

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFIC POWER & LIGHT COMPANY

Petition for an Order Approving Deferral of
Costs Related to Purchases of Renewable
Energy Credits.

DOCKET UE-19_____

PACIFIC POWER'S PETITION FOR
ACCOUNTING ORDER

I. INTRODUCTION

1 In accordance with WAC 480-07-370(b), Pacific Power & Light Company (Pacific Power), a division of PacifiCorp, petitions the Washington Utilities and Transportation Commission (Commission) for an order authorizing the company to defer costs associated with the purchase of unbundled renewable energy credits (RECs) necessary for compliance with renewable portfolio standard (RPS) for calendar year 2020. Pacific Power seeks deferral of these costs to track and preserve them for later ratemaking treatment.

II. BACKGROUND

2 Pacific Power 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 are subject to the Commission's jurisdiction. PacifiCorp 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. The company's principal place of business is 825 NE Multnomah Street, Suite 2000, Portland, Oregon, 97232.

3 Pacific Power's name and address:

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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 Ariel Son, Regulatory Affairs Manager, at (503) 813-5410.

III. THE BASIS FOR REQUESTING DEFERRED ACCOUNTING

A. Description

4 This petition serves the dual purposes of (1) informing the Commission and other interested parties of the company's procurement activities related to RPS compliance, and (2) seeking authorization to defer for future ratemaking treatment costs associated with the purchase of unbundled RECs necessary for the company to meet its RPS compliance obligations in 2020. The RPS was established in the Washington Energy Independence Act of 2006 (EIA) and requires investor-owned utilities to obtain a percentage of their electricity from renewable generation. The EIA specifies that an "investor-owned utility

is entitled to recover all prudently incurred costs associated with compliance with this chapter.”¹

4 As the company identified in its 2019 RPS Report, “the company is positioned to use eligible renewable resources and RECs to supply at least nine percent of its average Washington load to satisfy the 2019 renewable energy target.”² Similarly, in its 2019 Integrated Resource Plan (IRP), the company states it may make unbundled REC purchases under 300,000 RECs per year to achieve compliance.³

5 Consistent with both the 2019 RPS Report and 2019 IRP, the company intends to purchase RECs to meet a short-term need for RPS resources in 2020, as the target rises from nine percent to fifteen percent. Beyond 2020, the company anticipates sufficient resources from owned and contracted renewable resources, but will continue to evaluate its position and the market for cost effective compliance options.⁴ With regard to this procurement, the company was presented with a competitive offer to purchase RECs from qualifying facility projects within a state in which the company serves retail electric load,⁵ and for which it has existing long-term agreements to purchase energy. The company anticipates incurring a one-time cost of approximately \$300,000 for this purchase in 2019. The company requests these costs be deferred for later ratemaking treatment.

¹ RCW 19.285.050(2).

² *Pacific Power & Light Company Washington Renewable Report*, Docket UE-190448, Annual Renewable Portfolio Standard Report at 3 (August 23, 2019).

³ *Pacific Power & Light Company 2019 Integrated Resource Plan*, Docket UE-180259, Volume I at 14-15 (October 18, 2019).

⁴ Pacific Power anticipates being in a sufficient RPS position beginning 2021 pending approval of certain modifications to the West Control Area Inter-Jurisdictional Allocation Methodology that have been negotiated with stakeholders in Washington. If approved in the company’s upcoming general rate case, the new cost allocation methodology will bring Washington to a full system share of all non-emitting generation resources, with the exception of qualifying facility contracts.

⁵ WAC 480-109-060 (12)(e).

B. Proposed Accounting

6 During the deferral period, Pacific Power proposes to account for purchases of
RECs in the following manner. The REC purchases will be credited to Account 555—
Purchased Power, thereby decreasing the amounts booked in that account, and debited to
Account 182.3—Other Regulatory Assets. The company requests that it be allowed to
accrue interest on the unamortized balance at a rate equal to its authorized weighted
average cost of capital most recently approved by the Commission in Docket UE-152253.

C. Estimate of Amounts

7 As explained above, the estimated REC purchases are not expected to exceed
approximately \$300,000 on a Washington situs basis and will be used to comply with the
company’s RPS compliance requirements. If the purchases are expected to exceed this
estimated annual amount, the company will provide a revised cost estimate to the
Commission.

IV. CONCLUSION

8 Pacific Power respectfully requests that the Commission authorize the company to
defer the costs associated with the company’s purchase of RECs necessary for
compliance with the RPS, beginning on the date of this filing forward. The company will
address any ratemaking treatment of these costs in its next general rate case.

Respectfully submitted this 8th day of November, 2019.

By: _____/s/_____
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