

May 1, 2015

***VIA ELECTRONIC FILING***

***AND OVERNIGHT DELIVERY***

Steven V. King

Executive Director and Secretary

Washington Utilities and Transportation Commission

1300 S. Evergreen Park Drive SW

P.O. Box 47250

Olympia, WA 98504-7250

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

In compliance with the Washington Utilities and Transportation Commission’s orders 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) The Commission’s orders require 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, 2014, through December 31, 2014.[[3]](#footnote-3) Page 1 of the attachment shows a summary of the Washington allocation 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), and the amount of accumulated interest for 2014 revenues through April 30, 2015 (line 4). Total Washington-allocated revenues for 2014 of $6,035 is shown on line 5.

Pages 2 and 3 of Confidential Attachment A show the more detailed calculations that are summarized on page 1, which are consistent with the calculations presented in the Company’s previous REC revenue filings in this docket. 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 shows amounts reflected in Washington rates through Schedule 95 for 2014 and the forecast for 2015.

Starting in 2016, the Washington RPS compliance requirement will be raised to nine percent of average Washington retail load. The Company’s Washington-allocated RECs will be insufficient to meet this compliance requirement. As a result, the Company anticipates that Washington-allocated RECs from 2015 forward will be used for compliance and not available for sale.[[4]](#footnote-4) Accordingly, no Washington-allocated REC revenue is projected for 2015 as shown in Attachment A. To the extent additional REC purchases are necessary to meet the Company’s compliance obligations, the Company has requested to defer associated costs for future rate treatment as described in the Petition for Accounting Order in Docket UE-143915.

On February 13, 2015, the Commission approved the Company’s request to recover $4.9 million in over-credited revenues from the sale of RECs over a 24-month period through Schedule 95. The revised Schedule 95 went into effect on March 31, 2015. Because the total Washington-allocated REC revenues in 2014 was $6,035, and because the Company does not project Washington-allocated REC revenues for 2015, the Company is not proposing to revise Schedule 95 in this filing.

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

Pacific Power

825 NE Multnomah Street, Suite 2000

Portland, Oregon 97232

Informal questions regarding this filing should be directed to Ariel Son, Manager, Regulatory Projects, at (503) 813-5410.

Sincerely,

R. Bryce Dalley

Vice President, Regulation

Enclosures

cc: UE-100749 Service List

1. Order 16 at 31: “Pacific Power and Light Company must continue to make the compliance report and true-up filings required in Order 13 by May 1 of each year until relieved of this obligation.” [↑](#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. RCW 19.285.040(2)(e) states that the requirements of the Energy conservation and renewable energy targets “may be met for any given year with renewable energy credits produced during that year, the preceding year, or the subsequent year[.]”.” [↑](#footnote-ref-4)