

BEFORE THE WYOMING PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE )  
APPLICATION OF PACIFICORP )  
FOR AUTHORITY TO INCREASE )  
ITS RETAIL ELECTRIC UTILITY )  
SERVICE RATES IN WYOMING )  
BY AN AGGREGATE TOTAL OF )  
APPROXIMATELY \$8.9 MILLION )  
OR AN AVERAGE OF 3.4% PER )  
ANNUM )

DOCKET No. 20000-ER-00-162  
RECORD No. 6334

COMMENTS OF THE OFFICE OF CONSUMER ADVOCATE  
(June 12, 2003)

In Docket No. 20000-ER-01-162, one of PacifiCorp's recent rate proceedings, a stipulation was entered into by the parties relative to PacifiCorp's resource planning. Specifically, the stipulation states, at paragraph 19:

PacifiCorp and the CAS stipulate that PacifiCorp will, no later than August 1, 2001 file a copy of its RAMPP VI Report with the Commission and any interested party requesting a copy. If and when PacifiCorp prepares any subsequent RAMPP report, PacifiCorp shall file a copy with the Commission and any interested party requesting a copy. The RAMPP VI Report will provide the basis for further discussions between the Commission, the CAS and other interested parties regarding resource planning for PacifiCorp's Wyoming loads. PacifiCorp and the CAS encourage significant Commission staff and public participation in upcoming resource plan discussions and meetings. In addition, PacifiCorp agrees to file with the Commission and provide to interested parties who request a copy an annual resource planning and transmission report ("Resource Report") for the next three years. At the end of the three year period, the Commission will determine whether additional annual Resource Reports should be filed. PacifiCorp will file the first Resource Report on March 31, 2002, and will file each subsequent Resource Report on March 31 of the following year. Each Resource Report will address: (1) load and resource planning issues affecting Wyoming, and (2) transmission investment, operation and planning issues affecting Wyoming.

In its October 4, 2001 Order, the Commission approved the stipulation. Relative to the resource planning provisions of the stipulation, the Commission stated specifically, at paragraph 82 of the order:

We approve the resource planning commitment of PacifiCorp made in the Stipulation. Such an open planning process has taken on increasing importance as the western United States energy markets have gone through an extended

period of uncertainty and volatility. We particularly note that the process will specifically include transmission issues, which have increased in importance as the regional markets have struggled with critical issues of reliability, price and availability.

On March 28, 2003, PacifiCorp filed its 2003 Annual Resource Planning and Transmission Report in compliance with the above-cited Stipulation and the above-cited Order. This report summarizes several of the discussion points and recommendations contained within the PacifiCorp 2003 Integrated Resource Plan (Docket No. 20000-EA-03-194, filed January 24, 2003.) However, the report is more than just a summary of the Integrated Resource Plan, since it also contains an update of Wyoming transmission projects and expands upon the Integrated Resource plan research into a portfolio featuring a new Wyoming coal plant.

The Office of Consumer Advocate (OCA) is concerned about the statements contained on page 4 of the Report. Specifically, we are concerned about the paragraph that reads:

A significant procurement program and potential investment is required to maintain reliable electric service. It is critically important that State regulators support this IRP and issue their acknowledgement of the IRP Action Plan. This support coupled with a useable and durable MSP outcome is vital to PacifiCorp being able to resolve issues around recovery lag and achieving allowed rates of return, and continue to provide low costs, reliable service to its customers.

Related to this statement, and our concern, is the concluding paragraph of the Report, found on page 19:

The 2003 IRP provides guidance and the rational for PacifiCorp's resource planning path forward. In addition to the transmission projects identified in this Resource Report, the IRP Action Plan itemizes the steps PacifiCorp intends to pursue in order to continue meeting its obligation to serve its customers at a low cost with manageable and reasonable risk.

The OCA is concerned about the ambiguity of the request. We are also concerned about what acknowledgement of a plan that contains this request might signify, either implicitly or explicitly. Therefore, we are asking that the Commission state, very clearly and specifically, that acknowledgement or receipt of either PacifiCorp's Integrated Resource Plan or the instant report, does not constitute a resolution of the issue of who should pay for these new facilities or contracts, or resolution of the prudence of proceeding with these particular projects. PacifiCorp should be reminded that under traditional ratemaking principles, it is the utility's responsibility to forecast and anticipate its demand and to meet its demand in the way that it believes is most appropriate and prudent. PacifiCorp should also be reminded that the issues of rate recovery and prudence are more properly before the Commission in either an application for a certificate of public convenience and necessity, or a rate proceeding. These issues are not properly before the Commission in a compliance filing.

The Office of Consumer Advocate believes that there are additional reasons the Commission would be ill-advised to leave the question of what has or has not been approved unanswered at this time. First, PacifiCorp specifically indicates that state regulators' acknowledgement of the

IRP Action Plan (a plan similar to that contained in the instant compliance filing) will assist it in “achieving allowed rates of return.” This clearly has some rate implications that should not be addressed by the Commission without the benefit of full evidence and explanation – the type of information normally provided in rate cases. Second, PacifiCorp continues to tie implementation of its supply provisioning to successful resolution of the Multi-state Process on interjurisdictional allocations. In fact, PacifiCorp has failed to commit to construction of some of the resources indicated by its Resource Report, due in large part, to currently unresolved allocation issues. The Commission should not pre-approve implementation of a plan that even the company is currently reluctant to fully embrace.

The OCA, however, strongly agrees with PacifiCorp’s statement, at page 2 in its compliance report, where it states:

The IRP reveals a substantial new resource need. Looking forward, PacifiCorp expects its service obligations to grow, while existing resources diminish significantly. Load growth, load shape growth, asset retirement and contract expirations cause an increasing gap between demand and supply. Measures need to be taken to close the gap. A number of diverse actions are proposed. Failing to take prompt and focused action to close this gap would expose PacifiCorp and its customers to unacceptable levels of cost, reliability, and market risk.

PacifiCorp should be encouraged to fill the gap using its best judgment and technical expertise, to reduce and contain customers’ exposure to the risks of unacceptable costs and unreliability. .

In conclusion, the OCA asks that the Commission be cautious in its processing and acknowledgement of PacifiCorp’s request that it acknowledge and support the IRP action plan. The OCA also requests that the Commission put PacifiCorp on notice that this is not the proper forum for addressing rate recovery, earnings, or allocation issues.

Respectfully Submitted,

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