

May 1, 2014

***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

Executive Director and Secretary

**RE: Docket UE-100749—Annual Report of Proceeds from the Sale of Renewable Energy Credits**

Dear Mr. King:

In compliance with Order 13 in Docket UE-100749, Pacific Power & Light Company, a division of PacifiCorp (Pacific Power or Company) submits for filing its annual report of proceeds from the sale of Renewable Energy Credits (RECs).[[1]](#footnote-1) Order 13 requires that this report include:

* Actual REC sales proceeds attributable to Washington that Pacific Power received during the prior calendar year;
* The total amount of Schedule 95 credits the Company provided to its customers during that calendar year;
* A forecast of the REC sales proceeds attributable to Washington that Pacific Power reasonably anticipates receiving during the upcoming calendar year; and
* Any proposed revision to the credit rate in Schedule 95 to be in effect during the upcoming calendar year.[[2]](#footnote-2)

Confidential Attachment A shows an accounting of actual proceeds from the sale of RECs from January 1, 2013, through December 31, 2013, and a forecast of proceeds from the sale of RECs for calendar year 2014, calculated in compliance with Orders 10 and 11.[[3]](#footnote-3) Page 1 of the attachment shows a summary of the Washington allocation of actual and forecast revenues (line 1), the Washington allocation of imputed revenues associated with 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 for 2013 revenues through April 30, 2014 (line 5). Total Washington-allocated revenues are shown on line 6. As shown in the attachment, for 2013, the Company over-credited customers for the sale of RECs by approximately $0.9 million.[[4]](#footnote-4)

On February 12, 2013, the Commission approved the Company’s request to set Schedule 95 at zero cents per kilowatt hour. Accordingly, no credits are being passed to customers at this time. Based on the information presented in this filing, there has been no change in circumstances since Schedule 95 was set to zero cents per kilowatt hour; the Company therefore is not proposing any revision to Schedule 95 at this time.

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 REC revenues is allocating revenues from the sale of 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 West Control Area inter-jurisdictional allocation methodology Control Area Generation West (CAGW) factor.

The second step is the calculation of imputed revenues associated with 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 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 RECs held for compliance, and then multiplies that share by an average price based on transactions for that type and vintage of 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 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 sold, quantities of RECs held for compliance, and revenues from sales of RECs 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 used for the revenue imputation calculations shown on pages 2 and 3. Page 5 shows the calculation of interest using the Company’s after-tax weighted average cost of capital. Page 6 reflects revenue credits to Washington customers through Schedule 95. As discussed above, the Commission approved the Company’s request to set this schedule at zero cents per kilowatt hour effective February 12, 2013.

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

Pacific Power

825 NE Multnomah Street, Suite 2000

Portland, Oregon 97232

Informal questions regarding this filing should be directed to Gary Tawwater, Manager, Regulatory Affairs, at (503) 813-6805.

Sincerely,

R. Bryce Dalley

Vice President, Regulation

Enclosures

cc: UE-100749 Service List

1. In Order 13, the Washington Utilities and Transportation Commission ordered the Company file its annual report by January 31 of each year, beginning in 2014. On January 23, 2014, the Commission issued a notice extending the deadline for Pacific Power’s initial annual report to May 1, 2014. *See* Notice of Extension of Deadline for Compliance Filing, Docket UE-100749 (Jan. 23, 2014). [↑](#footnote-ref-1)
2. Order 13 at 3. [↑](#footnote-ref-2)
3. The Company designates portions of Attachments A as confidential under the protective order in this docket, Order 03. [↑](#footnote-ref-3)
4. This amount includes interest through April 30, 2014. [↑](#footnote-ref-4)