

BEFORE THE
PUBLIC UTILITY COMMISSION OF OREGON

In the Matter of PACIFICORP,)	UE 374
DBA: PACIFIC POWER,)	
)	PREHEARING BRIEF OF
)	CALPINE ENERGY SOLUTIONS,
Request for a General Rate Revision)	LLC
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_____)	

INTRODUCTION AND SUMMARY

Calpine Energy Solutions, LLC (“Calpine Solutions”) hereby respectfully submits its prehearing brief to the Public Utility Commission of Oregon (“OPUC” or “Commission”) in this proceeding. Calpine Solutions is a party to the Partial Stipulation addressing certain rate design and rate spread issues, filed in this proceeding on August 17, 2020, and Calpine Solutions supports approval of the Partial Stipulation. Of the issues that remain unresolved through settlement, Calpine Solutions provides two recommendations to the Commission in this rate case:

First, the Commission should adopt Calpine Solutions’ proposal to update transition adjustment mechanism (“TAM”) guidelines, or include in the new annual power cost update (“APCU”) guidelines, the requirement that PacifiCorp provide a sample calculation for the five-year direct access program. All parties to PacifiCorp’s current TAM, including PacifiCorp, support this proposal.

Second, Calpine Solutions recommends that the Commission defer determination on the Citizen Utility Board of Oregon’s (“CUB”) proposal to create a non-bypassable charge for coal

decommissioning costs until the issue can be more fully vetted in a future proceeding, such as Docket No. UM 2024.

ARGUMENT

1. The Commission Should Adopt Calpine Solutions' Uncontested Proposal to Include a Sample Calculation for the Five-Year Direct Access Program in the Net Power Cost Guidelines

Calpine Solutions requests that the Commission adopt its reasonable and uncontested revision of the guidelines applicable to PacifiCorp's net power cost proceedings (whether a TAM or an APCU) to include a sample calculation of proposed rates for the five-year program for direct access.

PacifiCorp has proposed to consolidate the TAM and Power Cost Adjustment Mechanism ("PCAM") filings into a single annual filing, the APCA. As part of that proposal, PacifiCorp has developed proposed guidelines for the APCA that generally subsume the current TAM guidelines, which are intended to supply interested parties with the information needed at the outset of the case to expeditiously prosecute the TAM without the delay entailed by extensive discovery.¹ However, the current TAM guidelines were developed before adoption of PacifiCorp's five-year opt-out program.² Therefore, the current TAM guidelines only provide for a sample calculation of the one-year program's transition adjustment, Schedule 294, which can also be used for the three-year program's rate calculations, Schedule 295.³ But the guidelines do not require a sample calculation for the five-year transition adjustment, Schedule 296, which is applicable to long-term direct access ("LTDA") service.⁴ The lack of promptly

¹ PAC/500, Wilding/9-10.

² Calpine Solutions/100, Higgins/5.

³ *Id.*

⁴ *Id.*

supplied sample calculation for the five-year program delays parties' ability to conduct due diligence on PacifiCorp's filing and timely uncover any potential issues that will need to be resolved by the parties through settlement or litigation. Accordingly, Calpine Solutions recommends that the TAM or APCA guidelines, whichever are applicable, require PacifiCorp to provide a sample calculation of Schedule 296 in its annual TAM/APCA filings.⁵

Other parties have supported Calpine Solutions' proposal and no party has expressed opposition to it. First, in the ongoing TAM (UE 375), all parties to that proceeding agreed through stipulation that Calpine Solutions' proposal for a sample calculation for the five-year program should be adopted in this rate case docket.⁶ In this proceeding, PacifiCorp expressed its support for the proposal with the clarification that it would provide the sample calculation no later than 30 days after the initial filing.⁷ Calpine Solutions agrees that PacifiCorp's clarification is reasonable. Therefore, the Commission should include the agreed-to amendment to the TAM/APCU guidelines in its final order in this proceeding.

2. The Commission Should Defer Determination on CUB's Proposed Non-Bypassable Charge for Coal Decommissioning Costs

CUB has made a proposal for non-bypassable coal decommissioning costs that Calpine Solutions recommends the Commission consider in another docket because it implicates significant direct access policy issues that should be addressed in wholistic manner.

CUB suggests that there should be different treatment for recovery of current decommissioning costs and historical under- or over-collection of decommissioning costs.⁸

⁵ *Id.* at 5-6.

⁶ *See PacifiCorp, Staff, CUB, AWEC, Calpine Solutions, Sierra Club, KWUA, and Vitesse's Stipulation* Docket No. UE 375, at par. 26 (Aug. 18, 2020).

⁷ PAC2000, Wilding/ 82-83.

⁸ CUB/100, Jenks/10, 27-29

Specifically, CUB proposes that current decommissioning costs should be recovered from current customers, but that historical over- or under-collection of decommissioning costs should be recovered (or credited) through a non-bypassable charge that includes direct access customers.⁹ The premise of CUB’s proposal is that customers who utilized PacifiCorp’s coal fleet before departing for direct access service should not be exempt from historical under-collection.

However, the issues implicated by CUB’s proposal are not as simple as they might appear, and therefore these issues would be better addressed in another docket focused on direct access issues. As Calpine Solutions’ witness explained, a PacifiCorp customer who signs up for the five-year program must pay for ten years of fixed cost recovery – including decommissioning expense – associated with generation service that the customer no longer utilizes.¹⁰ A portion of that fixed cost recovery is a projection of fixed costs in years six through 10 (after departure for LTDA), but which are paid in advance by the customer as part of the Consumer Opt-Out Charge in years one through five.¹¹ Thus, CUB’s proposal could implicate issues of retroactive ratemaking for customers who have already opted for LTDA.¹² Aside from that issue, another concern that arises is the extent to which a LTDA customer who is paying decommissioning costs in advance through the Consumer Opt-Out Charge would be effectively double charged if a non-bypassable charge is added.¹³ Similarly, the Commission should consider the implications of CUB’s proposal for New Load Direct Access (“NLDA”) customers, who, by definition, have not used the coal fleet at all.¹⁴

⁹ CUB/100, Jenks/10, 27-29

¹⁰ Calpine Solutions/200, Higgins/3.

¹¹ *Id.*

¹² *See id.*; AWEC/500, Kaufmann/44-45.

¹³ Calpine Solutions/200, Higgins/3.

¹⁴ Calpine Solutions/200, Higgins/4.

Therefore, the issue of allocating coal decommissioning costs to direct access customers is better addressed in UM 2024, where it can be assessed in the larger context of direct access issues particular to that proceeding. Both PacifiCorp and the Alliance for Western Energy Consumers agree that the issue would be better addressed in Docket No. UM 2024.¹⁵ Calpine Solutions recommends that the Commission defer determination of the issue until that proceeding.

CONCLUSION

For the reasons stated above, the Commission should approve the Partial Stipulation on rate spread and rate design issues. Additionally, the Commission should include in its final order in this proceeding the uncontested amendment to the TAM/APCU guidelines requiring a sample calculation for the five-year program, Schedule 296. Finally, the Commission should defer determination on CUB's request for a non-bypassable charge for coal decommissioning costs.

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¹⁵ PAC/3300, Lockett/25-26; AWEC/500, Kaufmann/44-45.