

June 1, 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: UE-_____—2015 Power Cost Adjustment Mechanism

Pacific Power & Light Company (Pacific Power or Company), a division of PacifiCorp, encloses the original and twelve copies of its 2015 Power Cost Adjustment Mechanism (PCAM) filing. In Order 09 of Docket UE-140762, the Washington Utilities and Transportation Commission (Commission) approved a PCAM to allow the Company to recover the difference between the actual net power costs (NPC) incurred to serve Washington customers and the NPC collected through base rates established in a general rate case. The amount recovered from or refunded to customers for the period of April 1 through December 31, 2015, is subject to the following parameters as adjusted for the nine month period:¹

- Symmetrical Deadband: Any NPC difference between negative \$3 million and positive \$3 million will be absorbed by the Company.
- Asymmetrical sharing of the NPC difference as follows:
 - Between \$3 and \$7.5 million; shared 50 percent by customers and 50 percent by the Company
 - Greater than \$7.5 million; shared 90 percent by customers and 10 percent by the Company
 - Between \$-3 and \$-7.5 million; shared 75 percent by customers and 25 percent by the Company
 - Less than \$7.5 million; shared 90 percent by customers and 10 percent by the Company
- Amortization of Deferral: The amortization of NPC variances are deferred until the balance of the deferral balancing account results in either a surcharge or credit greater than \$17 million.

Included as Confidential Attachment A is a summary of the calculation of the Company's 2015 PCAM; additional descriptions of the calculation are provided below. Detailed workpapers

¹ Per Order No. 09 of Docket UE-140762, deadbands and sharing bands have been reduced by 25 percent to reflect the nine month deferral period. A typical PCAM deferral period will be a calendar year, with deadbands of +/- \$4 million and an upper sharing band limit of +/- \$10 million.

supporting Attachment A are provided separately on the enclosed CD.² For the deferral period, Washington adjusted actual NPC and EIM costs were \$101.7 million, approximately \$2.9 million higher than the base NPC collected in rates. The application of the deadband results in no recovery for the 2015 PCAM.

PCAM Calculation

The PCAM calculates the NPC variance by subtracting the NPC collected in base rates from the actual Washington-allocated NPC as shown in the formula below:

$$\text{NPC Variance} = \text{Actual NPC} - (\text{Base NPC}_{\$/Mwh} \times \text{Actual Sales})$$

Where:

Actual NPC	= Actual west control area NPC costs allocated to Washington using allocation factors calculated with actual jurisdictional load
Base NPC _{\$/MWh}	= Base NPC unit cost; calculated by dividing Washington-allocated NPC as established in a rate proceeding by the Washington sales-at-meter used to set rates in the rate proceeding
Actual Sales	= Actual Washington retail sales at the meter

The cumulative NPC variance is first compared against the symmetrical deadband. Cumulative amounts in excess of the symmetrical deadband are then subject to the sharing bands. The customer portion of the NPC variance is tracked in the deferral balancing account and monthly balances accrue interest at the current FERC interest rate. A rate change is triggered when the customer surcharge or credit exceeds \$17 million.

Actual west control area NPC are compiled using amounts booked to FERC accounts 447, 501, 503, 547, 555, and 565. Booked NPC are adjusted to reflect a balanced west control area consistent with the methodology used in UE-140762. Actual NPC are also adjusted to remove accounting entries that relate to operations before implementation of the PCAM on April 1, 2015, and to reflect previously approved ratemaking treatment of several items, including:

- Sacramento Municipal Utility District (SMUD) wholesale sales contract revenues;
- Reductions to coal costs for legal fees related to fines and citations; and
- Revenue from a contract related to the Leaning Juniper wind resource.

In this filing, the Company has also included in the PCAM actual Energy Imbalance Market (EIM) costs that are not otherwise included in NPC. These EIM costs include the return on rate base, ongoing operations and maintenance expense, and depreciation expense. This treatment

² Confidential workpapers are provided to the Commission in accordance with WAC 480-07-160.

was proposed by Boise White Paper and agreed to by the Company in Docket UE-152253 to match recovery of EIM costs and benefits.³

Washington-allocated actual NPC exceeded NPC collected in base rates by approximately \$2.9 million for the period of April 1 through December 31, 2015. This amount does not exceed the established deadband. Accordingly, the balance in the deferral account remains at zero dollars and no recovery from or refund to customers is necessary. Because Schedule 97, the Power Cost Adjustment Mechanism Adjustment, is currently set at zero cents per kilowatt hour for all schedules, no tariff change is required at this time.

Pacific Power also includes in this filing a motion requesting that the Commission issue a protective order to govern disclosure of confidential information for use in this case.

It is respectfully requested that all formal correspondence and requests regarding this filing be addressed to:

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

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah St., Suite 2000
Portland, Oregon, 97232

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

Sincerely,



R. Bryce Dalley
Vice President, Regulation

Enclosures

Attachment A: PCAM Calculation

³ Docket UE-152253, Exhibit No. SEM-6T, Rebuttal Testimony of Shelley E. McCoy, Page 7.

ATTACHMENT A
POWER COST ADJUSTMENT MECHANISM
CALCULATION

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFIC POWER & LIGHT
COMPANY,

2015 Power Cost Adjustment Mechanism

Docket UE-_____

PACIFIC POWER & LIGHT
COMPANY'S MOTION FOR
STANDARD PROTECTIVE ORDER
(Expedited Treatment Requested)

I. RELIEF REQUESTED

I In conjunction with Pacific Power & Light Company's (Pacific Power or Company), a division of PacifiCorp, 2015 Power Cost Adjustment Mechanism (PCAM) filing, submitted on June 1, 2016, Pacific Power moves for the entry of the standard protective order by the Washington Utilities and Transportation Commission (Commission) under WAC 480-07-420(1). Pacific Power seeks expedited treatment of this motion to ensure that its confidential information is covered by a standard protective order as promptly as possible. Pacific Power's representatives in this proceeding are:

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II. BACKGROUND AND AUTHORITIES IN SUPPORT

2 On June 1, 2016, Pacific Power submitted its 2015 PCAM filing. In Order 09 of
Docket UE-140762, the Washington Utilities and Transportation Commission (Commission)
approved a PCAM to allow the Company to recover the difference between the actual net
power costs (NPC) incurred to serve Washington customers and the NPC collected through
base rates established in a general rate case. Pacific Power's 2015 PCAM filing includes
confidential workpapers in support of its filing. Pending entry of the Commission's standard
protective order, the Company designated this information as confidential under the
Commission's general rule on confidentiality, WAC 480-07-160, and under RCW 80.04.095.

3 The information that Pacific Power marked "confidential" includes commercially
sensitive information regarding the Company's pricing strategy, fuel costs, contracts, reports,
and other terms that could be misappropriated by parties for their commercial benefit and to
the Company's and its customers' detriment. In discovery, parties to this proceeding may
request other types of information that is commercially valuable to the Company or involves
confidential information of customers, employees, business counter-parties, or other third-
parties. Pacific Power minimized the amount of information it designated as confidential to
promote the ability of the public to review the filing and participate in this case.

4 The Commission has authority to grant Pacific Power's motion under WAC 480-07-
420(1), which allows the Commission to enter "a standard form of protective order to
promote the free exchange of information when parties reasonably anticipate that discovery
in a proceeding will call for the production of confidential information." Under WAC 480-
07-0423(3)(a), a protective order "is intended to protect information that might compromise a
company's ability to compete fairly or that otherwise might impose a business risk if


disseminated” publicly. There is ample Commission precedent for the entry of protective orders in cases involving the Company’s NPC, including the protective order the Commission entered in Pacific Power’s 2014 general rate case.¹

5 The material Pacific Power seeks to protect in this case is the type of information that is intended to be eligible for confidential protections under WAC 480-07-423(3)(a). Public release of any of the confidential information could compromise the Company’s ability to compete fairly and impose a business risk to the Company. The result would be increased costs for Pacific Power and, ultimately, its customers.

III. CONCLUSION

6 For the reasons set forth above, Pacific Power respectfully requests that the Commission enter its standard form of protective order in this case.

Respectfully submitted this 1st day of June 2016.



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¹ *Washington Utils. & Trans. Comm. v. PacifiCorp d/b/a Pacific Power & Light Company*, Docket UE-140762, Order 02 (May 14, 2014).