



Bob Ferguson

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Utilities and Transportation Division

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October 17, 2014

Steven V. King, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Dr. SW  
P.O. Box 47250  
Olympia, Washington 98504-7250

RE: *In the Matter of the Request of Pacific Power & Light Company, for Less Than  
Statutory Notice in Connection with New Tariff*  
Docket UE-100749

Dear Mr. King:

Enclosed for filing in the above-referenced docket are the original and four copies of Commission Staff's Response to PacifiCorp's Compliance Filing of October 3, 2014, and Certificate of Service.

Sincerely,

CHRISTOPHER M. CASEY  
Assistant Attorney General

CMC/emd  
Enclosures  
cc: Parties w/enc.

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFICORP d/b/a PACIFIC POWER &  
LIGHT COMPANY,

Respondent.

DOCKET UE-100749

COMMISSION STAFF'S RESPONSE  
TO PACIFICORP'S COMPLIANCE  
FILING OF OCTOBER 3, 2014

**I. INTRODUCTION**

1 Commission Staff submits this response in support of PacifiCorp's compliance filing of October 3, 2014, requesting a true-up of net renewable energy credit ("REC") sale proceeds from April 3, 2011, through December 31, 2013, with conditions. Commission Staff supports a rate adjustment that is limited to \$5,063,704 to recover the over-credited REC sale proceeds, including interest accrued until November 16, 2014. In addition, to mitigate the rate impact on customers, Staff proposes that the adjustment be recovered through monthly bill adjustments over a two-year period.

**II. BACKGROUND**

2 In Order 06 of PacifiCorp's 2010 general rate case, Docket UE-100749, the Commission ordered the Company to establish a mechanism to credit customers for REC sale proceeds.<sup>1</sup> In Order 10, the Commission clarified that the mechanism should be based on actual REC sale proceeds, rather than forecasted amounts with a true-up, and it required the parties to develop an appropriate mechanism consistent with its guidance.<sup>2</sup>

<sup>1</sup> *WUTC v. PacifiCorp, d/b/a Pacific Power & Light Co.*, Docket UE-100749, Order 06, ¶ 204 (Mar. 25, 2011).

<sup>2</sup> *WUTC v. PacifiCorp*, Docket UE-100749, Order 10, ¶ 58, 60 (Aug. 23, 2012).

3           On February 28, 2013, PacifiCorp, Commission Staff, Public Counsel, and the  
Industrial Customers of Northwest Utilities filed a joint letter with the Commission  
describing the parties' agreed-upon mechanism proposal as well as an agreed-upon May 1  
filing each year with a rate adjustment, if necessary, on June 1.<sup>3</sup> The Commission did not  
establish or approve such a mechanism due to PacifiCorp's judicial appeal regarding  
historical REC revenues (January 1, 2009, through April 2, 2011), but it extended the  
Company's compliance filing deadline to May 1, 2014, based on the parties' agreement.<sup>4</sup>

4           PacifiCorp filed its annual report of REC sale proceeds on May 1, 2013, and May 1,  
2014, both of which identified over-credited amounts to customers. PacifiCorp did not  
pursue recovery of the over-credited amounts at those times despite the parties' agreed-upon  
mechanism because of the ongoing controversy and appeal of the Commission's orders  
relating to the historical REC revenues, and because no party informally requested nor  
raised concerns with the Company regarding a rate adjustment.<sup>5</sup>

### III. DISCUSSION

5           Commission Staff supports PacifiCorp's request for a rate adjustment to recover  
over-credited revenues from the sale of RECs from April 3, 2011, through December 31,  
2013. Commission Staff however recommends that the adjustment be limited to \$5,063,704  
to account for the over-credited REC proceeds and interest accrued until November 16,  
2014—the date on which PacifiCorp requests the monthly adjustments to take effect. The  
\$5,063,704 amount includes \$753,797 of interest accrued until November 16, 2014.

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<sup>3</sup> *WUTC v. PacifiCorp*, Docket UE-100749, Joint Letter re: Renewable Energy Revenue Tracking Mechanism (Feb. 28, 2013).

<sup>4</sup> *WUTC v. PacifiCorp*, Docket UE-100749, Notice of Extension of Deadline for Compliance Filing (Jan. 23, 2014).

<sup>5</sup> *WUTC v. PacifiCorp*, Docket UE-100749, Renewable Energy Revenue Adjustment Compliance Filing (Oct. 3, 2014).

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Staff recommends that interest stop accruing on November 16, 2014, because the agreed-upon mechanism to credit customers for REC sale proceeds called for an annual true-up that would, in effect, limit the accrual of interest. Stopping interest accrual on November 16, 2014, enables PacifiCorp to earn the interest it was entitled to in accordance with the agreed-upon mechanism, but precludes the Company from receiving additional financial benefit from delaying its true-up request due to the dispute over the historic REC revenues. The dispute over the historic REC revenues does not justify the windfall that PacifiCorp would receive if it were allowed to continue to earn interest through the adjustment period and recover the full \$5.2 million because the dispute focused solely on the historic REC revenues, and did not concern the over-credited REC proceeds for the period that the Company now seeks to recover. Accordingly, Staff supports a rate adjustment that is limited to \$5,063,704 to recover the over-credited REC sale proceeds, including interest accrued until November 16, 2014.

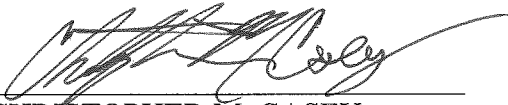
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Commission Staff further proposes that the adjustment be recovered through monthly bill adjustments over a two-year period beginning November 16, 2014, rather than a one-year period, to minimize the rate impact on customers.

DATED this 17<sup>th</sup> day of October 2014.

Respectfully submitted,

ROBERT W. FERGUSON  
Attorney General

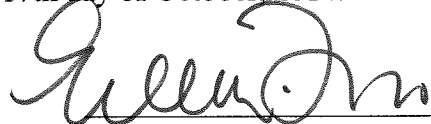


CHRISTOPHER M. CASEY  
Assistant Attorney General  
Counsel for Washington Utilities and  
Transportation Commission Staff

Docket UE-100749  
CERTIFICATE OF SERVICE

I hereby certify that I have this day served the attached Response to PacifiCorp's Compliance Filing upon the persons and entities listed on the Service List below by depositing a copy of said document in the United States mail, addressed as shown on said Service List, with first class postage prepaid.

DATED at Olympia, Washington this 17th day of October, 2014.



ELIZABETH M. DeMARCO

*All parties have signed confidentiality agreements.*

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