

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**PACIFIC POWER & LIGHT
COMPANY,**

Respondent.

DOCKET UE-100749

ORDER 18

ORDER ENDING COMPLIANCE
REQUIREMENT

BACKGROUND

1 On March 25, 2011, the Washington Utilities and Transportation Commission (Commission) entered Order 06 in this docket, which resolved the disputed issues arising from the request of Pacific Power & Light Company (Pacific Power or Company) for a general rate increase except for certain issues regarding the appropriate treatment of the proceeds from the Company's sale of Renewable Energy Credits (RECs). The Commission concluded in that Order that those proceeds should be distributed to Pacific Power's ratepayers as a bill credit, and pending resolution of other issues, required the Company to begin crediting customers for REC sales proceeds based on a forecast of future REC sales proceeds, subject to true-up to actual amounts Pacific Power received.

2 On February 12, 2013, the Commission entered Order 13, paragraph 8 of which provides,

Beginning in 2014 unless the Commission adopts a different mechanism for crediting ongoing REC sales proceeds to customers, [the Company] must make the annual report and true-up filing contemplated in Order 06 by January 31 of each year. That filing must include (a) the actual REC sales proceeds attributable to Washington that [the Company] received during the prior calendar year; (b) the total amount of Schedule 95 credits

the Company provided to its customers during that calendar year; (c) a forecast of the REC sales proceeds attributable to Washington that [the Company] reasonably anticipates receiving during the upcoming calendar year; and (d) any proposed revision to the credit rate in Schedule 95 to be in effect during the upcoming calendar year.

3 On December 12, 2014, the Commission entered Order 16, which in paragraph 31 provides that the “Company must continue to make the compliance and true-up filings required in Order 13 by May 1 of each year until relieved of this obligation.”

4 Pacific Power has made these compliance filings by May 1 of each subsequent calendar year. In its May 1, 2015, filing, the Company represented,

Starting in 2016, the Washington [Renewable Portfolio Standards (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. Accordingly, no Washington-allocated REC revenue is projected for 2015. (Footnote omitted.)

5 Consistent with this representation, Pacific Power reported in its 2016, 2017, and 2018 filings that the Company has not received any REC sales proceeds attributable to Washington consumers and does not anticipate receiving any such sales proceeds.

6 On May 3, 2018, the Commission issued a Notice of Opportunity to Comment on Requirement to File Annual Reports on Proceeds from Sale of Renewable Energy Credits. The Commission proposed on its own motion to consider whether to relieve Pacific Power of the obligation to make the annual report compliance filings required in Orders 6, 13, and 16, and sought comments from the parties.

7 The Commission received comments from the Public Counsel Unit of the Washington Attorney General’s Office (Public Counsel), Pacific Power, and Commission staff (Staff). All of these parties support relieving the Company of the requirement to make annual REC compliance filings. Pacific Power added that it “continues to forecast no REC revenues attributable to Washington customers in the near term.” Staff states that Pacific Power’s 2017 Renewable Energy Report supports the Company’s representation that it will use all of its Washington-allocated RECs each year for compliance with RPS

requirements, and thus “no Washington-allocated REC revenue is anticipated in the short- or medium-term. If this circumstance changes, any REC sales proceeds can be accounted for and allocated appropriately to customers in a general rate case.” Public Counsel takes a slightly different tack, recommending that the Commission “modify its previous orders to allow Pacific Power to forgo the submission of a report in years when no RECs were sold or are not anticipated to be sold but require the Company to submit a report if sales recommence.”

DISCUSSION

- 8 Circumstances have changed since we entered the prior orders in this docket. Pacific Power is no longer receiving, and does not anticipate receiving, proceeds from the sale of RECs attributable to Washington. Filing annual reports to that effect burdens the Company and provides no corresponding benefit to the Commission or to the Company’s customers. Accordingly, we relieve Pacific Power of the obligation established in Orders 6, 13, and 16 to file such reports.
- 9 We do not adopt Public Counsel’s recommendation to modify the annual REC report filing requirement to make such a filing only if the Company resumes REC sales. In the absence of any indication that such a resumption is reasonably likely, we find no reason to retain any vestige of this filing obligation. Rather, we agree with Staff that a general rate case in another docket is the appropriate forum for accounting for, and properly allocating, any future REC sales proceeds.
- 10 We also echo Staff’s encouragement to Pacific Power and other public service companies to bring to the Commission’s attention any compliance filing requirements that have outlived their usefulness. The Commission regulates only to the extent necessary to protect and promote the public interest. Pursuant to that duty, the Commission tailors the requirements in its orders to the facts presented in each case. Staff and the Commission monitor companies’ compliance, but the companies generally are in the best position to know if those facts change such that the order requirements no longer serve their intended purpose. Promptly informing the Commission of such changes enables us to take appropriate action, which benefits all concerned.

ORDER

11 THE COMMISSION ORDERS:

- 12* (1) The Commission relieves Pacific Power & Light Company of the obligation to make the annual report and true-up filings required in Orders 6, 13, and 16 on the Company's actual and anticipated proceeds from the sale of renewable energy credits attributable to Washington.
- 13* (2) Orders 6, 13, and 16 otherwise remain in full force and effect.

Dated at Olympia, Washington, and effective May 30, 2018.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner