

November 18, 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: Pacific Power & Light Company's Petition for an Accounting Order

Dear Mr. King,

In accordance with WAC 480-07-370(b), Pacific Power & Light Company, a division of PacifiCorp, encloses for filing are an original and twelve (12) copies its petition for deferral of costs related to purchases of unbundled renewable energy credits.


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 Natasha Siores, Director, Regulatory Affairs and Revenue Requirement, at (503) 813-6583.

Sincerely,


R. Bryce Dalley
Vice President, Regulation

Enclosures

cc: Tom Schooley/WUTC
Deborah Reynolds/WUTC
Simon ffitch/Public Counsel
Melinda Davison/ICNU

**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-14_____

PACIFICORP'S PETITION FOR
ACCOUNTING ORDER

I. INTRODUCTION

1. In accordance with WAC 480-07-370(b), Pacific Power & Light Company (Pacific Power or Company), a division of PacifiCorp, petitions the Washington Utilities and Transportation Commission (Commission) for an order authorizing the Company to defer from the date of this petition forward its purchase of unbundled renewable energy credits (RECs) necessary for compliance with the renewable portfolio standard (RPS). 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:

Pacific Power Washington Dockets
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
washingtondockets@PacifiCorp.com

Etta Lockey
Legal Counsel
825 NE Multnomah Street, Suite 1800
Portland, OR 97232
Phone: (503) 813-5701
etta.lockey@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 Natasha Siores, Director, Regulatory Affairs and Revenue Requirement, at (503) 813-6583.

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 purchases of unbundled RECs necessary for the Company to meet its RPS compliance obligations in 2016 and beyond. The RPS was established in 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

¹ RCW 19.285.050(2).

5. As the Company identified in its 2014 Washington Renewable Report, “the Company is positioned to meet its Washington 2014 renewable compliance target with a combination of RECs from wind resources, unbundled REC purchases and renewable energy from hydroelectric facilities with upgrades completed after March 1999.”² Similarly, Action Item 1(b) in the Company’s 2013 integrated resource plan (IRP) states that purchases of unbundled RECs are favorable from both a cost and risk perspective, and the Company will issue competitive market solicitations for unbundled RECs for purposes of meeting its RPS compliance obligation.

6. Consistent with both the 2014 Washington Renewable Report and 2013 IRP Action Item 1(b), the Company issued a request for proposals (RFP) for unbundled REC purchases. As a result of the RFP, the Company plans to purchase unbundled RECs to meet its RPS compliance requirements beginning in 2016, the same year that the Company’s RPS compliance obligation increases to nine percent of retail load. The Company anticipates incurring less than \$500,000 for these purchases, which the Company requests be deferred for later ratemaking treatment.

B. Proposed Accounting

7. During the deferral period, PacifiCorp 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 (7.36 percent) most recently approved by the Commission in Docket UE-130043.

² *Pacific Power & Light Company Washington Renewable Report*, Docket UE-140802 at 16 (May 30, 2014).

C. Estimate of Amounts

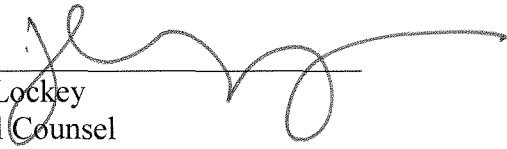
8. As explained above, the estimated REC purchases are expected to be less than \$500,000 on a Washington situs basis and will be used to comply with the Company's RPS compliance requirements in 2016 and beyond. If the estimate is expected to exceed \$500,000, the Company will provide a revised cost estimate to the Commission.

IV. CONCLUSION

9. 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 a future filing, presumably in the Company's next general rate case filing.

Respectfully submitted this 18th day of November, 2014.

By:



Etta Lockety
Legal Counsel
Pacific Power & Light Company