

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 1, 2001**

REGULAR AGENDAX **CONSENT AGENDA**___ **EFFECTIVE DATE** bills rendered on
or after June 1, 2001

DATE: April 24, 2001

TO: Phil Nyegaard through Lee Sparling and Jack Breen

FROM: Rebecca Hathhorn

SUBJECT: UE 124: PacifiCorp Advice Filing 01-010, Schedule 2020 – 20/20 Customer
Challenge Program Rider

SUMMARY RECOMMENDATION:

Staff recommends that PacifiCorp's Advice Filing 01-010 be allowed into effect for bills rendered June 1 through September 30, 2001.

DISCUSSION:

On April 17, 2001, PacifiCorp filed Advice 01-010 requesting approval with Less than Statutory Notice by May 1, 2001 for an effective date of June 1, 2001. The purpose of the filing is to implement Schedule 2020, which is Pacific Power's 20/20 Customer Challenge Program for the months of June, July, August and September 2001.

This program is voluntary and requires no enrollment. Current customers on Residential Schedule 4 are eligible if they had service at the same address in any of the months of June through September 2000. Customers who reduce their kilowatt-hour (kWh) usage by 20 percent, based on the usage for the same month in 2000, will receive a 20 percent reduction of their bill for that month.

Staff has received several comments from the public regarding this program. The comments generally relate to customers who have always made an effort to conserve and feel they are being penalized since it would be very difficult to achieve an additional 20 percent reduction in usage.

Although Staff recognizes that customers who have regularly conserved power may not qualify for the 20 percent discount, all customers will likely benefit from reduced power purchase expense. In the present market, wholesale purchased power is higher than retail, therefore, increased conservation will benefit all customers. This program will encourage high-use customers to conserve and benefit from savings, but for every kWh that is conserved, the result is less power PacifiCorp will have to purchase on the market (or more it will be able to sell), thereby reducing power purchase expenses. Customers may benefit to the extent that the

Company defers excess power costs for rates recovery or has a power cost adjustment in place.

PacifiCorp has provided some examples for an average household on ways to achieve a 20 percent savings. These examples are provided as Attachment A of this memo.

Indications from the Company are that the months of May through September 2000 were warmer than normal. Therefore, if this summer is normal or cooler, it may assist customers in achieving the 20 percent savings.

STAFF RECOMMENDATIONS:

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