

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PACIFICORP, d.b.a. Pacific Power &
Light Company,

For an Accounting Order Regarding REC
Revenue Rate Credits

DOCKET NO. UE-12 _____

**PETITION FOR
ACCOUNTING ORDER**

I. INTRODUCTION

1. Under WAC 480-07-370(1)(b), PacifiCorp, d.b.a. Pacific Power & Light Company (PacifiCorp or Company), petitions the Washington Utilities and Transportation Commission (Commission) for an accounting order authorizing the Company to defer rate credits in excess of amounts actually owed to customers for Renewable Energy Credit (REC) revenues. The Commission adopted a REC revenue tracking mechanism and ordered rate credits in Order 06 in Docket UE-100749.¹ The Company requests approval of this Petition to ensure that the REC revenue tracking mechanism returns to customers only the amount of REC revenues to which customers are entitled, as determined upon final resolution of the Company's petition for reconsideration or petition for judicial review in Docket UE-100749.

2. PacifiCorp is an electrical company and public service company in the state of Washington under RCW 80.04.010 and subject to the jurisdiction of the Commission with regard to its rates, service and accounting practices. PacifiCorp also provides retail electricity service in the states of California, Idaho, Oregon, Utah, and Wyoming. PacifiCorp's address is 825 NE Multnomah, Portland, OR 97232.

¹ See *Wash. Utils. & Transp. Comm'n v. PacifiCorp*, Docket UE-100749, Order 06 ¶ 204, 377 (Mar. 25, 2011) (Order 06).

3. PacifiCorp files this Petition under RCW 80.01.040(3), which authorizes the Commission to regulate in the public interest the rates, service, facilities, and practices of electric companies; RCW 80.040.090, which authorizes the Commission to prescribe the forms of accounts to be kept by public service companies; and WAC 480-100-203, pertaining to the accounting requirements applicable to electric utilities in the state of Washington.

4. Communications regarding this Petition should be addressed to:

Washington Dockets
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5. Additionally, PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

By email (preferred)

datarequest@pacificorp.com

By regular mail

Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

6. Informal inquiries may be directed to Bryce Dalley, Director of Regulatory Affairs & Revenue Requirement, at (503) 813-6389.

II. BASIS FOR DEFERRED ACCOUNTING

A. Background

7. In Order 06 in Docket UE-100749, issued on March 25, 2011, the Commission ordered the Company to implement a rate credit for REC revenues.² The initial REC revenue rate credit was estimated at \$4.8 million per year. The Commission authorized a true-up of these initial credits to “be reconciled as credits are paid during the following 12 months.”³ In compliance with the Commission’s order, the Company began crediting customers REC revenues on April 3, 2011, under Schedule 95.⁴ Since that time, the Company has credited approximately \$7.0 million in REC revenues to customers.⁵
8. In Order 06, the Commission opened Phase 2 of the docket to address the rate treatment of REC revenues received by the Company between January 1, 2009, and April 2, 2011.⁶ On August 23, 2012, the Commission issued Order 10 in Phase 2 of Docket UE-100749. Order 10 required the Company to credit customers REC revenues booked on or after January 1, 2009, less the amount already included in rates by virtue of a 2009 rate case settlement.⁷ Order 10 also required parties to file an agreed-upon mechanism for crediting historical and future REC proceeds to customers, or individual proposals with supporting documentation, within 90 days of the order.⁸
9. On September 4, 2012, the Company filed petitions for reconsideration and stay of Order 10. The Company challenged the Commission’s decision ordering a rate credit for REC

² Order 06, ¶ 204.

³ *Id.* ¶ 205.

⁴ *See id.* ¶ 204.

⁵ The approximate per-month credit has been \$0.4 million, which has been credited for the past 18 months under Schedule 95.

⁶ *Id.* ¶ 207.

⁷ *Wash. Utils. & Transp. Comm’n v. PacifiCorp*, Docket UE-100749, Order 10 ¶ 74 (August 23, 2012) (Order 10).

⁸ Order 10 ¶ 75.

revenues pre-dating April 3, 2011, and sought to stay the Company's compliance obligations connected to the challenged aspects of Order 10.⁹ The Commission granted the Company's September 14, 2012 request to suspend the compliance deadlines in Order 10.¹⁰ The Commission has not yet ruled on the Company's petitions for reconsideration or stay.

10. In its Reply brief, the Company clarified that its request for stay pertained only to implementation of a rate credit for REC revenues pre-dating April 3, 2011.¹¹ The Company indicated that it would make a compliance filing with an accounting of REC proceeds credited to date under Schedule 95, REC revenues accrued after April 3, 2011, and proposals for necessary revisions to Schedule 95.¹²
11. The Company made this compliance filing on October 31, 2012.¹³ The Company's filing explained that the estimated net excess distribution of REC revenues to customers from April 3, 2011, through December 31, 2012, was approximately \$2.6 million.¹⁴ The Company therefore proposed to revise the applicable Schedule 95 rates for all rate schedules receiving the credits to zero cents per kWh.¹⁵ The Company proposed making a filing on May 1, 2013, showing the actual REC revenues for calendar year 2012 and revising Schedule 95 as necessary to account for 2012 REC revenues.¹⁶

⁹ *Wash. Utils. & Transp. Comm'n v. PacifiCorp*, Docket UE-100749, Petition for Stay ¶ 5 (Sept. 4, 2012).

¹⁰ *Wash. Utils. & Transp. Comm'n v. PacifiCorp*, Docket UE-100749, Notice Temporarily Suspending Compliance Deadlines (Sept. 17, 2012).

¹¹ *Wash. Utils. & Transp. Comm'n v. PacifiCorp*, Docket UE-100749, PacifiCorp's Reply to Answers to Petition for Reconsideration, Petition for Stay, and Motion to Reopen Record ¶ 29 (Oct. 10, 2012).

¹² *Id.*

¹³ *Wash. Utils. & Transp. Comm'n v. PacifiCorp*, Docket UE-100749, Compliance Filing and Advice 12-07 (Oct. 31, 2012).

¹⁴ *Id.* at 4.

¹⁵ *Id.*

¹⁶ *Id.*

12. On November 16, 2012, the Commission issued a Notice Clarifying Temporary Suspension of Compliance with Order 10.¹⁷ The Commission explained that while its September 17 notice stated that it was suspending the compliance deadlines, the Commission's intent was to suspend the compliance requirements, not just the deadlines for compliance.¹⁸ The Commission stated that the current mechanism for crediting REC revenues that was established in Order 06 remains in effect.¹⁹
13. Based on the Notice, it appears that the Commission will not address the Company's proposed revisions to Schedule 95 until it resolves the Company's petition for reconsideration. This means that current Schedule 95 will remain in effect and continue to credit REC revenues to customers, which could result in or contribute to the Company over-crediting REC revenues to customers depending on the final resolution of this case.

B. Need for Deferred Accounting

14. As the Company explained in its October 31, 2012 compliance filing, the estimated net excess distribution of REC revenues to customers from April 3, 2011, through November 30, 2012, is approximately \$2.6 million.²⁰ As long as current Schedule 95 remains in effect, the Company will continue to credit customers approximately \$400,000 in REC revenues each month and the net excess distribution balance is projected to continue to grow.
15. The Commission's REC tracking mechanism adopted in Order 06 allows for a true-up of REC revenue credits paid to actual REC revenue credits owed. Through operation of this

¹⁷ *Wash. Utils. & Transp. Comm'n v. PacifiCorp*, Docket UE-100749, Notice Clarifying Temporary Suspension of Compliance with Order 10 (Nov. 16, 2012).

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Wash. Utils. & Transp. Comm'n v. PacifiCorp*, Docket UE-100749, Compliance Filing and Advice 12-07 at 2 (Oct. 31, 2012).

balancing account, PacifiCorp expects that it will be permitted to recover REC revenues over-credited to customers. However, the Commission has never confirmed that the current REC tracking mechanism will operate to allow PacifiCorp to recover over-credited REC revenues, and retroactive ratemaking principles could bar such recovery. To address these risks, PacifiCorp seeks: (1) confirmation that the balancing account feature of the current REC tracking mechanism will operate symmetrically to protect customers from under-crediting of REC revenues and protect the Company from over-crediting of REC revenues; and (2) approval of the requested deferred accounting order to ensure that the Commission will have the authority to order surcharges to customers for REC revenue rate credits previously ordered if the Commission ultimately determines that PacifiCorp has credited customers for REC revenues in excess of those owed to customers.

C. Proposed Accounting

16. PacifiCorp proposes to account for the deferral of any net excess distribution of REC revenues to customers by crediting Federal Energy Regulatory Commission (FERC) Accounts 440 (Residential Sales), 442 (Commercial and Industrial Sales), and 444 (Public Street and Highway Lighting Sales), and debiting FERC Account 182.3 (Regulatory Assets).

D. Estimate of Amounts


17. The Company has been crediting customers approximately \$400,000 a month. Because the Company cannot anticipate when the Commission or a court will issue a final determination of Docket UE-100749, the Company cannot predict the total amount of the deferral.

III. CONCLUSION

18. PacifiCorp respectfully requests an accounting order authorizing the Company to defer rate credits in excess of amounts actually owed to customers for REC revenues.

DATED: November 19, 2012.

Respectfully submitted,



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