

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: February 2, 2010**

**REGULAR** \_\_\_\_\_ **CONSENT**  X  **EFFECTIVE DATE**  September 29, 2009

**DATE:** January 22, 2010

**TO:** Public Utility Commission

**FROM:** Deborah Garcia

**THROUGH:** Lee Sparling, Ed Busch, and Judy Johnson

**SUBJECT:** PACIFIC POWER & LIGHT: (Docket No. UM 1453) Application to defer costs related to the renewable resource known as High Plains.

**STAFF RECOMMENDATION:**

I recommend that Pacific Power & Light's application be approved, effective September 29, 2009.

**DISCUSSION:**

On September 29, 2009, Pacific Power & Light (PacifiCorp or Company) filed this application for authorization to use deferred accounting pursuant to ORS 469A.120(1) and (3)<sup>1</sup> to recover costs related to the renewable wind resource known as High Plains.

The Company proposes to defer the following costs:

1. The revenue requirement, net of net power cost (NPC) benefits, from September 29, 2009 to December 31, 2009. This deferral covers the period when High Plains was serving customers but its fixed costs were not yet included in general rates and its variable costs were not included in the 2009 Transition Adjustment Mechanism (TAM); and,
2. The non-NPC revenue requirement from January 1, 2010 through February 1, 2010. This deferral covers the period when High Plains was serving customers and its variable

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<sup>1</sup> Senate Bill 838, enacted by the Oregon Legislature on June 6, 2007, established a renewable portfolio standard (RPS) applicable to certain Oregon utilities, including PacifiCorp, authorizing the recovery of prudently incurred costs associated with RPS compliance. In Docket UM 1330, the Commission authorized the use of deferred accounting as a method for cost recovery.

costs were included in the 2010 TAM, but its fixed costs were not yet included in general rates.

### Background

On April 2, 2009, when PacifiCorp filed a general rate case, docketed as UE 210,<sup>2</sup> it included the revenue requirement associated with renewable resources eligible for recovery under the RAC, as the filing date was close to when the Company would have ordinarily submitted its RAC filing. As part of its UE 210 investigation, Staff found High Plains to be used and useful, and the acquisition of, and costs associated with, High Plains to be prudent. No party to UE 210 contested those findings or argued against inclusion of those costs in rates.

The NPC benefits of High Plains were included in the 2010 TAM, with rates effective January 1, 2010, while the remaining revenue requirement associated with High Plains will not be included in rates until February 2, 2010. Deferred accounting is necessary to account for the approximately one-month period when the NPC benefits for High Plains are reflected in rates, but the non-NPC revenue requirement is not.

### Description of Utility Expense

High Plains is a 99MW resource consisting of 66 wind turbine generators. All 66 wind turbine generators were placed into service, producing power, and connected to transmission facilities on September 13, 2009.

### Reasons for Deferral

As described above, deferred accounting will allow the Company to match the benefits that customers will be receiving before February 2, 2010, with the costs to the Company of providing those benefits.

### Proposed Accounting

PacifiCorp proposes to account for both deferrals, in Account 182.3 (Regulatory Assets).

### Estimates of Amounts

The Company estimates that approximately \$600,000 plus interest will be deferred as the revenue requirement, net of NPC benefits, between September 29, 2009 and December 31, 2009. The deferred revenue requirement between January 1, 2010 and February 1, 2010 is estimated to be approximately \$500,000 plus interest.

This Application is for accounting purposes only, and approval will not authorize a change in rates. PacifiCorp will seek recovery of deferred costs in a subsequent

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<sup>2</sup> UE 210 is based on a 2010 calendar year test period.

Docket No. UM 1453  
January 22, 2010  
Page 3

proceeding before the Commission. As PacifiCorp's requested deferrals meet the requirements of ORS 469A.120(1) and (3), and its application meets the requirements of OAR 860-027-0300, I recommend the Commission approve the application.

**PROPOSED COMMISSION MOTION:**

PacifiCorp's application for two revenue requirement deferrals associated with the High Plains resource, be approved effective September 29, 2009.