

July 13, 2010

***VIA ELECTRONIC FILING  
AND OVERNIGHT DELIVERY***

Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive S.W.  
P.O. Box 47250  
Olympia, WA 98504-7250

Attention: David W. Danner  
Executive Director and Secretary

**RE: Docket UE-001457 Joint Motion to Amend Accounting Order**

Dear Mr. Danner:

PacifiCorp, d.b.a. Pacific Power (“PacifiCorp” or “Company”), and the Washington Utilities and Transportation Commission Staff (“Commission Staff”), submit for filing this joint motion for an order amending the accounting order previously entered in Docket UE-001457 on October 25, 2000. Also included with this filing is a proposed second supplemental order modifying the accounting order.

If you have any questions regarding these comments, please contact Cathie Allen, Regulatory Manager, (503) 813-5934.

Sincerely,



Andrea L. Kelly  
Vice President, Regulation

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Application of  
  
PACIFICORP d/b/a/ PACIFIC POWER &  
LIGHT COMPANY  
  
For Authorization to Defer Energy  
Efficiency Expenditures for Collection  
Through a System Benefits Charge.

DOCKET UE-001457

JOINT MOTION TO AMEND  
ACCOUNTING ORDER, AND  
ARGUMENT IN SUPPORT  
THEREOF

**I. RELIEF REQUESTED**

- 1 Pursuant to WAC 480-07-375, the Washington Utilities and Transportation Commission Staff (“Commission Staff”) and PacifiCorp, d.b.a. Pacific Power (“PacifiCorp”) (collectively referred to as “Movants”) jointly move for an order amending the Accounting Order entered October 25, 2000, in the above-captioned docket (“Accounting Order”) to conform to conditions proposed for adoption in Docket UE-100170. Specifically, the Movants seek an order amending the Accounting Order by removing Finding ¶ 5 and Ordering ¶ 3, and modifying the final sentence of Ordering ¶ 1.
- 2 RCW 80.04.210 and WAC 480-07-875 authorize the Washington Utilities and Transportation Commission (“Commission”) to amend an order after providing notice to the affected public service company and to all parties in the underlying proceeding. In support of this Motion, the Movants state:

**II. STATEMENT OF FACTS**

**Interest on System Benefits Charge Balancing Account**

- 3 In the Accounting Order, the Commission approved PacifiCorp’s request to collect a System

Benefits Charge (“SBC”) to provide revenues for recovery of PacifiCorp’s cost-effective Demand-Side Management (“DSM”) expenditures in Washington.<sup>1</sup> Finding ¶ 5 of the Accounting Order states:<sup>2</sup>

Interest should accrue only on positive balances in the SBC balancing account, i.e. on excess of collections over expenditures. This treatment is consistent with our finding in Docket No. UE-001606 involving Avista Corporation.

4 Similarly, the Ordering ¶ 3 of the Accounting Order states:<sup>3</sup>

Interest should accrue only on positive balances in the SBC balancing account, i.e. on excess of collections over expenditures, at an annual rate of 8.8% compounded annually.

5 In the 2006 general election, Washington voters approved Initiative 937. Now codified in Chapter 19.285 of the Revised Code of Washington, it imposes new requirements on electric utilities with 25,000 or more customers in Washington, such as PacifiCorp. Among other things, RCW 19.285.040(1) requires such utilities to “pursue all available conservation that is cost-effective, reliable, and feasible,” to identify conservation potential, and to set biennial conservation targets beginning in January 2010. This new requirement has changed the legal setting in which PacifiCorp manages energy efficiency program expenditures.

6 One January 29, 2010, PacifiCorp submitted its proposed ten-year conservation potential and biennial conservation target, as required by RCW 19.285.040(1) and WAC 480-109-010(3). This filing became Docket UE-100170. The Commission has authority to approve investor-owned utility conservation targets under RCW 19.285.040(1)(e).

7 Before the Commission at its July 15, 2010, Open Meeting is a request in Docket

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<sup>1</sup> The Accounting Order provided that the System Benefits Charge would expire on December 31, 2002. The Commission removed the expiration date in a First Supplemental Order Modifying Accounting Order, dated December 11, 2002. All other aspects of the Accounting Order remained unchanged.

<sup>2</sup> Docket UE-001457, Accounting Order, p. 3.

<sup>3</sup> Id., p. 4.

UE-100170 that the Commission issue an order approving PacifiCorp's ten-year achievable conservation potential and biennial conservation target subject to conditions ("Conditions"). Many members of PacifiCorp's Washington DSM Advisory Group participated in numerous discussions to craft the Conditions for approval of PacifiCorp's targets. One of the conditions to which Commission Staff, PacifiCorp, and other interested parties have agreed is that PacifiCorp not be required to record interest on the SBC balancing account in either direction. If that condition is adopted, it will be at odds with Finding ¶ 5 and Ordering ¶ 3 of the Accounting Order.

### **Semi-Annual Reports**

8 The Ordering ¶ 1 of the Accounting Order states:<sup>4</sup>

PacifiCorp d/b/a Pacific Power & Light Company is authorized to defer prospectively cost effective energy efficiency expenditures under programs approved by this Commission, effective after the date of this order. The energy efficiency expenditures shall be recovered through the System Benefits Charge commencing January 1, 2001. *PacifiCorp d/b/a Pacific Power & Light Company shall report to the Commission SBC collections and DSM expenditures on a semi-annual basis and shall be due within 45 days of the end of the second and fourth quarters.*

(Emphasis added.)

9 Additionally, the conditions to which Commission Staff, PacifiCorp, and other interested parties have agreed in Docket UE-100170 include the timing and content of PacifiCorp's reports to the Commission concerning its SBC collection and DSM expenditures. If adopted, those conditions would be inconsistent with the final sentence of Ordering ¶ 1 in the Accounting Order.

### **III. ARGUMENT**

10 RCW 80.04.210 grants the Commission authority to alter or amend its prior orders.<sup>5</sup> The

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<sup>4</sup> Docket UE-001457, Accounting Order, p. 3.

Commission previously modified the Accounting Order on the basis that a proposed modification was reasonable.<sup>6</sup> The currently-proposed amendments to the Accounting Order are also reasonable and consistent with the public interest.

11 The enactment of RCW 19.285 has changed the legal landscape for PacifiCorp's Demand-Side Management programs and the risks associated with them. It is not consistent with the public interest that PacifiCorp bear the entire risk that its System Benefits Charge collections will not match its energy efficiency expenditures. The one-way carrying charge originally imposed in the Accounting Order was intended to protect against overcollections. The Conditions contain several new features that would guard against overcollecting through the SBC. Under the Conditions, PacifiCorp would be required to provide the prospective year business plan and budget, report budget variances, and file for adjustments to the SBC.<sup>7</sup> These features serve the same purpose as the one-way carrying charge—to protect against overcollections through the SBC. With these protections in place, the one-way carrying charge is no longer needed. The public interest continues to be served because protections against overcollecting through the SBC are in place. Accordingly, Finding ¶ 5 and Ordering ¶ 3 in the Accounting Order should be deleted.

12 Further, the Conditions identify a schedule for providing key DSM reports and filings, such as those required in Ordering ¶ 1 of the Accounting Order. The Movants and other interested parties developed the reporting and filing schedule to provide timely information to the Commission and interested parties, while giving the Company adequate preparation time, and adequate time in between reports and filings for review. Ordering ¶ 1 of the Accounting Order requires PacifiCorp to report its DSM expenditures and SBC collections on a semi-

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<sup>5</sup> See WAC 480-07-875(1).

<sup>6</sup> Docket UE-001457, First Supplemental Order Modifying Accounting Order ¶ 4, p. 2 (Dec. 11, 2002).

<sup>7</sup> See Docket UE-100170, Conditions, 8(b), 8(c) and 8(d).

annual basis, within 45 days of the ends of the second and fourth quarters. These reports are also intended to protect against overcollecting through the SBC. The Conditions propose requiring PacifiCorp to file an annual report on conservation acquisition, including an evaluation of cost-effectiveness and a budget comparison by March 31, 2011.<sup>8</sup> Additionally, the Conditions propose requiring PacifiCorp to file the semi-annual report on DSM expenditures and SBC collections by August 15, 2011.<sup>9</sup> This is essentially 45 days from the end of the second quarter. For the above reasons, modifying the reporting requirements contained Ordering ¶ 1 of the Accounting Order is reasonable and consistent with the public interest. Accordingly, the final sentence of Ordering ¶ 1 of the Accounting Order should be amended to direct that PacifiCorp shall provide reports to the Commission in accordance with Order 01 in UE-100170.

#### IV. CONCLUSION

13 The Movants request that the Commission delete Finding ¶ 5 and Ordering ¶ 3 from the October 25, 2000 Accounting Order in this docket.

14 Further, the Movants request that the Commission modify Ordering ¶ 1 in the October 25, 2000 Accounting Order in this docket to read as follows:

PacifiCorp d/b/a Pacific Power & Light Company is authorized to defer prospectively cost effective energy efficiency expenditures under programs approved by this Commission, effective after the date of this order. The energy efficiency expenditures shall be recovered through the System Benefits Charge commencing January 1, 2001. PacifiCorp d/b/a Pacific Power & Light Company shall report to the Commission SBC collections and DSM expenditures on a semi-annual basis in accordance with the Conditions set forth in Order 01 in Docket UE-100170.

15 For the foregoing reasons, the Joint Motion should be granted.

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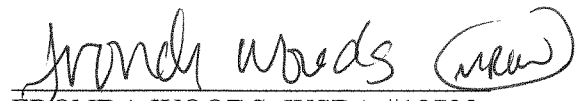
<sup>8</sup> See Docket UE-100170, Conditions 8(c).

<sup>9</sup> Id., 8(e).

DATED this 13<sup>th</sup> day of July 2010.

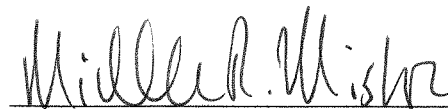
Respectfully submitted,

ROBERT M. MCKENNA  
Attorney General

A handwritten signature in cursive script that reads "fronda woods" followed by a circled initial "mw".

FRONDA WOODS, WSBA #18728  
Assistant Attorney General  
Counsel for Washington Utilities and  
Transportation Commission Staff

PACIFICORP

A handwritten signature in cursive script that reads "Michelle R. Mishoe".

MICHELLE R. MISHOE, OSB #07242  
Counsel for PacifiCorp

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Application of	)	
	)	
PACIFICORP d/b/a PACIFIC	)	
POWER & LIGHT COMPANY	)	DOCKET UE-001457
	)	
	)	[PROPOSED] STIPULATED
For Authorization to Defer Energy	)	SECOND SUPPLEMENTAL ORDER
Efficiency Expenditures for	)	MODIFYING ACCOUNTING
Collection Through a System Benefits	)	ORDER
Charge.	)	
.....	)	

**BACKGROUND**

1 On October 25, 2000, the Washington Utilities and Transportation Commission (“Commission”) issued an Accounting Order in this Docket that authorized PacifiCorp d/b/a Pacific Power & Light Company (“PacifiCorp”) to defer prospectively cost-effective energy efficiency expenditures under programs approved by this Commission. The Accounting Order authorized PacifiCorp to recover energy efficiency expenditures through a System Benefits Charge (“SBC”).

2 The Finding Paragraph 5 of the Accounting Order states:

Interest should accrue only on positive balances in the SBC balancing account, i.e. on excess of collections over expenditures. This treatment is consistent with our finding in Docket No. UE-001606 involving Avista Corporation.

3 Ordering Paragraph 3 of the Accounting Order states:

Interest should accrue only on positive balances in the SBC balancing account, i.e. on excess of collections over expenditures, at an annual rate of 8.8% compounded annually.

4 Further, Ordering Paragraph 1 of the Accounting Order states:



PacifiCorp d/b/a Pacific Power & Light Company is authorized to defer prospectively cost effective energy efficiency expenditures under programs approved by this Commission, effective after the date of this order. The energy efficiency expenditures shall be recovered through the System Benefits Charge commencing January 1, 2001. PacifiCorp d/b/a Pacific Power & Light Company shall report to the Commission SBC collections and DSM [Demand-Side Management] expenditures on a semi-annual basis and shall be due within 45 days of the end of the second and fourth quarters.

PacifiCorp has filed semi-annual reports as required by the Accounting Order.

- 5 Currently before the Commission in Docket UE-100170 is an unopposed request to approve, with conditions, PacifiCorp's ten-year conservation potential and biennial conservation target under RCW 19.285.040(1) and WAC 480-109-010. Some of the conditions are inconsistent with the Accounting Order paragraphs quoted above. On July 13, 2010, PacifiCorp and Commission Staff jointly moved ("Joint Motion") for an order modifying the Accounting Order in this Docket so that it will be consistent with the requested conditions in Docket UE-100170.
- 6 In the Joint Motion, PacifiCorp and Commission Staff assert that PacifiCorp, Commission Staff, and other interested parties from PacifiCorp's demand-side management advisory group negotiated the conditions list for approval of PacifiCorp's ten-year conservation potential and biennial conservation target. PacifiCorp and Commission Staff further assert, certain requested conditions serve the same purpose as the Finding and Ordering paragraphs described above. The conditions described above were designed to safeguard against PacifiCorp overcollecting through the SBC. The agreed-upon conditions list would eliminate the accrual of interest on any balance in the System Benefits Charge balancing account in favor of enhanced reporting requirements and a requirement that PacifiCorp adjust its SBC. Additionally, the agreed-to conditions list would modify the form and timing of PacifiCorp's SBC collection and DSM expenditure reports to coincide with information required to be filed in connection with conservation potential and achievement of PacifiCorp's biennial conservation target. PacifiCorp and Commission Staff aver that these conditions provide adequate safeguards

against overcollection through the SBC, therefore the Accounting Order should be modified as requested.

### FINDINGS AND CONCLUSIONS

- 7 (1) The Washington Utilities and Transportation Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies. *RCW 80.01.040, RCW 80.04, RCW 80.08, RCW 80.12, RCW 80.16, RCW 80.28.*
- 8 (2) PacifiCorp is an electric company and a public service company subject to Commission jurisdiction.
- 9 (3) The Commission has authority to modify its prior orders. *RCW 80.04.210.*
- 10 (4) The conditions proposed for approval of PacifiCorp's ten-year conservation potential and 2010-2011 biennial conservation target filed in UE-100170 provide adequate safeguards against overcollection through the SBC. It is in the public interest that the Accounting Order in this Docket be modified to reflect the conditions for approval of PacifiCorp's ten-year conservation potential and 2010-2011 biennial conservation target in Docket UE-100170.
- 11 (5) This matter was brought before the Commission at its regularly-scheduled meeting on July 15, 2010.

### ORDER

#### THE COMMISSION ORDERS:

- 12 (1) The Joint Motion to Amend Accounting Order, filed by Commission Staff and PacifiCorp, is granted.
- 13 (2) Paragraph 5 in the Findings section of the Accounting Order in this Docket is deleted.

- 14 (3) Paragraph 3 in the Order section of the Accounting Order in this Docket is deleted.
- 15 (4) Paragraph 1 in the Order section of the Accounting Order is revised to read as follows:

PacifiCorp d/b/a Pacific Power & Light Company is authorized to defer prospectively cost effective energy efficiency expenditures under programs approved by this Commission, effective after the date of this order. The energy efficiency expenditures shall be recovered through the System Benefits Charge commencing January 1, 2001. PacifiCorp d/b/a Pacific Power & Light Company shall report to the Commission SBC collections and DSM expenditures on a semi-annual basis in accordance with the Conditions set forth in Order 01 in Docket UE-100170.

DATED at Olympia, Washington, and effective July 15, 2010.

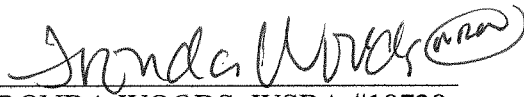
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

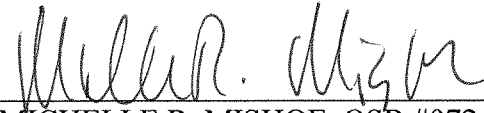
PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner

Presented by:

Handwritten signature of Fronda Woods in cursive, with a circled initial 'FW' at the end.

FRONDA WOODS, WSBA #18728  
Assistant Attorney General  
Attorney for Commission Staff

Handwritten signature of Michelle R. Mishoe in cursive.

MICHELLE R. MISHOE, OSB #07242  
Attorney for PacifiCorp