

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: December 18, 2007**

**REGULAR** \_\_\_\_\_ **CONSENT**  X  **EFFECTIVE DATE**  January 1, 2008

**DATE:** December 10, 2007

**TO:** Public Utility Commission

**FROM:** Ed Durrenberger

**THROUGH:** Lee Sparling, Ed Busch, and Bonnie Tatom

**SUBJECT:** PACIFIC POWER & LIGHT: (Advice No. 07-023) Makes revisions to Schedule 200, Cost-Based Supply Service, Schedule 294, Transition Adjustment, and Schedule 295, Transition Adjustment One-Time Multi-Year Cost of Service Opt-Out, responsive to Commission Order No. 07-446, 2008 Transition Adjustment Mechanism.

**STAFF RECOMMENDATION:**

Staff recommends that the Commission approve Pacific Power and Light's (PacifiCorp or Company) request to waive statutory notice and revise Tariff Schedules 200, 294 and 295 in accordance with Commission Order No. 07-446, the 2008 Transition Adjustment Mechanism (TAM). These revisions will be effective with service on and after January 1, 2008.

**DISCUSSION:**

The PacifiCorp TAM was originally adopted by the Commission in 2004 in Order No. 04-516 to determine the difference between the market value of the energy that would have been used to serve direct access customers and the cost of service rate under the company's energy-only tariff schedules. The TAM was then used to inform direct access decisions during the fall open enrollment window where eligible customers could choose either cost-based supply service or direct access service. The Order directed PacifiCorp to file a TAM by November 15, 2004, which the company complied with by filing its 2005 TAM as part of its general rate case (Docket UE 170). The Commission adopted this TAM as part of Order No. 05-1050 with annual updates and specific adjustments proposed by the company and parties to the docket. The next annual TAM was filed in 2006 as part of another general rate case (Docket UE 179).

This TAM was settled by stipulation and the net power cost increase was capped at \$10 million in Order No. 06-530.

PacifiCorp's latest TAM was filed with supporting testimony and exhibits on April 2, 2007, and was docketed as UE 191. The initial TAM filing forecasted the normalized net power costs, on an Oregon-allocated basis, to be \$36 million higher for 2008 than in 2007. The Company stated that the higher power costs were caused primarily by higher fuel costs, expiring long-term contracts, system load growth and the expiration of the 2007 TAM cap. Staff, other parties and the company fully vetted a number of issues in this filing culminating with the Commission issuing Order No. 07-446 on September 17, 2007. Advice 07-023, filed November 15, 2007, updates tariff Schedules 200, 294 and 295 to be compliant with the Order. A replacement tariff Schedule 294 and an application to waive statutory notice (LSN) were filed on December 10, 2007, to correct a mistake on this tariff sheet in the original filing.

*Final 2008 TAM update of Net Power Costs*

PacifiCorp produced a final GRID study on November 14, 2007, in compliance with Order No. 07-446, incorporating the most recent forward price information. As a result of the study, the company proposes to increase net power costs by \$22.4 million, setting a new total Oregon allocated baseline of \$247 million for 2008. Staff has reviewed PacifiCorp's final GRID run and the net power cost adjustments proposed for 2008. The final run and the adjustments comply with Commission Order No. 07-446.

*Final TAM Adjustment in Rates*

Advice 07-023 updates tariff Schedule 200, Cost-Based Supply Service, tariff Schedule 294, the One-year Option Transition Adjustment and tariff Schedule 295, the Multi-year Option Transition Adjustment with a proposed effective date of January 1, 2008. This filing results in a power cost increase of 2.5 percent overall as detailed in the attached work sheet. Residential customers using an average of 1000 KWh per month will see an increase of approximately \$1.75, or 2.1 percent, in their monthly bill as a result of the TAM.

**PROPOSED COMMISSION MOTION:**

PacifiCorp's LSN be approved and the tariff sheets filed in Advice 07-023 be allowed to go into effect on and after January 1, 2008.

**PACIFIC POWER & LIGHT COMPANY**  
**ESTIMATED EFFECT OF PROPOSED PRICE CHANGE TO SCHEDULE 200**  
**ON REVENUES FROM ELECTRIC SALES TO ULTIMATE CONSUMERS**  
**DISTRIBUTED BY RATE SCHEDULES IN OREGON**  
**FORECAST 12 MONTHS ENDED DECEMBER 31, 2007**

Line No.	Description	Sch No.	No. of Cust	MWh	Present Revenues (\$000)				Proposed Revenues (\$000)				Change				
					Base Rates	Net Rates	Base Rates	Net Rates	Base Rates	Net Rates	Base Rates	Net Rates	Base Rates	Net Rates	Base Rates	Net Rates	
				(4)	(5) + (6)	(7)	(8)	(9)	(10) + (11)	(12)	(13)	(14)	(15) + (16)	(17)	(18)	(19)	(20)
1	Residential	4	467,946	5,423,448	\$443,679	\$5,978	\$449,657	\$452,922	\$5,978	\$458,900	\$9,243	2.1%	\$9,243	2.1%	\$9,243	2.1%	
2	Total Residential		467,946	5,423,448	\$443,679	\$5,978	\$449,657	\$452,922	\$5,978	\$458,900	\$9,243	2.1%	\$9,243	2.1%	\$9,243	2.1%	
<b>Commercial &amp; Industrial</b>																	
3	Gen. Svc. < 31 kW	23	70,185	1,156,146	\$95,208	(\$5,665)	\$89,543	\$97,229	(\$5,665)	\$91,564	\$2,021	2.1%	\$2,021	2.1%	\$2,021	2.3%	
4	Gen. Svc. 31 - 200 kW	28	9,623	2,076,347	\$17,957	\$11,379	\$129,336	\$121,309	\$11,379	\$132,888	\$3,552	3.0%	\$3,552	3.0%	\$3,552	2.8%	
5	Gen. Svc. 201 - 999 kW	30	797	1,332,133	\$70,564	\$4,197	\$74,761	\$72,779	\$4,197	\$76,976	\$2,215	3.1%	\$2,215	3.0%	\$2,215	3.0%	
6	Large General Service >= 1,000 kW	48	222	3,116,066	\$139,791	(\$2,999)	\$139,492	\$144,641	(\$2,999)	\$144,342	\$4,850	3.5%	\$4,850	3.5%	\$4,850	3.5%	
7	Partial Req. Svc. >= 1,000 kW	47	8	208,767	\$9,912	(\$20)	\$9,892	\$10,232	(\$20)	\$10,212	\$320	3.5%	\$320	3.5%	\$320	3.5%	
8	Agricultural Pumping Service	41	6,240	108,189	\$11,092	(\$2,617)	\$8,475	\$11,277	(\$2,617)	\$8,660	\$185	1.7%	\$185	1.7%	\$185	2.2%	
9	Agricultural Pumping - Other	33	2,117	106,792	\$1,543	\$4	\$1,547	\$1,543	\$4	\$1,547	\$0	0.0%	\$0	0.0%	\$0	0.0%	
10	Total Commercial & Industrial		89,192	8,104,440	\$446,067	\$6,979	\$453,046	\$459,210	\$6,979	\$466,189	\$13,143	3.0%	\$13,143	3.0%	\$13,143	2.9%	
<b>Lighting</b>																	
11	Outdoor Area Lighting Service	15	7,718	11,556	\$1,404	\$124	\$1,528	\$1,415	\$124	\$1,539	\$11	0.8%	\$11	0.8%	\$11	0.7%	
12	Street Lighting Service	50	317	11,406	\$1,213	\$112	\$1,325	\$1,222	\$112	\$1,334	\$9	0.7%	\$9	0.7%	\$9	0.7%	
13	Street Lighting Service HPS	51	660	15,575	\$2,663	\$232	\$2,895	\$2,682	\$232	\$2,914	\$19	0.7%	\$19	0.7%	\$19	0.7%	
14	Street Lighting Service	52	112	1,828	\$217	\$18	\$235	\$219	\$18	\$237	\$2	0.8%	\$2	0.8%	\$2	0.7%	
15	Street Lighting Service	53	229	8,459	\$525	\$55	\$580	\$528	\$55	\$583	\$3	0.7%	\$3	0.7%	\$3	0.6%	
16	Recreational Field Lighting	54	98	836	\$69	\$5	\$74	\$70	\$5	\$75	\$1	0.8%	\$1	0.8%	\$1	0.8%	
17	Total Public Street Lighting		9,134	49,660	\$6,091	\$545	\$6,636	\$6,136	\$545	\$6,681	\$45	0.7%	\$45	0.7%	\$45	0.7%	
18	Total Sales to Ultimate Consumers		566,272	13,577,548	\$895,837	\$13,503	\$909,340	\$918,268	\$13,503	\$931,771	\$22,431	2.5%	\$22,431	2.5%	\$22,431	2.5%	
19	Employee Discount			21,641	(\$438)	(\$4)	(\$442)	(\$447)	(\$4)	(\$451)	(\$9)		(\$9)				
20	Total Sales with Employee Discount		566,272	13,577,548	\$895,399	\$13,499	\$908,898	\$917,821	\$13,499	\$931,319	\$22,422	2.5%	\$22,422	2.5%	\$22,422	2.5%	
21	AGA Revenue				\$1,554		\$1,554			\$1,554	\$0		\$0				
22	Total Sales with Employee Discount and AGA		566,272	13,577,548	\$896,953	\$13,499	\$910,452	\$919,375	\$13,499	\$932,873	\$22,422	2.5%	\$22,422	2.5%	\$22,422	2.5%	

1 Excludes effects of the BPA Energy Discount (Schedule 98), Low Income Bill Payment Assistance Charge (Schedule 91) and Public Purpose Charge (Schedule 290).  
 2 Percentages shown for Schedules 48 and 47 reflect the combined rate change for both schedules