

September 9, 2016

***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

In accordance with WAC 480-07-370(b), Pacific Power & Light Company, a division of PacifiCorp, encloses for filing its petition for deferral of costs related to purchases of 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

Please direct informal inquiries to Ariel Son, Regulatory Projects Manager, at (503) 813-5410.

Sincerely,



R. Bryce Dalley
Vice President, Regulation

Enclosures

**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-16_____

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).¹ 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

¹ Pacific Power submitted a petition for deferral of costs related to purchases of unbundled renewable energy credits on November 18, 2014, in Docket UE-143915. The RECs proposed to be purchased as part of the current filing are separate and incremental to the RECs purchased in 2014 and described in the Company's 2014 petition.

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:

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

Etta Lockey
Senior Attorney
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 Ariel Son, Regulatory Projects 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 purchases of unbundled RECs necessary for the Company to meet its RPS compliance obligations in 2017 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.”²

5 As the Company identified in its 2016 Washington Renewable Report, “the Company is positioned to meet its Washington 2016 renewable compliance target with a combination of eligible renewable resources, unbundled REC purchases and renewable energy from hydroelectric facilities with upgrades completed after March 1999.”³ Similarly, Action Item 1(a) in the Company’s 2015 Integrated Resource Plan (IRP) stated that the Company will issue competitive market solicitations for RECs for the purposes of meeting its RPS compliance obligation in Washington, Oregon, and California.⁴

6 Consistent with both the 2016 Washington Renewable Report and 2015 IRP Update Action Item 1(a), the Company issued a request for proposals (RFP) for REC purchases on April 11, 2016. As a result of the RFP, the Company plans to purchase RECs to meet its increased RPS compliance requirements beginning in 2016. The Company anticipates incurring approximately \$200,000 per year for these purchases over the next twenty years. The Company requests these costs be deferred for later ratemaking treatment.

B. Staff Support of REC Purchases

7 On August 11, 2016, Company representatives met with Commission staff to provide an overview of the results from the RFP and a proposal for immediate amortization and annual true-up of the amounts collected in the balancing account. At the meeting, Commission staff supported the Company’s decision to purchase eligible

² RCW 19.285.050(2).

³ *Pacific Power & Light Company Washington Renewable Report*, Docket UE-160777 at 19 (July 27, 2016).

⁴ *Pacific Power & Light Company 2015 Integrated Resource Plan Update*, Docket UE-140546 at 6 (March 31, 2016).

RECs and indicated support for ultimate recovery of the costs associated with the REC purchases. Staff did, however, suggest that seeking a deferral—rather than an annual rate adjustment filing—would be a more administratively efficient method of seeking recovery of the REC purchases. The Company agrees with Staff’s suggestion to defer the costs of the REC purchases and address cost recovery in a future filing or general rate case. Staff agreed to address the prudence of the Company’s REC purchases before the Commission at an open meeting.

C. Proposed Accounting

8 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 most recently approved by the Commission in Docket UE-152253.

D. Estimate of Amounts

9 As explained above, the estimated REC purchases are not expected to exceed approximately \$200,000 per year 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. Table 1 provides the estimated annual amounts below:


Table 1—Washington Situs Estimated Purchase Amounts by Year

Year	Annual Cost
2016	\$83,273
2017	\$153,659
2018	\$164,858
2019	\$163,562
2020	\$163,192
2021	\$161,878
2022	\$160,657
2023	\$159,621
2024	\$158,557
2025	\$156,824
2026	\$156,042
2027	\$155,263
2028	\$127,217
2029	\$126,343
2030	\$125,713
2031	\$125,086
2032	\$124,697
2033	\$123,840
2034	\$123,222
2035	\$122,507
2036	\$49,777

IV. CONCLUSION

10 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 or general rate case.

Respectfully submitted this 9th day of September, 2016.

By: 
For Rita Lockey
Senior Attorney
Pacific Power & Light Company