

Re AR 518 - Paci fi Corp proposal - 317 workshop
From: Kip Pheil [Kip.Pheil@state.or.us]
Sent: Sunday, March 16, 2008 4:29 PM
Subject: Re: AR 518 - Paci fi Corp proposal - 3/17 workshop

Attachments: AR 518 RPS RR & Cost Li mi tati onTempl ate--Pac_14mar08-ki p. xls

I have attached a slightly modi fied version of the spreadsheet referenced below.

It includes a few comments and questions as well as a new worksheet that shows a method to calculate the ACP rate. This ACP rate derivation follows the discussion of the e-mail I sent this group on 3/13/08.

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>>> "Steward, Joelle" <Joelle.Steward@Paci fi Corp.com> 3/14/2008 11:15:39 AM >>>

Attached for discussion at Monday's workshop in AR 518, is Paci fi Corp's proposal and example for Section 12, the cost off ramp. This is intended to build off of our discussions at the last workshop and includes a sample calculation and filing of a load-adjusted annual revenue requirement.

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****Example Only - All Numbers Are Illustrative****

Compliance Year 2011

comments & modifications [kip, odoe, 3/16/08]

Annual Revenue Requirement

Filed pursuant to OAR xxx-xxx-xxx (Senate Bill 838, Section 12)

<u>Line No.</u>			<u>Notes</u>	
1	Revenue requirement from most recent general rate case	\$900,000,000	UE 179	:
2	Load from recent general rate case (MWh)	15,600,000	UE 179	: \$57.69 \$/MWh
	Subtract			: Line 1/Line 2
3	Energy efficiency	0		:
4	Low income bill assistance	0		:
5	Incremental cost of compliance	0		:
6	Net power costs	\$225,000,000	UE 179	: = compliance + uREC + ACP?
				: which category of exclusions does this fall in?
7	Sub-Total	<u>\$675,000,000</u>		: altered formula to 'sum' rather than deduct
				: \$43.27 \$/MWh - per subtotal
8	Compliance year forecasted load (MWh)	16,000,000	UE 191	: Line 7/Line 2
9	Adjusted compliance year revenue requirement	\$692,307,692	Line (8)*(1)/(2)	: MWh * \$/MWh = \$
	Add base rate adjustments			: \$43.27 \$/MWh - per adjusted rev & compliance yr
	(authorized subsequent to last general rate case)			: Line 9/Line 8
10	Net power costs	\$240,000,000	UE 191	:
11	Renewable Adjustment Clause	\$35,000,000	UE xxx	: how different from Line 6 (UE 179 'net power costs')?
12	Other			:
13	Annual Revenue Requirement	<u>\$967,307,692</u>	Line (9)+(10)+(11)+(12)	: \$60.46 \$/MWh - per ARR & Compliance Yr load
				: Line 13/Line 8
14	Four percent of Annual Revenue Requirement	\$38,692,308		:

****Example Only - All Numbers Are Illustrative****

Compliance Year 2011

comments [kip, odoe, 3/16/08]

Incremental Cost Calculation

Resource	Incremental Cost	Notes
Wind A	\$500,000	Cite date incremental cost filing made
Wind B	\$750,000	Cite date incremental cost filing made
Biomass X	\$350,000	Cite date incremental cost filing made
New Wind C	\$1,188,729	See below - New Resource Incremental Cost Calculation
Total	\$2,788,729	

Total Cost (\$2.8M) does not feed other cells.

New Resource C Wind Facility

Annual Output (kWh) 434,698,261 Discount Rate = 7%

	Cost of Qualifying Electricity (Mills/kwh)	Cost of Non-Qualifying Electricity (Mills/kwh)	Annual Delivered Cost of Qualifying Electricity (Dollars)	Annual Delivered Cost of Non-Qualifying Electricity (Dollars)	New Resource C Incremental Cost	source of QE & non-QE Cost?
Levelized Annual Delivered Cost			\$29,022,689	\$27,833,960	\$1,188,729	Is this increment charged only 1x? If so, against which compliance year?
			\$338,218,316	\$324,365,369		
Year in service	90.09	60.44	\$39,164,102	\$26,272,076		
Year in service +1	87.32	60.25	\$37,959,569	\$26,190,570		
Year in service +2	84.56	57.50	\$36,759,330	\$24,995,150		
Year in service +3	81.81	53.75	\$35,563,472	\$23,365,032		
Year in service +4	79.07	50.25	\$34,372,082	\$21,843,588		
Year in service +5	76.34	48.44	\$33,185,249	\$21,056,603		
Year in service +6	73.62	46.86	\$32,003,064	\$20,371,228		
Year in service +7	70.91	46.92	\$30,825,622	\$20,397,491		
Year in service +8	68.22	51.20	\$29,653,015	\$22,255,826		
Year in service +9	65.53	56.31	\$28,485,342	\$24,479,670		
Year in service +10	62.85	63.11	\$27,322,701	\$27,435,256		
Year in service +11	60.19	66.93	\$26,165,192	\$29,095,441		
Year in service +12	57.54	72.43	\$25,012,918	\$31,483,746		
Year in service +13	54.90	76.24	\$23,865,984	\$33,140,309		
Year in service +14	52.28	78.12	\$22,724,496	\$33,957,541		
Year in service +15	49.66	79.68	\$21,588,564	\$34,636,757		
Year in service +16	47.06	81.85	\$20,458,299	\$35,578,966		
Year in service +17	44.48	82.73	\$19,333,813	\$35,961,138		
Year in service +18	41.90	84.99	\$18,215,223	\$36,946,816		
Year in service +19	39.34	86.61	\$17,102,647	\$37,648,492		
Year in service +20	36.80	88.34	\$15,996,204	\$38,401,462		
Year in service +21	34.27	90.11	\$14,896,017	\$39,169,491		
Year in service +22	31.75	91.91	\$13,802,212	\$39,952,881		
Year in service +23	29.25	93.75	\$12,714,917	\$40,751,938		
Year in service +24	26.76	95.62	\$11,634,260	\$41,566,977		

****Example Only - All Numbers Are Illustrative****

Compliance Year 2011

comments & modifications [kip, odoe, 3/16/08]

Annual Revenue Requirement & Alternative Compliance Payment Rate Calculation

Filed pursuant to OAR xxx-xxx-xxx (Senate Bill 838, Section 12)

Line No.			Notes	
1	Revenue requirement from most recent general rate case	\$900,000,000	UE 179	
2	Load from recent general rate case (MWh)	15,600,000	UE 179	\$57.69 \$/MWh Line 1/Line 2
	Subtract			
3	Energy efficiency	0		
4	Low income bill assistance	0		
5	Incremental cost of compliance	\$ 1,188,729		use 'Incremental Cost' example value
6	Net power costs	\$225,000,000	UE 179	which category of exclusions does 'net power costs' fall in?
7	Sub-Total	\$673,811,271		altered formula to 'sum' rather than deduct \$43.19 \$/MWh - per subtotal
8	Compliance year forecasted load (MWh)	16,000,000	UE 191	Line 7/Line 2
9	Adjusted compliance year revenue requirement	\$691,088,483	Line (8)*(1)/(2)	MWh * \$/MWh = \$ \$43.19 \$/MWh - per adjusted rev & compliance yr Line 9/Line 8
	Add base rate adjustments (authorized subsequent to last general rate case)			
10	Net power costs	\$240,000,000	UE 191	how different from Line 6 (UE 179 'net power costs')?
11	Renewable Adjustment Clause	\$35,000,000	UE xxx	
12	Other			
13	Annual Revenue Requirement	\$966,088,483	Line (9)+(10)+(11)+(12)	\$60.38 \$/MWh - per ARR & Compliance Yr load Line 13/Line 8
14	Four percent of Annual Revenue Requirement	\$38,643,539		
	subtract			
15	incremental cost of compliance, =Line 5	\$ (1,188,729)		
16	Net balance under 4% cap	\$ 37,454,811		
17	Compliance year standard	5%		
18	Required qualifying electricity, =L8xL17 (MWh)	800,000		
19	Projected qualifying electricity (MWh)	750,000		
20	Projected shortfall of qualifying electricity (MWh)	50,000		
21	Allowable ACP Rate, =L16/L20 (\$/MWh)	\$ 749.10		