

September 8, 2006

***VIA ELECTRONIC FILING***

Ms. Carole J. Washburn  
Executive Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive SW  
Olympia, WA 98504-7250

**RE: Advice No. 06-006  
Schedule 191 – System Benefits Charge Adjustment**

Dear Ms. Washburn:

Pursuant to Washington Law, including Sections 80.28.050 and 80.28.060 of the revised Code of Washington and the Commission's Rules and Regulations, PacifiCorp (d.b.a. Pacific Power & Light Company) submits for filing the following proposed tariff sheet. The Company is requesting less than the 30 day statutory notice for this filing so this rate change will take effect at the same time as the BPA adjustment to minimize the number of rate changes customers experience. The Company respectfully requests that the tariff become effective on October 1, 2006.

Sixth Revision of Sheet No. 191      Schedule 191      System Benefits Charge Adjustment

The Company proposes a reduction in the annual collection rate from \$6.7 to \$4.5 million for ongoing operation of existing programs, for the proposed Home Energy Savings incentive program, and to balance the System Benefits Charge account. The reduction does not reflect a decrease in the Company's Demand-Side Management activities. On the contrary, the Company recently proposed the Home Energy Savings incentive program (Advice 06-004). In setting the \$6.7 million annual collection rate (Advice 05-001), the Company anticipated making a large incentive payment for an industrial project. Sufficient funds have been collected for this incentive payment and the collection rate needs to be reduced to align ongoing expenditures and revenue and to balance the System Benefits Charge account. Based on current forecasts for 2006-2008, the Company anticipates this collection rate to balance cumulative expenditures and revenue in late 2008. The Company is proposing a collection rate expected to balance in 2008 and not earlier for rate stability reasons.

Attached are the following documents supporting the Schedule 191 adjustment:

- System Benefits Charge detail for proposed reduction
- System Benefits Charge history
- Cost-effectiveness assessment for existing programs

As stated in Docket UE-001457, the Company will continue to report collections and expenditures on a semi-annual basis and provide an annual review of programs. In addition, the Company will continue to meet with the energy efficiency and low income advisory groups to provide regular updates and obtain input.

Attachment A is a true and correct copy of the notice to be posted at Pacific Power's designated principal and other business offices in Washington. Attachment B is a listing of the proposed tariff sheet.

PacifiCorp requests that all data requests regarding this petition be addressed to:

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

By Facsimile: (503) 813-6060

By Regular Mail: Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, OR 97232

Please direct informal questions to Melissa Seymour at [melissa.seymour@pacificorp.com](mailto:melissa.seymour@pacificorp.com) or (503)813-6711.

Respectfully,



Andrea Kelly  
Vice President, Regulation

Enclosures

## System Benefits Charge Detail for Proposed Reduction

**Background.** In response to the Stipulation in UE-991832, the Company filed for approval of a System Benefit Charge mechanism to recover the costs of energy efficiency programs. In Docket UE-001457 dated October 25, 2000, the Commission approved the SBC and asked the Company to form an Energy Efficiency Advisory Group. The Company established the System Benefits Charge and meets with its Advisory Group once or more per year as needed to provide updates, preview potential program changes and new programs, and obtain input. Based on input from the advisory group, the Company filed a true-up filing, Advice 05-001, January 21, 2005 to adjust the System Benefits Charge to reflect projected 2005 expenditures for existing programs.

In Advice 05-001, the Company anticipated making a large incentive payment in late 2005 for an industrial project under construction and expected to deliver one average megawatt of savings. The current collection rate anticipated the large, one-time incentive payment. This project was substantially complete by December 2005, but an additional item needed to be included in the project. This added scope delayed completion of the project and the incentive payment, which is expected in 2006. Sufficient funds have been collected for this incentive payment. Below are projections for 2006-2008 that incorporate the proposed \$4.5 million Schedule 191 System Benefits Charge collection rate and the proposed Home Energy Savings program (Advice 06-004).

### Projections for 2006-2008, existing programs and proposed Home Energy Savings program

System Benefits Charge balance as of 12/31/05		\$ 2,329,072
Forecast expenditures 1/1/06 - 12/31/06		
Existing residential programs	\$ (1,248,344)	
Proposed Home Energy Savings incentive	\$ (170,000)	-
Low Income Weatherization	\$ (1,000,000)	
NW Energy Efficiency Alliance	\$ (495,000)	
Commercial & Industrial	\$ (3,500,000)	
Total		\$ (6,413,344)
Projected 2006 carrying charges		\$ 196,771
Proposed collection rate effective 10/1/2006	\$ 4,500,000	
Projected 2006 revenue (assumes proposed collection rate as of 10/1/2006)		\$ 6,424,147
Projected balance as of 12/31/2006		\$ 2,339,875
Projected expenditures 1/1/2007 to 12/31/2007		
Existing residential programs	\$ (1,434,119)	
Proposed Home Energy Savings incentive	\$ (634,859)	-
Low Income Weatherization	\$ (1,000,000)	
NW Energy Efficiency Alliance	\$ (453,600)	
Commercial & Industrial	\$ (2,125,000)	
Total		\$ (5,647,578)
Projected 2007 carrying charges		\$ 140,000
Projected 2007 revenue at proposed rate		\$ 4,500,000
Projected balance as of 12/31/2007		\$ 1,332,297

Projected expenditures 1/1/2008 to 12/31/2008		
Existing residential programs	\$ (1,452,419)	
Proposed Home Energy Savings incentive	\$ (783,262)	-
Low Income Weatherization	\$ (1,000,000)	
NW Energy Efficiency Alliance	\$ (453,600)	
Commercial & Industrial	\$ (2,537,250)	
Total		\$ (6,226,531)
Projected 2008 carrying charges		\$ 50,222
Projected 2008 revenue at proposed rate		\$ 4,500,000
Projected balance as of 12/31/2008		\$ (344,012)

## System Benefits Charge History

### Actual expenditures thru 2005

Actual expenditures Nov 00 - 12/31/01		
Residential	\$ (1,247,144.45)	
Low Income Weatherization	\$ (846,803.58)	
NW Energy Efficiency Alliance	\$ (435,531.46)	
Commercial & Industrial	\$ (1,448,135.61)	
Total		\$ (3,977,615.10)
Actual expenditures 1/1/02 - 12/31/02		
Residential	\$ (313,615.23)	
Low Income Weatherization	(614,541.32)	
NW Energy Efficiency Alliance	\$ (344,852.01)	
Commercial & Industrial	\$ (3,536,704.50)	
Total		\$ (4,809,713.06)
Actual expenditures 1/1/03 - 12/31/03		
Residential	\$ (336,112.44)	
Low Income Weatherization	\$ (1,001,699.40)	
NW Energy Efficiency Alliance	\$ (559,268.78)	
Commercial & Industrial	\$ (2,804,945.41)	
Total		\$ (4,702,026.03)
Actual expenditures 1/1/04 - 12/31/04		
Residential	\$ (419,042.43)	
Low Income Weatherization	\$ (931,894.25)	
NW Energy Efficiency Alliance	\$ (263,865.59)	
Commercial & Industrial	\$ (3,227,218.37)	
Total		\$ (4,842,020.64)
Actual expenditures 1/1/05 - 12/31/05		
Residential	\$ (1,025,602.39)	
Low Income Weatherization	\$ (457,142.66)	
NW Energy Efficiency Alliance	\$ (330,306.51)	
Commercial & Industrial	\$ (2,176,157.81)	
Total		\$ (3,989,209.37)
Actual expenditures 11/2000 - 12/31/05		
Residential	\$ (3,341,516.94)	
Low Income Weatherization	\$ (3,852,081.21)	
NW Energy Efficiency Alliance	\$ (1,933,824.35)	
Commercial & Industrial	\$ (13,193,161.70)	
Total		\$ (22,320,584.20)

### System Benefits Charge History

(Excerpt from PacifiCorp's 2/15/2006 annual review of 2005 energy efficiency programs)

	Deferred Expenditures	Schedule 191 Revenue Collected	Carrying Charge	Accumulative Balance
beg. bal.				
Dec-00	229,434.49			229,434.49
Jan-01	94,512.61	(131,901.00)	0.00	192,046.10
Feb-01	145,609.60	(261,924.00)	0.00	75,731.70
Mar-01	185,773.07	(232,666.00)	0.00	28,838.77
Apr-01	262,216.76	(213,921.00)	0.00	77,134.53
May-01	196,167.37	(201,911.00)	0.00	71,390.90
Jun-01	255,679.10	(204,215.00)	0.00	122,855.00
Jul-01	173,977.38	(228,934.00)	0.00	67,898.38
Aug-01	251,623.71	(230,780.00)	0.00	88,742.09
Sep-01	184,045.32	(314,688.00)	0.00	(41,900.59)
Oct-01	306,501.36	(136,208.00)	(313.16)	128,079.61
Nov-01	692,377.05	(221,720.00)	0.00	598,736.66
Dec-01	999,697.28	(263,766.00)	0.00	1,334,667.94
<b>2001</b>	<b>3,748,180.61</b>	<b>(2,642,634.00)</b>	<b>(313.16)</b>	
Jan-02	592,469.69	(358,527.00)	0.00	1,568,610.63
Feb-02	222,243.13	(416,922.91)	0.00	1,373,930.85
Mar-02	237,587.65	(540,079.00)	0.00	1,071,439.50
Apr-02	389,471.05	(509,876.09)	0.00	951,034.46
May-02	897,347.89	(465,370.00)	0.00	1,383,012.35
Jun-02	376,587.65	(475,695.00)	0.00	1,283,905.00
Jul-02	538,875.47	(542,502.00)	0.00	1,280,278.47
Aug-02	213,945.84	(544,157.00)	0.00	950,067.31
Sep-02	226,248.14	(559,828.00)	0.00	616,487.45
Oct-02	340,504.31	(497,450.00)	0.00	459,541.76
Nov-02	416,007.52	(592,025.00)	0.00	283,524.28
Dec-02	358,424.72	(617,662.00)	0.00	24,287.00
<b>2002</b>	<b>4,809,713.06</b>	<b>(6,120,094.00)</b>	<b>0.00</b>	
Jan-03	498,242.81	(533,044.00)	0.00	(10,514.19)
Feb-03	350,514.73	(404,901.00)	(70.98)	(64,971.44)
Mar-03	638,175.60	(373,519.00)	(485.59)	199,199.56
Apr-03	202,744.63	(350,314.00)	0.00	51,630.19
May-03	110,955.15	(298,036.00)	0.00	(135,450.66)
Jun-03	517,033.47	(353,697.00)	(979.70)	26,906.12
Jul-03	130,424.20	(382,888.00)	0.00	(225,557.68)
Aug-03	669,766.40	(427,226.00)	(1,685.81)	15,296.90
Sep-03	253,710.51	(416,436.00)	0.00	(147,428.59)
Oct-03	199,373.83	(341,638.00)	(1,101.88)	(290,794.63)
Nov-03	343,284.23	(389,210.00)	(2,103.28)	(338,823.69)
Dec-03	787,800.47	(462,279.00)	(2,532.36)	(15,834.57)
<b>2003</b>	<b>4,702,026.03</b>	<b>(4,733,188.00)</b>	<b>(8,959.60)</b>	

Jan-04	557,047.25	(497,726.00)	(118.35)	43,368.33
Feb-04	288,670.76	(419,272.00)	0.00	(87,232.91)
Mar-04	846,745.26	(374,168.67)	(651.98)	384,691.70
Apr-04	176,598.55	(319,602.35)	0.00	241,687.90
May-04	140,545.56	(345,194.40)	0.00	37,039.06
Jun-04	483,378.33	(336,874.90)	0.00	183,542.49
Jul-04	271,037.73	(388,488.05)	0.00	66,092.17
Aug-04	202,939.68	(415,959.69)	0.00	(146,927.84)
Sep-04	277,484.64	(388,303.47)	(1,062.71)	(258,809.38)
Oct-04	293,690.53	(365,681.67)	(1,934.33)	(332,734.85)
Nov-04	327,719.05	(377,531.01)	(2,406.63)	(384,953.44)
Dec-04	976,163.30	(448,774.37)	(2,877.13)	139,558.36
<b>2004</b>	<b>4,842,020.64</b>	<b>(4,677,576.58)</b>	<b>(9,051.13)</b>	
Jan-05	247,051.94	(490,560.28)	0.00	(103,949.98)
Feb-05	337,660.85	(397,159.32)	(701.73)	(164,150.19)
Mar-05	572,993.45	(471,667.86)	(1,226.85)	(64,051.45)
Apr-05	213,221.57	(493,879.34)	(463.28)	(345,172.50)
May-05	304,997.95	(483,471.34)	(2,579.81)	(526,225.70)
Jun-05	273,062.72	(507,779.98)	(3,806.13)	(764,749.08)
Jul-05	289,928.01	(557,672.08)	(5,715.71)	(1,038,208.87)
Aug-05	381,938.95	(624,695.57)	(7,759.54)	(1,288,725.03)
Sep-05	522,135.38	(574,247.16)	(9,321.19)	(1,350,158.00)
Oct-05	307,036.80	(512,787.49)	(10,091.04)	(1,565,999.74)
Nov-05	228,529.98	(531,667.00)	(11,326.68)	(1,880,463.44)
Dec-05	310,651.77	(745,206.00)	(14,054.53)	(2,329,072.20)
<b>2005</b>	<b>3,989,209.37</b>	<b>(6,390,793.42)</b>	<b>(67,046.51)</b>	
<b>Total</b>	<b>22,320,584.20</b>	<b>(24,564,286.00)</b>	<b>(85,370.40)</b>	

### Savings history

2001	2.24 aMW	PacifiCorp Annual Review of 2001 Programs, 2/02 (at generator)
2002	3.20 aMW	PacifiCorp Annual Review of 2002 Programs, 2/03 (at generator)
2003	3.16 aMW	PacifiCorp Annual Review of 2003 Programs, 2/04 (at generator)
2004	3.28 aMW	PacifiCorp Annual Review of 2004 Programs, 2/05 (at generator)
2005	2.53 aMW	PacifiCorp Annual Review of 2005 Programs, 2/06 (at generator)

Note: the 2004 IRP Base Assumptions for FY 2007 includes 3.15 aMW at load. This is the total from the IRP for existing programs as of 1/1/2006—Energy FinAnswer, FinAnswer Express, Low Income Weatherization, Refrigerator Recycling, Energy Star New Homes, and Energy Education in Schools. Some of these programs were launched in 2005.)

## **Cost-effectiveness assessment for existing programs** (Most recent analysis by program)

### **FinAnswer Express (Schedule 115)**

The Company included projected 2005 program cost-effectiveness documentation for FinAnswer Express in its March 31, 2004 filing. Based on December 2003 base case Forward Price Curves, FinAnswer Express is cost-effective from the Utility, Participant, and Total Resource Cost perspectives. The evaluation of FinAnswer Express and its predecessor programs for 2003 and 2004 is in progress.

### **Energy FinAnswer (Schedule 125)**

The Company completed the evaluation for Energy FinAnswer (Schedule 125) for 2002 participants. Based on December 2003 base case Forward Price Curves, Energy FinAnswer is cost-effective from the Utility, Participant, and Total Resource Cost perspectives. The Energy FinAnswer evaluation for 2003 and 2004 is in progress.

### **Low Income Weatherization (Schedule 114)**

A program evaluation will be completed by fall 2006 on homes completed from July 1, 2003 through June 30, 2005.

### **Energy Education in Schools (Schedule 113)**

An evaluation on activities during the current school year (September 2005 through June 2006) is in progress.

### **Residential New Construction (Schedule 108)**

The Company included cost-effectiveness documentation for the Washington Residential New Construction program in the program filing in 2005. Based on that analysis, the program is cost effective under all scenarios from the Utility, Participant, and Total Resource Cost perspectives.

### **Refrigerator Recycling (Schedule 107)**

The Company included cost-effectiveness documentation for the Refrigerator Recycling program in the program filing in 2005. Based on that analysis, the program is cost effective under all scenarios from the Utility, Participant, and Total Resource Cost perspectives.



**NOTICE  
PACIFIC POWER & LIGHT COMPANY**

Pursuant to Washington Law (including without limitation RCW 80.28.050 and -060) and the Commission's Rules & Regulations, Pacific Power & Light Company has filed with the Commission an original tariff schedule for electric service in the State of Washington.

**Overview**

The Company proposes a reduction in the annual collection rate from \$6.7 to \$4.5 million for ongoing operation of existing programs, for the proposed Home Energy Savings incentive program, and to balance the System Benefits Charge account. The reduction does not reflect a decrease in the Company's Demand-Side Management activities. On the contrary, the Company recently proposed the Home Energy Savings incentive program (Advice 06-004). In setting the \$6.7 million annual collection rate (Advice 05-001), the Company anticipated making a large incentive payment for an industrial project. Sufficient funds have been collected for this incentive payment and the collection rate needs to be reduced to align ongoing expenditures and revenue and to balance the System Benefits Charge account. Based on current forecasts for 2006-2008, the Company anticipates this collection rate to balance cumulative expenditures and revenue in late 2008. The Company is proposing a collection rate expected to balance in 2008 and not earlier for rate stability reasons.

DATED: September 8, 2006.

PACIFIC POWER & LIGHT COMPANY

By   
Andrea L. Kelly  
Vice President, Regulation

Attachment B

The proposed tariff sheet to be revised in the Company's currently effective Tariff WN-U-74 is designated as follows:

Sixth Revision of Sheet No. 191      Schedule 191      System Benefits Charge Adjustment

STATEMENT OF POSTING OF NOTICE

Andrea L. Kelly, Vice President  
Regulation  
PacifiCorp  
825 N.E. Multnomah, Suite 2000  
Portland, OR 97232

RE: Advice No. 06-006

Sixth Revision of Sheet No. 191      Schedule 191      System Benefits Charge Adjustment

Dear Ms. Kelly:

I hereby certify that on \_\_\_\_\_ a copy of the proposed tariff was received and filed at this office, along with the notice, regarding PacifiCorp's proposed tariff, which was posted at all pay stations. I will maintain this notice in such location until further notice.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2006

Title:

Location: