

ITEM NO. CA9

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 8, 2004**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** April 9, 2004

DATE: March 10, 2004

TO: Lee Sparling through Ed Busch and Judy Johnson

FROM: Ed Durrenberger

SUBJECT: PACIFIC POWER & LIGHT: (Docket No. UE 160/Advice No. 04-002)
Requests Approval for Recovery of SB 1149 Implementation Costs.

STAFF RECOMMENDATION:

I recommend the Commission allow Pacific Power & Light Company's proposed tariff sheets in Advice No. 04-002 to become effective with service on and after April 9, 2004.

DISCUSSION:

On March 4, 2004, Pacific Power & Light Company (PacifiCorp or company) requested approval to begin recovering in rates the amortization of \$1.62 million of SB 1149 implementation costs, which were deferred between January 2003 and December 2003. Approval of the tariff sheets in Advice No. 04-002 would increase PacifiCorp's Oregon revenues by approximately \$0.325 million or less than 0.1 percent overall. The Commission originally authorized deferral of costs related to SB 1149 in Order No. 00-039. In Order No. 00-165, the Commission concluded that SB 1149 directly authorized deferral of these costs and that they were not controlled by ORS 757.259 and thus not subject to an amortization cap and an earnings review.

The Commission's order in UE 116, Order No. 01-787, authorized PacifiCorp to recover \$5.4 million in SB 1149 costs incurred prior to March 31, 2001. Commission Order 02-147 authorized recovery of \$12.93 million in SB 1149 costs incurred between April 1, 2001 and December 31, 2001 and Commission Order 03-327 authorized recovery of an additional \$5.18 million in SB 1149 costs incurred between January 1, 2002 and December 31, 2002. In all these cases, the Commission ordered amortization of costs on a straight-line basis over five years from three classes of customers: Residential, Small Non-Residential, and Large Non-Residential. These costs are being recovered from each class through class-specific surcharges, set forth in Schedule 291 (Residential), Schedule 292 (Small Non-Residential), and Schedule 293 (Large Non-

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Residential). PacifiCorp states that it is using the same rate spread methodology as approved in UE 116 to collect the amortization (i.e., \$0.325 million) requested in this filing.

These changes represent a price increase of 0.1 percent for the Residential class, 0.1 percent for the Small Non-Residential class, and 0.1 percent for the Large Non-Residential class. The monthly bill of a typical residential customer using 1,000 kWhs per month will increase by \$0.04, or 0.1 percent, from \$66.60 to \$66.64.

PROPOSED COMMISSION MOTION:

Pacific Power and Light Company's proposed tariff sheets in Advice No. 04-002 to be allowed to go into effect with service on and after April 9, 2004.

PacifiCorp SB 1149 Advice 04-002