

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

In the matter of the Application of PacifiCorp (U 901 E) for approval to implement a Net Surplus Compensation Rate.	Application 10-03-001 (Filed March 1, 2010)
In the Matter of the Application of Sierra Pacific Power Company (U903E) for Approval of a Net Surplus Compensation Rate.	Application 10-03-010 (Filed March 15, 2010)
Application of Pacific Gas and Electric Company to Implement Assembly Bill 920 (2009) Setting Terms and Conditions for Compensation for Excess Energy Deliveries by Net Metered Customers. (U 93 E)	Application 10-03-012 (Filed March 15, 2010)
Application of Southern California Edison Company (U338E) in Response to Assigned Commissioner's Ruling Directing Electric Utilities to File Applications Proposing a Net Surplus Compensation Rate Pursuant to Assembly Bill 920.	Application 10-03-013 (Filed March 15, 2010)
Application of San Diego Gas & Electric Company (U902E) Proposing a Net Surplus Compensation Rate Pursuant to Assembly Bill 920.	Application 10-03-017 (Filed March 15, 2010)

REPLY OF PACIFICORP (U-901-E)

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Date: May 3, 2010

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REPLY OF PACIFICORP (U-901-E)

Pursuant to Rule 2.6(e) of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure (“Rules”), PacifiCorp, d.b.a. Pacific Power (“PacifiCorp” or “Company”), respectfully submits this reply to the Protests and Responses to the Application of PacifiCorp for approval to implement a Net Surplus Compensation Rate and Related Matters (“Application”).¹

¹ PacifiCorp was served with Protests from the Solar Alliance and the Vote Solar Initiative, the Acton Town Council, the City of San Diego, Californians for Renewable Energy, and Donald Ricketts; PacifiCorp was served with Responses from Pacific Gas & Electric Company, the Division of Ratepayer Advocates, Joint Solar and Environmental Parties, and the Interstate Renewable Energy Council.

I. INTRODUCTION

In its Application, PacifiCorp proposed to compensate surplus net metering customers that choose to be compensated for excess generation using the Company's avoided cost rate plus an adder for any environmental and other beneficial attributes conveyed along with the excess energy. None of the Protests or Responses dispute any authority for offering such a rate or dispute the Application's consistency with Assembly Bill ("AB") 920. In addition, the Protests and Responses largely address the issue in general terms with few specific references to PacifiCorp's Application. As such, PacifiCorp's Reply will not specifically address all of the Protests and Responses received.

II. DISCUSSION

A. PacifiCorp's Application is consistent with applicable law

As discussed in PacifiCorp's Application, compensating surplus net metering customers at an avoided cost rate for excess energy provided to the grid is consistent with the Federal Power Act, the Public Utility Regulatory Policies Act of 1978 ("PURPA") and Sections 451 and 2827 of the California Public Utilities Code. PacifiCorp's proposed net surplus compensation rate is just and reasonable, leaves other customers unaffected, and appropriately takes into account the benefits and costs associated with excess supply from customer-generators. This is explained more fully below.

B. PacifiCorp's Application is consistent with AB 920 and other guidelines

AB 920 sets out a number of requirements for the net surplus compensation rate, including that the rate hold non-net metering customers harmless. In addition, the Division of Ratepayer Advocates ("DRA") in its Response lists other important factors to consider when

evaluating proposed net surplus compensation rates.² DRA's list includes that the rate has low implementation and administration costs; accommodates routine updates with minimal controversy; and balances accuracy with ease of implementation and capability for routine updates. PacifiCorp's proposed net surplus compensation rate incorporates all of these elements.

In particular, the avoided cost rate proposed by PacifiCorp compensates the seller at a rate calculated to hold all other customers harmless. In addition, the avoided cost rate is already calculated, updated and filed in the various states where PacifiCorp serves retail customers. Updating the avoided cost rates in California on the same schedule would not add an administrative burden and therefore meets the guidelines laid out by DRA.

PacifiCorp agrees that any approved net surplus compensation rate should be efficient to administer and update. As of March 31, 2010, PacifiCorp had 30 net metering customers in California, and has never had a customer with surplus generation at the end of the 12-month true-up period. Given the small size of the Company's net metering program, ease of administration would benefit both customers and the Company.

Additionally, the calculation of the value of renewable attributes and other measurable beneficial distribution or transmission system attributes remains to be determined, but should also follow a formula that can be easily administered and updated in a regular, routine manner.

C. Differences between utilities

As pointed out in the Response of Pacific Gas & Electric ("PG&E"), the utilities' applications share many similarities in methodology, though the resulting compensation rate will and should vary for each utility.³ Avoided costs are utility-specific. PacifiCorp also notes that

² Response of the Division of Ratepayer Advocates to the Consolidated Applications Regarding AB 920, p.2-3.

³ Response of Pacific Gas and Electric Company (U 39E) to Other Utility Applications to Implement Assembly Bill 920 (2009) Setting Terms and Conditions for Compensation for Excess Energy Deliveries by Net Metered Customers, p.4.

DRA suggests that the compensation rate should accommodate “IOU specific deviations where they are clearly justified and supported.”⁴ PacifiCorp agrees and encourages the Commission to consider these differences, particularly given the large differences between PacifiCorp and PG&E, Southern California Edison Company and San Diego Gas & Electric Company. PacifiCorp’s customer base, customer participation in net metering programs, and penetration of solar installations is much smaller than those of the larger utilities.

D. New Federal Energy Regulatory Commission decision

In its Application, PacifiCorp suggested that customers wishing to be compensated for net surplus generation would be required to self-certify with the Federal Energy Regulatory Commission (“FERC”) as a Qualifying Facility (“QF”). The Responses filed by the Interstate Renewable Energy Council and Joint Solar and Environmental Parties point out that FERC has since issued a new ruling clarifying that customer-generators smaller than one megawatt (“MW”) will not be required to register as a QF in order to receive compensation.⁵ On March 19, 2010, FERC issued Order No. 732 in Docket No. RM09-23-000, which revised certain FERC rules related to QFs.⁶ Chiefly, FERC added an exemption to the QF certification for facilities one MW and under. This provision will become effective June 1, 2010, well before the implementation of the net surplus compensation rate.⁷ PacifiCorp believes this new rule will make it easier to implement PacifiCorp’s proposed net surplus compensation rate because it removes a potential barrier to customer participation.

⁴ Response of the Division of Ratepayer Advocates to the Consolidated Applications Regarding AB 920, p.3.

⁵ Response of the Interstate Renewable Energy Council, p. 11 and Joint Solar and Environmental Parties Response to Applications of the Consolidated Utilities’ Applications Proposing a Net Surplus Compensation Rate Pursuant to Assembly Bill 920, p. 9.

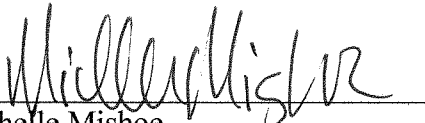
⁶ Revisions to Form, Procedures, and Criteria for Certification of Qualifying Facility Status for a Small Power Production or Cogeneration Facility, Order No. 732, Docket No. RM09-23-000, 130 FERC ¶61,214 (March 19, 2010).

⁷ This new provision will be found in 18 CFR 292.203(d).

III. CONCLUSION

The Company respectfully submits this Reply to the Protests and Responses to its Application.

Respectfully submitted this 3rd day of May, 2010, at San Francisco, California.

By 
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Certificate of Service

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this 3rd day of May, 2010, at Portland, OR, provided via electronic mail or U.S. Mail (if an email address has not been provided), a true and correct copy of PacifiCorp's (U 901-E) REPLY to the following parties:

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