

May 1, 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 May 1 Compliance Filing**

Dear Mr. King:

In the joint letter submitted by PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company), Washington Utilities and Transportation Commission (Commission) Staff, the Industrial Customers of Northwest Utilities, and Public Counsel on February 28, 2013, the Company agreed to submit a compliance filing detailing renewable energy credit (REC) and renewable energy attribute (REA) revenues for the previous calendar year on May 1 of each year (beginning May 1, 2013). Although the Commission has not yet issued an order requiring this compliance filing, the Company is making this filing to inform the Commission and other parties of actual REC and REA revenues from April 1, 2011, through December 31, 2012.[[1]](#footnote-1) This filing includes revenues from April 1, 2011, to December 31, 2012, to provide a comprehensive calculation of the net balance of REC and REA revenues as of December 31, 2012.

Confidential Attachment A shows an accounting of actual revenues from April 1, 2011, through December 31, 2012, calculated in compliance with Orders 10 and 11.[[2]](#footnote-2) Page 1 of the attachment shows, for the period April 1, 2011, through December 31, 2012, a summary of the Washington allocation of actual revenues (line 1), the Washington allocation of imputed revenues associated with REAs or RECs held for compliance (line 2), an adjustment for Washington’s renewable portfolio standard (RPS) compliance requirements (line 3), the amount of credits passed back to customers through Schedule 95 (line 4), and the amount of accumulated interest through April 30, 2013 (line 5). Total Washington-allocated revenues are shown on line 6. As shown in the attachment, and consistent with amounts previously communicated to the Commission and other parties, the Company over-credited customers for REC and REA revenues by approximately $3.7 million from April 1, 2011, through December 31, 2012.[[3]](#footnote-3) Due to the net over-credit to customers, the Commission approved resetting Schedule 95 (Renewable Energy Revenue Adjustment) to zero cents per kilowatt hour in Order 13 issued February 12, 2013. There has been no change in circumstances since that time; therefore, the Company is not proposing any revision to Schedule 95 in this compliance filing.

Pages 2 and 3 of Confidential Attachment A show 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 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. 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.

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). Total Washington-allocated REA or REC revenues, before interest and credits to customers, are calculated on line 57.

Page 4 shows a summary of the Company’s megawatt hours of renewable generation, quantities of RECs and REAs sold, quantities of RECs and REAs held for compliance, and revenues from sales of RECs and REAs for various types of renewable generation (wind, small hydro, large hydro, and biomass) from resources included in the west control area. This page also shows the average price of RECs and REAs used for the revenue imputation calculations shown on pages 2 and 3. Page 5 shows the calculation of interest using the Company’s currently approved after-tax weighted average cost of capital of 6.72 percent. Page 6 reflects revenue credits to Washington customers through Schedule 95.

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

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

By regular mail: Data Request Response Center

PacifiCorp

825 NE Multnomah Street, 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](mailto:Bryce.Dalley@PacifiCorp.com).

Sincerely,

William R. Griffith

Vice President, Regulation

Enclosures

cc: UE-100749 Service List

1. Commission Order 06 in this docket required the Company to credit customers for all REC revenues after April 3, 2011, forward. For administrative ease, revenues from the full month of April are included in this filing. [↑](#footnote-ref-1)
2. The Company designates portions of Attachments A as confidential under the Protective Order in this docket, Order 03. [↑](#footnote-ref-2)
3. This amount includes interest on the balance from December 31, 2012, through April 30, 2013. [↑](#footnote-ref-3)