

January 17, 2014

***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: PacifiCorp’s Petition for an Accounting Order**

Dear Mr. King,

In accordance with WAC 480-07-370(b), enclosed for filing are an original and twelve (12) copies of PacifiCorp’s petition for deferral of costs related to declining hydro generation.

It is respectfully requested that all data requests be sent to the following, with copies to the Company’s counsel:

By Email (preferred): datarequest@pacificorp.com

By Regular Mail: Data Request Response Center

 PacifiCorp

 825 NE Multnomah Street, Suite 2000

 Portland, OR 97232

If you have any informal inquiries, please contact me at (503) 813-6389.

Sincerely,

R. Bryce Dalley

Vice President, Regulation

Enclosures

cc: Tom Schooley/WUTC

 Deborah Reynolds/WUTC

 Lisa Gafken/Public Counsel

 Lea Daeschel/Public Counsel

 Irion Sanger/ICNU

**BEFORE THE WASHINGTON**

**UTILITIES AND TRANSPORTATION COMMISSION**

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| --- | --- |
| In the Matter ofPACIFICORP d/b/a PACIFIC POWER & LIGHT COMPANYPetition for an Order Approving Deferral of Costs Related to Declining Hydro Generation | DOCKET UE-14\_\_\_\_ PACIFICORP’S PETITION FOR ACCOUNTING ORDER |

# I. INTRODUCTION

1. In accordance with WAC 480-07-370(b), PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company) petitions the Washington Utilities and Transportation Commission (Commission) for an order authorizing the Company to defer from the date of this petition forward its increased power costs caused by declines in hydro generation, due to abnormally dry weather conditions. PacifiCorp seeks deferral of these costs to track and preserve them for later ratemaking treatment.

# II. BACKGROUND

*2.*  PacifiCorp is an electric utility and public service company doing business in the state of Washington under RCW 80.04.010 and its public utility operations, retail rates, service, and accounting practices, all subject to the Commission’s jurisdiction. The Company also provides retail electricity service under the name Pacific Power in Oregon and California and under the name Rocky Mountain Power in Idaho, Utah, and Wyoming. PacifiCorp’s principal place of business is 825 NE Multnomah Street, Suite 2000, Portland, Oregon, 97232.

*3.* PacifiCorp’s name and address:

|  |  |
| --- | --- |
| PacifiCorp Washington Dockets825 NE Multnomah Street, Suite 2000Portland, OR 97232washingtondockets@PacifiCorp.com  | Sarah K. WallaceSenior Counsel825 NE Multnomah Street, Suite 1800Portland, OR 97232Phone: (503) 813-5865sarah.wallace@pacificorp.com  |

In addition, PacifiCorp respectfully requests that all data requests be addressed to:

By e-mail (preferred) datarequest@pacificorp.com

By regular mail Data Request Response Center

PacifiCorp

825 NE Multnomah Street, Suite 2000

Portland, OR 97232

Informal inquiries may be directed to Bryce Dalley, Vice President, Regulation, at (503) 813‑6389.

# III. THE BASIS FOR REQUESTING DEFERRED ACCOUNTING

## A. Description

*4.* This Petition seeks authorization to defer for ratemaking treatment costs associated with significant declines in hydro generation due to abnormally dry weather conditions and low water availability. As a result, the Company will need to make market purchases and rely on more thermal generation to compensate for the shortfall. PacifiCorp’s initial estimates show an increase in its power supply costs of approximately $15 million on a total‑company basis for 2014.[[1]](#footnote-1)

*5.* For the purpose of setting rates in a general rate case, the Company uses a single-year median water year developed based on the available history of the Company’s major hydro facilities, which range from 40 years to over 90 years. Under this approach, the Company’s hydro modeling does not account for the year-to-year variability and trends on a timely basis.

## B. Proposed Accounting

*6.* During the deferral period, PacifiCorp proposes to account for replacement power costs associated with the declines in hydro generation in the following manner. The replacement power costs will be credited to Account 555—Purchased Power, thereby decreasing the recorded power supply expenses, and debited to Account 182.3—Other Regulatory Assets. PacifiCorp requests that it be allowed to accrue interest on the unamortized balance at a rate equal to its authorized weighted average cost of capital (7.36 percent) most recently approved by the Commission in Docket No. UE-130043.

## C. Estimate of Amounts

*7.* As explained above, the estimated excess net power costs are approximately $15 million on a total-company basis for calendar year 2014. Projections for 2015 are currently not available. Actual costs may be higher or lower because of the variability in hydro generation.

# IV. CONCLUSION

*8.* PacifiCorp respectfully requests that the Commission authorize the Company to defer, beginning on the date of this filing and continuing until base net power costs are reset, presumably in the Company’s next general rate case filing, its increased power costs caused by declines in hydro generation.

 Respectfully submitted this 17th day of January, 2014.

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Sarah K. Wallace

Senior Counsel

PacifiCorp d/b/a Pacific Power & Light Company

1. PacifiCorp currently has no mechanism in Washington to recover unexpected fluctuations in net power costs. In its recent general rate case, Docket No. UE-130043, PacifiCorp’s request for a power cost adjustment mechanism was denied. [↑](#footnote-ref-1)