

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	)	DOCKET UE-140762
	)	<i>(consolidated)</i>
)	
Complainant,)	
	)	ORDER 10
v.)	
)	
PACIFIC POWER & LIGHT COMPANY, a Division of PacifiCorp,	)	GRANTING MOTION TO CLARIFY FINAL ORDER
)	
Respondent.)	
)	
.....)	
In the Matter of	)	DOCKET UE-140617
	)	<i>(consolidated)</i>
PACIFIC POWER & LIGHT COMPANY)	
)	
Petition for an Order Approving Deferral of the Washington-Allocated Revenue Requirement Associated with the Merwin Fish Collector.)	
)	
.....)	
In the Matter of	)	DOCKET UE-131384
	)	<i>(consolidated)</i>
PACIFIC POWER & LIGHT COMPANY)	
)	
Petition for an Order Approving Deferral of Costs Related to Colstrip Outage.)	
)	
.....)	
In the Matter of	)	DOCKET UE-140094
	)	<i>(consolidated)</i>
PACIFIC POWER & LIGHT COMPANY)	
)	
Petition for an Order Approving Deferral of Costs Related to Declining Hydro Generation.)	
)	
.....)	

MEMORANDUM

- 1 **PROCEEDING:** The Commission entered Order 08 in these proceedings on March 25, 2015, fully resolving these consolidated dockets. Order 08, among other things, required Pacific Power & Light Company (Pacific Power or Company) to make a tariff filing to implement a Power Cost Adjustment Mechanism (PCAM). The order provided for expedited supplemental proceedings to inform the implementation of the required PCAM, with an anticipated effective date of June 1, 2015.
- 2 On April 10, 2015, following approval of the Company's compliance filing implementing the rates authorized by Order 08, the Commission convened a prehearing conference and determined process and a procedural schedule for the supplemental proceedings. On May 8, 2015, consistent with the procedural schedule, Pacific Power filed a Settlement Stipulation to which all active parties agreed, providing the details necessary to implement a workable PCAM consistent with the requirements of Order 08 and other orders in which the Commission has discussed its policies concerning PCAM mechanisms. The active parties, Pacific Power, Commission Regulatory Staff, the Public Counsel Section of the Washington Office of Attorney General, and Boise White Paper, L.L.C. (collectively Parties), concurrently filed a Joint Narrative in Support of Settlement Stipulation with two appendices.
- 3 The Commission entered Order 09 on May 26, 2015, approving and adopting the Settlement Stipulation. Pacific Power made its compliance filing on May 28, 2015, and the Commission approved the filing on May 29, 2015. On June 3, 2015, Pacific Power filed a motion requesting clarification of Order 09. Pacific Power represents that all other parties to the Settlement Stipulation support the Company's motion.
- 4 **MOTION:** Under Part II, Section B of Order 09, "Operation of the PCAM Deferral Account," paragraphs 30, 31 and 32 describe the details of the Parties' settlement on sharing bands and the accrual of net power cost (NPC) variances to the PCAM deferral account. Each paragraph concludes with a sentence providing a narrative summary of the operation of the PCAM. The Company's motion seeks clarification of Order 09 by deleting the concluding sentences in paragraphs 30, 31 and 32, and replacing them with a table that demonstrates operation of the PCAM through numerical examples.
- 5 Pacific Power provides in its motion an illustrative table, set forth below, that shows how the PCAM will work in three different scenarios:

- 1) With a positive annual NPC variance (*i.e.*, NPC greater than amounts reflected in rates) of more than \$4 million, up to and including \$10 million, as addressed in paragraph 30.
- 2) With a negative annual NPC variance (*i.e.*, NPC less than amounts reflected in rates) of more than \$4 million, up to and including \$10 million, as addressed in paragraph 31.
- 3) With positive and negative NPC variances over \$10 million, as addressed in paragraph 32.

Examples of Operation of PCAM Deferral Account

	Positive annual NPC Variances (see ¶ 30)	Negative annual NPC Variances (see ¶ 31)	Positive annual NPC Variances (see ¶ 32)	Negative annual NPC Variances (see ¶ 32)
Annual net sum of NPC variances	\$10	(\$10)	\$20	(\$20)
\$4 million dead band	(\$4)	\$4	(\$4)	\$4
Amount subject to sharing bands	\$6	(\$6)	\$16	(\$16)
Band One	(3)	1.5	(3)	1.5
Band Two	n/a	n/a	(1)	1
Result: Company to record in PCAM deferral account	\$3	(\$4.5)	\$12	(\$13.5)
Customer effect	Potential for surcharge	Potential for rebate	Potential for surcharge	Potential for rebate
<u>Sharing bands:</u>				
Band One for variances greater than \$4 million and up to and including \$10 million				
Positive: 50 percent customers, 50 percent Company				
Negative: 75 percent customers, 25 percent Company				
Band Two for variances greater than \$10 million				
Positive or negative: 90 percent customers, 10 percent Company				

6 **COMMISSION DETERMINATION:** We find that Pacific Power’s motion proposes helpful changes that improve the clarity of the description in Order 09 of how the PCAM Deferral Account will operate in practice. We determine that it is in the public interest to grant the motion.

ORDER

THE COMMISSION ORDERS THAT:

- 7 (1) Order 09 in these proceedings is clarified by removing the final sentence of each of paragraphs 30, 31, and 32; adding a new second sentence to paragraph 32 so that the paragraph reads:

32 Finally, in the second sharing band, any annual NPC Variances greater than \$10 million, positive or negative, will be allocated 90 percent to customers and 10 percent to the Company. Examples of how the PCAM Deferral Account will operate with respect to the sharing bands are provided in the illustrative table below.

Finally, the illustrative table in paragraph 5 of this Order is inserted following the revised paragraph 32 in Order 09.

- 8 (2) The Commission retains jurisdiction to effectuate the terms of this Final Order.

Dated at Olympia, Washington, and effective June 8, 2015.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

ANN E. RENDAHL, Commissioner