	
28	Washington Allocation				
29	Assumed Percentage Sold	100.00%	100.00%	100.00%	
30	Washington Allocation Considered Sold				
31	Average Price ³				
32	WA Allocated Imputed Revenues (WCA Small Hydro)				
33					
34	Held for Compliance in (WCA Large Hydro)				
35	Washington % (CAGW)	22.1388%	22.4742%	22.2396%	
36	Washington Allocation				
37	Assumed Percentage Sold	100.00%	100.00%	100.00%	
38	Washington Allocation Considered Sold				
39	Average Price ³				
40	WA Allocated Imputed Revenues (WCA Large Hydro)				
41					
42	Held for Compliance in (WCA Biomass)				
43	Washington % (CAGW)	22.1388%	22.4742%	22.2396%	
44	Washington Allocation				
45	Assumed Percentage Sold	100.00%	100.00%	100.00%	
46	Washington Allocation Considered Sold				
47	Average Price ³				
48	WA Allocated Imputed Revenues (WCA Biomass)				
49					
50	Total WA Allocated Imputed REC Revenues	\$ 1,839,703	\$ 2,593,110	\$ 698,457	\$ 5,131,271
51					
52	Adjustment for Washington RPS Compliance Requirement				
53	Washington RPS Compliance Requirement (WCA Wind) ¹				
54	Average Price				
55	Subtract Revenue for Washington RPS Compliance (WCA Wind)	\$ -	\$ -	\$ (897,732)	\$ (897,732)
56					
57	Total Before Amounts in Rates for 2010	\$ 6,779,592	\$ 10,346,961	\$ 968,688	\$ 18,095,241
58	Less Amounts in Rates for 2010 (UE 090205)	\$ -	\$ (657,755)	\$ (181,409)	\$ (839,164)
59	Total Washington-Allocated Revenue	\$ 6,779,592	\$ 9,689,206	\$ 787,279	\$ 17,256,077

Notes:

(1) The RPS compliance requirement shown in the 2011 column is based on the Company's compliance requirement for January 1, 2012

(2) Washington's CAGW factor for 2009 and 2011 are based on the 2009 and 2011 Commission Basis Reports, respectively. The CAGW factor for 2010 is based on the Company's 2011 General Rate Case, UE-111190

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ATTACHMENT B

CONFIDENTIAL PER THE PROTECTIVE ORDER IN
WUTC DOCKET UE-100749

Summary of Washington-Allocated Revenue from Sale of Renewable Energy Attributes (REAs) and Renewable Energy Credits (RECs) - As of February 4, 2013
 Docket UE 100749

	(A)	(B)	(C)	(D)		
Line	Description	Actual Apr - Dec 2011	Actual/Forecast 2012	Actual/Forecast Jan 2013	Total	Notes/Formula
1	Washington Allocation of Revenue (WCA Resources) from Known Contracts	\$ 2,630,001	\$ 4,303,295			CONF Attach A Page 2, Line 15
2	Washington Allocation of Imputed Revenue for MW/hs Held for Compliance (WCA Resources)	\$ 1,867,587	\$ 2,655,030			CONF Attach A Page 2, Line 50
3	Adjustment for Washington RPS Compliance Requirement	\$ (2,693,196)	\$ (4,122,466)			CONF Attach A Page 2, Line 55
4	Total Washington-Allocated Revenue	\$ 1,804,392	\$ 2,835,859		\$ 4,656,206	CONF Attach A Page 2, Line 57

Washington-Allocated Revenue from Sale of Renewable Energy Attributes (REAs) and Renewable Energy Credits (RECs)
 Docket UE 100749

Line	Description	(A)	(B)	(C)	(D)
		Actual Apr - Dec 2011	Actual/Forecast 2012	Actual/Forecast Jan 2013	Actual Total
1	Total Company Booked Revenues (WCA Resources)				
2	WCA Wind				
3	WCA Small Hydro				
4	WCA Large Hydro				
5	WCA Biomass				
6	Total Booked Revenues (WCA Resources)	\$ 11,825,757	\$ 19,213,969		
7					
8	Washington % (CAGW) ²	22.2396%	22.3967%	22.3967%	
9					
10	WA Allocated Booked Revenues (WCA Resources)				
11	WCA Wind				
12	WCA Small Hydro				
13	WCA Large Hydro				
14	WCA Biomass				
15	Total WA Allocated Booked Revenues (WCA Resources)	\$ 2,630,001	\$ 4,303,295		
16					
17	Imputed Revenue Calculations (Used for RPS Compliance)				
18	Held for Compliance (WCA Wind)				
19	Washington % (CAGW)	22.2396%	22.3967%	22.3967%	
20	Washington Allocation				
21	Assumed Percentage Sold	100.00%	100.00%	100.00%	
22	Washington Allocation Considered Sold				
23	Average Price				
24	WA Allocated Imputed Revenues (WCA Wind)				
25					
26	Held for Compliance (WCA Small Hydro)				
27	Washington % (CAGW)	22.2396%	22.3967%	22.3967%	
28	Washington Allocation				
29	Assumed Percentage Sold	100.00%	100.00%	100.00%	
30	Washington Allocation Considered Sold				
31	Average Price ³				
32	WA Allocated Imputed Revenues (WCA Small Hydro)				
33					
34	Held for Compliance in (WCA Large Hydro)				
35	Washington % (CAGW)	22.2396%	22.3967%	22.3967%	
36	Washington Allocation				
37	Assumed Percentage Sold	100.00%	100.00%	100.00%	
38	Washington Allocation Considered Sold				
39	Average Price ³				
40	WA Allocated Imputed Revenues (WCA Large Hydro)				
41					
42	Held for Compliance in (WCA Biomass)				
43	Washington % (CAGW)	22.2396%	22.3967%	22.3967%	
44	Washington Allocation				
45	Assumed Percentage Sold	100.00%	100.00%	100.00%	
46	Washington Allocation Considered Sold				
47	Average Price ³				
48	WA Allocated Imputed Revenues (WCA Biomass)				
49					
50	Total WA Allocated Imputed REC Revenues	\$ 1,867,587	\$ 2,655,030		
51					
52	Adjustment for Washington RPS Compliance Requirement				
53	Washington RPS Compliance Requirement (WCA Wind) ¹				
54	Average Price				
55	Subtract Revenue for Washington RPS Compliance (WCA Wind)	\$ (2,693,196)	\$ (4,122,466)		
56					
57	Total Washington-Allocated Revenue	\$ 1,804,392	\$ 2,835,859		\$ 4,656,206

Notes:

- (1) The RPS compliance requirement shown in the 2011 column is based on the Company's compliance requirement for January 1, 2012
- (2) Washington's CAGW factor for 2009 and 2011 are based on the 2009 and 2011 Commission Basis Reports, respectively. The CAGW factor for 2010 is based on the Company's 2011 General Rate Case, UE-111190

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ATTACHMENT C

CONFIDENTIAL PER THE PROTECTIVE ORDER IN
WUTC DOCKET UE-100749

	Actual 2009	Actual 2010	Actual 2011	Actual/Forecast 2012	Actual/Forecast 2013
West Control Area RPS Eligible Wind Generation (MWh)					
1 LEANING JUNIPER I					
2 GOODNOE HILLS					
3 MARENGO					
4 MARENGO II					
5 Total Generation (MWh)					
6 RECs Held for Compliance (MWh)					
7 RECs Available for Sale (MWh)					
8 Actual REC Sales (MWh)					
9 RECs Retained (MWh)					
10 Total Revenues from Sales					
11 Average Price					
12 % of MWhs Available for Sale Actually Sold					

	2009	2010	2011	2012	2013
West Control Area RPS Eligible Small Hydro Generation (MWh)					
13 COPCO 1					
14 COPCO 2					
15 FALL CREEK					
16 IRON GATE					
17 BEND					
18 CLEARWATER 1					
19 CLEARWATER 2					
20 CLINE FALLS					
21 CONDIT					
22 EAGLE POINT					
23 EAST SIDE					
24 FISH CREEK					
25 POWERDALE					
26 PROSPECT 1					
27 PROSPECT 3					
28 PROSPECT 4					
29 SLIDE CREEK					
30 SODA SPRINGS					
31 WALLOWA FALLS					
32 WEST SIDE					
33 Total Generation (MWh)					
34 RECs Held for Compliance (MWh)					
35 RECs Available for Sale (MWh)					
36 Actual REC Sales (MWh)					
37 RECs Retained (MWh)					
38 Total Revenues from Sales					
39 Average Price					
40 % of MWhs Available for Sale Actually Sold					

	2009	2010	2011	2012	2013
West Control Area RPS Eligible Hydro Generation (MWh)					
41 JC BOYLE					
42 LEMOLO 1					
43 LEMOLO 2					
44 MERWIN					
45 PROSPECT 2					
46 SWIFT 1					
47 TOKETEE					
48 YALE					
49 Total Generation (MWh)					
50 RECs Held for Compliance (MWh)					
51 RECs Available for Sale (MWh)					
52 Actual REC Sales (MWh)					
53 RECs Retained (MWh)					
54 Total Revenues from Sales					
55 Average Price					
56 % of MWhs Available for Sale Actually Sold					

	2009	2010	2011	2012	2013
West Control Area RPS Eligible Biomass Generation (MWh)					
57 ROSEBURG FOREST PRODUCTS					
58 Total Generation (MWh)					
59 RECs Held for Compliance (MWh)					
60 RECs Available for Sale (MWh)					
61 Actual REC Sales (MWh)					
62 RECs Retained (MWh)					
63 Total Revenues from Sales					
64 Average Price					
65 % of MWhs Available for Sale Actually Sold					

	MWh
66 Washington Retail Sales	
67 Calendar Year 2010 (Actual)	3,984,631
68 Calendar Year 2011 (Actual)	4,005,863
69 Calendar Year 2012 (Actual)	4,041,898
70 Calendar Year 2013 (Forecast)	

	MWh	Reference
70 Washington RPS Compliance Requirements		
71 1/1/12 - 3% (2011 Generation Eligible for Compliance)	119,857	3% of Average 2010 and 2011 Retail Sales
72 1/1/13 - 3% (2012 Generation Eligible for Compliance)		3% of Average 2011 and 2012 Retail Sales
73 1/1/13 - 3% (2013 Generation Eligible for Compliance)		3% of Average 2012 and 2013 Retail Sales

ATTACHMENT D

Schedule 95 REC Revenue Credits to Washington Customers for April 2011 through January 2013

Year/Month	Amount
<i>Apr-11</i>	\$ (131,614)
<i>May-11</i>	\$ (332,649)
<i>Jun-11</i>	\$ (331,472)
<i>Jul-11</i>	\$ (358,327)
<i>Aug-11</i>	\$ (398,043)
<i>Sep-11</i>	\$ (394,302)
<i>Oct-11</i>	\$ (359,652)
<i>Nov-11</i>	\$ (397,908)
<i>Dec-11</i>	\$ (480,321)
<i>Jan-12</i>	\$ (490,037)
<i>Feb-12</i>	\$ (429,581)
<i>Mar-12</i>	\$ (387,439)
<i>Apr-12</i>	\$ (351,669)
<i>May-12</i>	\$ (319,691)
<i>Jun-12</i>	\$ (343,189)
<i>Jul-12</i>	\$ (371,566)
<i>Aug-12</i>	\$ (431,139)
<i>Sep-12</i>	\$ (374,782)
<i>Oct-12</i>	\$ (375,440)
<i>Nov-12</i>	\$ (387,775)
<i>Dec-12</i>	\$ (426,123)
Total	\$ (7,872,719)
<i>Jan-13</i>	\$ (495,982)