

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



**FILED**

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Application of PACIFICORP  
an Oregon Company, for an Order  
Authorizing a Rate Increase Effective January 1,  
2011 and Granting Conditional Authorization to  
Transfer Assets, pursuant to the Klamath  
Hydroelectric Settlement Agreement.

A. 10-03-015

**OPENING BRIEF OF THE  
SISKIYOU COUNTY WATER USERS ASSOCIATION**

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ATTORNEYS FOR THE SISKIYOU COUNTY  
WATER USERS ASSOCIATION

July 10, 2012

Pursuant to the Assigned Commissioner's Scoping Ruling dated June 29, 2012, the Siskiyou County Water Users Association (SCWUA) hereby submits this Opening Brief. As stated in the Ruling, this reopened proceeding is limited to an examination of (1) whether the period over which the Klamath surcharge is amortized should be revised; and (2) as a result of that change, whether the amount of the Klamath surcharge should be revised.

In PacifiCorp's Petition for Modification, which is now being treated as an Application, PacifiCorp requested that the Commission approve its request to institute a surcharge to collect a total of \$13.76 million over nine years from its California customers in order to fund the removal of four PacifiCorp dams located on the Klamath River (Project) to be remitted into two trust accounts to be created by the Commission; accelerate depreciation of the rate base associated with the Project; and transfer the Project and related lands to an entity designated to remove the dams. The Commission, in Decision 11-05-002 authorized PacifiCorp to institute a surcharge in order to collect \$13.76 million over nine years from its California customers in order to fund the removal of the Project. The Commission found that the surcharge should be collected over nine years, not to exceed the 2% limit of the authorized annual revenue requirement as of January 1, 2010, in order to support the anticipated removal start date, and to accrue sufficient interest to make up the difference between the surcharge collected from California customers (\$13.76 million) and the amount allocated to

PacifiCorp's California customers by the Klamath Hydroelectric Settlement Agreement (KHSA) (\$16.0 million).

As noted above, the Commission's decision requires that two escrow accounts be established. PacifiCorp alleges that the accounts were established in January of this year (Petition, page 3). In addition, the decision required PacifiCorp to sweep collected funds plus interest into the trusts so established. If PacifiCorp has followed the dictates of the decision, which provides for deposit every 15th day of the month, then over an eight year period they will have had the use of the funds a total of 1440 days at no cost to it and the ratepayers for whom the money is held in trust, and therefore will be missing from the fund approximately 4 years of earnings ( $1440/360= 4$  years). In a recent response to a data request from DRA, PacifiCorp does nothing to answer the question of the initial deposit and does not take into account the missing time period. Since the money is being held in "trust" for the ratepayers, the ratepayers and not PacifiCorp should receive credit. With today's electronic capability the Commission should never have agreed to the delay in electronic transfer. The funds should be transferred to the trust accounts on a daily received basis.

SCWUA also would like to comment on the Ruling's first issue, i.e., whether the period over which the Klamath surcharge is amortized should be revised. Just yesterday, it was announced that Governor Jerry Brown signed a bill delaying a vote on an \$11 billion water bond until November 2014. The Governor announced that he signed AB1422 by Democratic Assemblyman Henry Perea of Fresno, which is the second time the measure has been postponed. This has serious implications on the timing of the implementation of the KHSA and makes the timing of 2019 for dam

