Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Application of PacifiCorp (U-901-E) for an Order Modifying Decision 06-12-011 and Granting Waiver of the Three Year Filing Requirement contained in Decision 07-07-004.	Application 09-02-003 (Filed February 9, 2009)

DECISION MODIFYING DECISION 06-12-011 TO EXTEND AN ATTRITION FACTOR AND DEFER A GENERAL RATE CASE APPLICATION BY ONE YEAR

Summary

This decision extends PacifiCorp's use of its Post Test Year Adjustment Mechanism (PTAM) one year to 2010 from 2009 and defers its scheduled general rate case application one year to a 2011 test year from a 2010 test year.

A 2010 PTAM attrition filing shall be made by October 15, 2009 as a Tier 2 Advice Letter for the recovery of prudently incurred cost increases. Any rate change related to the PTAM shall be implemented by applying the overall PTAM percentage change as a uniform percentage change to all rate elements adjusted in PacifiCorp's 2007 test year general rate case, excluding Schedules S-99, S-100, S-191, and ECAC-94.

1. Background

PacifiCorp is a multi-jurisdictional utility that provides retail electric services in six states including California, Idaho, Oregon, Utah, Washington, and Wyoming. California customers totaling approximately 3 percent, or 46,500, of

PacifiCorp's 1.6 million customers are located in the California counties of Del Norte, Modoc, and Siskiyou.

PacifiCorp is required to file a general rate case (GRC) every three years, pursuant to Decision (D.) 89-10-040 and as affirmed by D.07-07-004. PacifiCorp's most recent GRC covering a 2007 test year was implemented by D.06-12-011.

That decision authorized PacifiCorp, among other matters, to implement a Post Test Year Adjustment Mechanism (PTAM) between its actual 2007 test year and scheduled 2010 test year for recovery of 2008 and 2009 prudently incurred cost increases.[1] The 2008 attrition factor was based on a September 2007 Global Insight's U.S. Economic Outlook forecast of its 2008 consumer price index (CPI) with a 0.5% offsetting productivity factor. The 2009 PTAM attrition factor was updated to reflect Global Insight's 2009 CPI forecast.

2. Request

PacifiCorp seeks to: 1) extend the use of its PTAM one additional year to 2010, and 2) defer its 2010 test year GRC proceeding one additional year to 2011.

3. Discussion

PacifiCorp contends that approval of its requests would benefit its California ratepayers, the Commission, and itself. Ratepayers would benefit from an additional year of low and relative stable rates. This is because PacifiCorp's California residential customers' average rate is the lowest in the state for investor-owned utilities, 10.12 cents per kilowatt-hour (kWh) compared to 15.06 cents per kWh. This means that a residential customer using 1,000 kWh

[1] PTAM is a mechanism which enables PacifiCorp to timely recover prudently incurred cost increases related to inflation, new plant, general operating cost increases, and unforeseen events and changes in its capital structure without filing a GRC.

per month would have an average $110 monthly bill from PacifiCorp compared to a statewide average $161 monthly bill.

The GRC deferral would benefit PacifiCorp and the Commission through their reallocation of personnel resources to other important matters and cost savings which would be expended if PacifiCorp files and litigates a 2010 test year GRC.

Division of Ratepayer Advocates (DRA) was the only party that actively participated in the revenue requirement portion of PacifiCorp's most recent GRC which resulted in an adopted settlement agreement. DRA concurs with PacifiCorp's proposals. To that end, DRA entered into and signed an amended settlement agreement with PacifiCorp to extend the PTAM one additional year. The agreement is attached as Appendix A to this decision.

There was no opposition to PacifiCorp's requests to extend its PTAM and defer its GRC an additional year. Further, no party has identified an event or material change that could impact PacifiCorp's rates for test year 2010. PacifiCorp's requests should be granted based on the absence of an identifiable event or material change in underlying costs that may impact its test year 2007 test year rates as adjusted by its 2008 and 2009 PTAM filings.

4. Category and Need for Hearing

In Resolution ALJ 176-3229 dated February 20, 2009, the Commission preliminarily categorized this proceeding as ratesetting and preliminarily determined that hearings would not be necessary. Based on the record, we affirm that this is a ratesetting proceeding and that hearings are not necessary.

5. Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2) and

Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

6. Assignment of Proceeding

John A. Bohn is the assigned Commissioner and Michael J. Galvin is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. PacifiCorp is required to file test year GRC applications every three years.
2. PacifiCorp seeks to extend the use of its PTAM one additional year to 2010.
3. PacifiCorp also seeks to defer its 2010 test year GRC proceeding one additional year to a 2011 test year.
4. There were no protests to this application.
5. DRA concurs with PacifiCorp that PacifiCorp's PTAM should be extended into 2010 and that its 2010 test year GRC proceeding should be deferred to a 2011 test year.

Conclusion of Law

1. The preliminary categorizations of ratesetting and no need for hearings should be affirmed.
2. D.06-12-011 should be modified so that PacifiCorp's PTAM should be extended one additional year to 2010 and its 2010 test year GRC proceeding deferred to a 2011 test year.
3. The following order should be effective immediately so that all affected parties may reallocate their personnel resources to other important matters.

O R D E R

IT IS ORDERED that:

1. Decision (D.) 06-12-011 is modified so that PacifiCorp's Post Test Year Adjustment Mechanism (PTAM) shall be extended one additional year to include the 2010 calendar year. The 2010 attrition factor shall be the greater of September 2009 Global Insight's U.S. Economic Outlook forecast of Consumer Price Index for 2010 with a 0.5%, or zero, offsetting productivity factor. A 2010 PTAM attrition filing shall be made by October 15, 2009 as a Tier 2 Advice Letter filing. Any rate change related to the PTAM shall be implemented by applying the overall PTAM percentage change as a uniform percentage change to all rate elements adjusted in PacifiCorp's 2007 test year excluding Schedules S-99, S-100, S-191, and ECAC-94.

2. PacifiCorp shall deviate from its three-year general rate case (GRC) cycle set forth in D.07-07-004 by deferring its scheduled 2010 test year GRC application by one year. PacifiCorp's next GRC application shall be for a 2011 test year, unless otherwise ordered by the Commission.

3. Application 09-02-003 is closed.

This order is effective today.

Dated _____, at San Francisco, California.