

Decision 12-10-006 October 11, 2012

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of PACIFICORP (U901E), an Oregon Company, for an Order Authorizing a General Rate Increase Effective January 1, 2011.

Application 09-11-015
(Filed November 20, 2009)

**DECISION GRANTING PETITION TO
MODIFY DECISION 10-09-010**

1. Summary

This decision grants PacifiCorp's Petition to Modify Decision (D.) 10-09-010 in Application 09-11-015 (see Attachment A). In particular, we authorize PacifiCorp to: make a Post-Test Year Adjustment Mechanism Attrition Factor filing effective January 1, 2014; forgo filing a General Rate Case (GRC) application for test year 2014 (as required by D.07-07-004); and file its next GRC application for test year 2015. This proceeding is closed.

2. Background

In Decision (D.) 10-09-010, we approved a settlement between PacifiCorp, the Division of Ratepayer Advocates (DRA), and the California Farm Bureau Federation (CFBF) regarding PacifiCorp's Test Year 2011 general rate case (GRC) request in Application (A.) 09-11-015. Pursuant to D.10-09-010, PacifiCorp is required to file a Post-Test Year Adjustment Mechanism (PTAM) Attrition Factor filing by January 1, 2013. Pursuant to D.07-07-004, PacifiCorp is required to file a GRC application on a three year cycle, which would mean filing its next GRC application on January 1, 2013.

On July 6, 2012, PacifiCorp filed a petition to modify D.10-09-010 (Petition), in which it requested that the Commission authorize it to: 1) make a PTAM Attrition Factor filing effective January 1, 2014 (an extension of one year beyond what is authorized in D.10-09-010); 2) forgo filing a GRC application for test year 2014; 3) file its next GRC application for test year 2015 (PacifiCorp is required to file a GRC on a three-year rate case cycle pursuant to D.07-07-004); and 4) make revisions to the ordering paragraphs of D.10-09-010 accordingly. PacifiCorp's Petition also includes an agreement with DRA, in which DRA agrees to PacifiCorp's request for the extension of the PTAM Attrition Factor and delay of one year in filing its next GRC. We authorized a similar request by PacifiCorp in D.09-04-017. That request was uncontested. On July 17, 2012, CFBF filed a letter to the assigned Administrative Law Judge (ALJ) identified as *Response to Informal Request of ALJ*, in which CFBF states its support for PacifiCorp's Petition.

3. Procedural Requirements

Under Rule 16.4

Rule 16.4 governs the process for the filing and consideration of petitions for modification. Rule 16.4(b) requires that a petition for modification concisely state the justification for the proposed relief and to propose specific wording for all requested modifications. PacifiCorp's Petition contained a concise but thorough statement of justification for the proposed modifications.

Rule 16.4(d) states if more than one year has elapsed since the effective date of the decision, then the petition must explain why it could not have been presented within one year of the effective date of the decision. PacifiCorp filed its Petition after one year. PacifiCorp has provided justification for its request, stating that it could not file within one year, because it did not determine until May 2012 that it could forgo filing its test year 2014 GRC if the PTAM Attrition Factor was extended for one year. At this point, PacifiCorp then began

discussions with DRA to see if an agreement could be reached, which was achieved on June 25, 2012.

Hence, we conclude that PacifiCorp's Petition complies with the requirements of Rule 16.4 regarding the requested modifications to D.10-09-010.

4. Request Relief

PacifiCorp requests that D.10-09-010 be modified so that PacifiCorp may file for a PTAM Attrition Factor effective January 1, 2014 based on the September 2013 Global Insight "U.S. Economic Outlook" forecast of the Consumer Price Index for 2014 with an off-setting productivity factor of 0.5%, or zero, whichever is greater. PacifiCorp also requests that it not be required to file a GRC application for Test Year 2014 pursuant to D.07-07-004, and instead file its next GRC application for Test Year 2015. In particular, PacifiCorp requests modification to D.10-09-010 as follows:

1. Revise Ordering Paragraph 1 to state: *The Settlement Agreement among PacifiCorp, The Division of Ratepayer Advocates, and the California Farm Bureau Federation, as set forth in the Attachment to the All-Party Joint Motion for Commission Approval and Adoption of Settlement Agreement and supplemented by the Agreement Regarding PacifiCorp's Post-Test Year Mechanism and General Rate Case Cycle, as set forth in PacifiCorp's Petition for Modification For An Order Modifying Decision 10-09-010 and Granting Waiver of the Three-Year Filing Requirement Contained in Decision 07-07-004 is approved.*

2. Add another Ordering Paragraph which states: The requirement that PacifiCorp file its next general rate case for test year 2014, in compliance with Decision 89-10-040 and reaffirmed in D.07-07-004, which established a three-year cycle for PacifiCorp to file its general rate case beginning with Test Year 1991, is hereby waived for one year. PacifiCorp will file its next general rate case for test year 2015.

PacifiCorp states that because of the deferral of the GRC for one more year, ratepayers will continue to be charged low and stable rates.

In its Petition, PacifiCorp included an agreement between itself and DRA. These two parties agreed to PacifiCorp's request to file for a PTAM Attrition Factor effective January 1, 2014, and forgo its GRC application for test year 2014 and file its next GRC application for test year 2015. As discussed in Section 2 above, the only other party to A.09-11-015, CFBF, also supports PacifiCorp's request.

5. Discussion

PacifiCorp's request is the same as one we have granted PacifiCorp in the past. The requested PTAM Attrition Factor methodology is the same one we authorized in D.10-09-010. The Petition is uncontested, and if granted, PacifiCorp's rates will remain low and stable. The Commission authorizes PacifiCorp's proposed modifications to D.10-09-010, as shown in Attachment A to this decision except as revised herein. We also grant PacifiCorp a waiver from D.07-07-004, which allows PacifiCorp to forego filing a GRC application for test year 2014, and file its next GRC application for test year 2015.

In addition to the revised and additional ordering paragraphs requested by PacifiCorp, we also revise and add the appropriate conclusions of law for these two ordering paragraphs as follows:

1. Revise Conclusion of Law 1 to state: The Settlement Agreement, as supplemented by the Agreement Regarding PacifiCorp's Post-Test Year Mechanism and General Rate Case Cycle, as set forth in PacifiCorp's Petition for Modification For An Order Modifying Decision 10-09-010 and Granting Waiver of the Three-Year Filing Requirement Contained in Decision 07-07-004 is reasonable in light of the whole record, consistent with law, in the public interest and should be approved.
2. Add another Conclusion of Law which states: The requirement that PacifiCorp file its next GRC for test year 2015, in compliance with D.89-10-040 and reaffirmed in D.07-07-004, which established a three-year cycle for PacifiCorp to file its GRC beginning with Test Year 1991, should be waived for one year. PacifiCorp should file its next GRC for test year 2015.

6. Comments on Proposed Decision

This is an uncontested matter in which the decision grants the relief requested on a conditional basis. In such case, the comment period may be shortened or waived. (§ 311(g)(2).) With the agreement of the Applicants, we shorten the comment period. No reply comments will be accepted. On September 10, 2012, the proposed decision of ALJ Seaneen M. Wilson was filed and served. Comments were filed by PacifiCorp on September 12, 2012 in support of the proposed decision, suggesting one minor word change. No other party filed comments. PacifiCorp's comments have been considered herein.

7. Assignment of Proceeding

Michael R. Peevey is the assigned Commissioner and Seaneen M. Wilson is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. In D.10-09-010, the Commission approved a settlement between PacifiCorp, the DRA, and the CFBF regarding PacifiCorp's GRC request in A.09-11-015.
2. Pursuant to D.10-09-010, PacifiCorp is required to file a PTAM Attrition Factor by January 1, 2013.
3. Pursuant to D.07-07-004, PacifiCorp is required to file a GRC application on a three year cycle, which would mean filing its next GRC application on January 1, 2013.
4. On July 6, 2012, PacifiCorp filed a petition to modify D.10-09-010, in which it requested that the Commission authorize it to: 1) make a PTAM Attrition Factor filing effective January 1, 2014 (an extension of one year beyond what is authorized in D.10-09-010); and 2) authorize PacifiCorp to forgo filing a GRC application for test year 2014 (PacifiCorp is required to file a GRC on a three-year rate case cycle pursuant to D.07-07-004).
5. We authorized the same request by PacifiCorp in D.09-04-017. That request was uncontested.
6. PacifiCorp and DRA entered into an agreement on June 25, 2012, in which these two parties agreed to PacifiCorp's request to file for a PTAM Attrition Factor effective January 1, 2014; and forgo its GRC application for test year 2014 and file its next GRC application for test year 2015.
7. On July 17, 2012, CFBF filed a letter to the assigned ALJ identified as Response to Informal Request of ALJ, in which CFBF states its support for PacifiCorp's petition to modify D.10-09-010.
8. PacifiCorp's current request is uncontested.

9. Rule 16.4(d) states if more than one year has elapsed since the effective date of the decision, then the petition must explain why it could not have been presented within one year of the effective date of the decision.

10. PacifiCorp's petition was filed more than a year after D.10-09-010 was effective.

11. PacifiCorp did not determine until May 2012 that it could forgo a GRC filing if the PTAM Attrition Factor was extended for one year.

Conclusions of Law

1. We should grant PacifiCorp a waiver from D.07-07-004, which allows PacifiCorp to forego filing a GRC application for test year 2014 and file its next GRC application for test year 2015.

2. We should grant PacifiCorp's request to file for a PTAM Attrition Factor effective January 1, 2014 based on the September 2013 Global Insight "U.S. Economic Outlook" forecast of the CPI for 2014 with an off-setting productivity factor of 0.5%, or zero, whichever is greater.

3. PacifiCorp's petition for modification satisfies the requirements of Rule 16.4 regarding the proposed modifications to D.10-09-010 and its requested waiver from D.07-07-004.

4. PacifiCorp's proposed modifications to the ordering paragraphs of D.10-09-010 should be adopted as follows:

- a. Revise Ordering Paragraph 1 to state: *The Settlement Agreement among PacifiCorp, The Division of Ratepayer Advocates, and the California Farm Bureau Federation*, as set forth in the Attachment to the *All-Party Joint Motion for Commission Approval and Adoption of Settlement Agreement* and supplemented by the *Agreement Regarding PacifiCorp's Post-Test Year Mechanism and General Rate Case Cycle*, as set forth in *PacifiCorp's Petition for Modification For An Order Modifying Decision 10-09-010 and Granting Waiver of the*

Three-Year Filing Requirement Contained in Decision 07-07-004 is approved.

- b. Add another Ordering Paragraph which states: The requirement that PacifiCorp file its next general rate case for test year 2014, in compliance with Decision 89-10-040 and reaffirmed in D.07-07-004, which established a three-year cycle for PacifiCorp to file its general rate case beginning with Test Year 1991, is hereby waived for one year. PacifiCorp will file its next general rate case for test year 2015.
5. We should add the appropriate Conclusions of Law to D.10-09-010 as follows:
- a. Revise Conclusion of Law 1 to state: The Settlement Agreement, as supplemented by the *Agreement Regarding PacifiCorp's Post-Test Year Mechanism and General Rate Case Cycle*, as set forth in PacifiCorp's *Petition for Modification For An Order Modifying Decision 10-09-010 and Granting Waiver of the Three-Year Filing Requirement Contained in Decision 07-07-004* is reasonable in light of the whole record, consistent with law, in the public interest and should be approved.
 - b. Add another Conclusion of Law which states: The requirement that PacifiCorp file its next GRC for test year 2014, in compliance with D.89-10-040 and reaffirmed in D.07-07-004, which established a three-year cycle for PacifiCorp to file its GRC beginning with Test Year 1991, should be waived for one year. PacifiCorp should file its next GRC for test year 2015.
6. This order should be effective immediately.
7. A.09-11-015 should be closed.

O R D E R

IT IS ORDERED that:

1. PacifiCorp's Petition to Modify Decision 10-09-010 is granted.
2. PacifiCorp may file for a Post Test Year Adjustment Mechanism Attrition Factor effective January 1, 2014 based on the September 2013 Global Insight "U.S. Economic Outlook" forecast of the CPI for 2014 with an off-setting productivity factor of 0.5%, or zero, whichever is greater.
3. We grant PacifiCorp a waiver from Decision 07-07-004, which allows PacifiCorp to forego filing a General Rate Case (GRC) application for test year 2014 and file its next GRC application for test year 2015.
4. PacifiCorp's proposed modifications to the ordering paragraphs of Decision 10-09-010 should be adopted as follows:
 - a. Revise Ordering Paragraph 1 to state: *The Settlement Agreement among PacifiCorp, The Division of Ratepayer Advocates, and the California Farm Bureau Federation*, as set forth in the Attachment to the *All-Party Joint Motion for Commission Approval and Adoption of Settlement Agreement* and supplemented by the *Agreement Regarding PacifiCorp's Post-Test Year Mechanism and General Rate Case Cycle*, as set forth in *PacifiCorp's Petition for Modification For An Order Modifying Decision 10-09-010 and Granting Waiver of the Three-Year Filing Requirement Contained in Decision 07-07-004* is approved.
 - b. Add another Ordering Paragraph which states: The requirement that PacifiCorp file its next general rate case for test year 2014, in compliance with Decision 89-10-040 and reaffirmed in Decision 07-07-004, which established a three-year cycle for PacifiCorp to file its general rate case beginning with Test Year 1991, is hereby waived for one year. PacifiCorp will file its next general rate case for test year 2015.

5. We revise and add the appropriate Conclusions of Law for these two ordering paragraphs as follows:

- a. Revise Conclusion of Law 1 to state: The Settlement Agreement, as supplemented by the *Agreement Regarding PacifiCorp's Post-Test Year Mechanism and General Rate Case Cycle*, as set forth in PacifiCorp's *Petition for Modification For An Order Modifying Decision 10-09-010 and Granting Waiver of the Three-Year Filing Requirement Contained in Decision 07-07-004* is reasonable in light of the whole record, consistent with law, in the public interest and should be approved.
 - b. Add another Conclusion of Law which states: The requirement that PacifiCorp file its next GRC for test year 2014, in compliance with D.89-10-040 and reaffirmed in D.07-07-004, which established a three-year cycle for PacifiCorp to file its GRC beginning with Test Year 1991, should be waived for one year. PacifiCorp should file its next GRC for test year 2015.
6. Application 09-11-015 is closed.

This order is effective today.

Dated October 11, 2012, at San Francisco, California.

MICHAEL R. PEEVEY
President
TIMOTHY ALAN SIMON
MICHEL PETER FLORIO
CATHERINE J.K. SANDOVAL
MARK J. FERRON
Commissioners

ATTACHMENT A
Modifications to Decision 10-09-010

Revised Ordering Paragraph 1:

The Settlement Agreement among PacifiCorp, The Division of Ratepayer Advocates, and the California Farm Bureau Federation, as set forth in the Attachment to the All-Party Joint Motion for Commission Approval and Adoption of Settlement Agreement and supplemented by the Agreement Regarding PacifiCorp's Post-Test Year Mechanism and General Rate Case Cycle, as set forth in PacifiCorp's Petition for Modification For An Order Modifying Decision 10-09-010 and Granting Waiver of the Three-Year Filing Requirement Contained in Decision 07-07-004 is approved.

Additional Ordering Paragraph:

The requirement that PacifiCorp file its next general rate case for test year 2014, in compliance with D.89-10-040 and reaffirmed in Decision 07-07-004, which established a three-year cycle for PacifiCorp to file its general rate case beginning with Test Year 1991, is hereby waived for one year. PacifiCorp will file its next general rate case for test year 2015.

Revised Conclusion of Law 1:

The Settlement Agreement, as supplemented by the *Agreement Regarding PacifiCorp's Post-Test Year Mechanism and General Rate Case Cycle*, as set forth in PacifiCorp's *Petition for Modification For An Order Modifying Decision 10-09-010 and Granting Waiver of the Three-Year Filing Requirement Contained in Decision 07-07-004* is reasonable in light of the whole record, consistent with law, in the public interest and should be approved.

Additional Conclusion of Law

The requirement that PacifiCorp file its next GRC for test year 2014, in compliance with D.89-10-040 and reaffirmed in D.07-07-004, which established a three-year cycle for PacifiCorp to file its GRC beginning with Test Year 1991, should be waived for one year. PacifiCorp should file its next GRC for test year 2015.

(END OF ATTACHMENT A)