



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

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In the Matter of the Application of PACIFICORP
(U-901-E), for an Order Authorizing a General
Rate Increase Effective January 1, 2023.

Application No. 22-05-006
(Filed May 5, 2022)

**AMENDED APPLICATION OF PACIFICORP (U-901-E) FOR AN ORDER
AUTHORIZING A GENERAL RATE INCREASE**

[PUBLIC VERSION]

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Date: May 13, 2022

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Pursuant to Articles 2 and 3 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure (Rules) and Sections 451, 454, 491, 701, 728, and 729 of the California Public Utilities Code (Cal. Pub. Util. Code), PacifiCorp d/b/a Pacific Power (PacifiCorp or the Company), respectfully submits this amended application requesting approval to increase its rates for electric service in California beginning January 1, 2023 (Application). This amended application provides a revised list of the testimony and appendices in Section H, with clarifications to indicate which documents contain confidential information. This amended application itself contains no confidential information. No other substantive changes have been made to the application that was originally submitted on May 5, 2022.

As described below, PacifiCorp proposes an increase of approximately \$27.9 million, or a 25.7 percent net increase, to its base electric rates in California. The revised rates will ensure PacifiCorp maintains financial integrity while the Company makes the necessary capital investments to transition to a cleaner energy future and continue its investment in wildfire mitigation and vegetation management.

I. BACKGROUND

PacifiCorp is a multi-jurisdictional utility providing retail electric service to customers in California, Idaho, Oregon, Utah, Washington, and Wyoming. In northern California, PacifiCorp serves approximately 47,800 customers spread over more than 11,000 square miles in portions of Del Norte, Modoc, Shasta, and Siskiyou counties.

As described in the testimony of Mr. Matthew McVee, PacifiCorp is filing its first general rate case since 2018 (2019 GRC or 2019 Rate Case).¹ The Company is continuing its transition to a non-emitting energy resource mix while providing safe, reliable, and affordable electric service to its customers, which has been driven by public policy, emerging and maturing technologies, and new levels of customer engagement. Even though it has and continues to make a concerted effort to manage its controllable costs, since its 2019 Rate Case, the Company is facing increasing costs related to wildfire mitigation and vegetation management. PacifiCorp has also continued its efforts to transition to a non-emitting energy resource mix. This work, coupled with the investment required to protect its system and customers from the increasing wildfire threat and increasing costs of vegetation management, will help position the Company to continue to respond proactively and ensure delivery of safe, reliable, affordable electric service to its customers

II. SUMMARY OF APPLICATION

A. Revenue Requirement and Rate Design

As a regulated utility, PacifiCorp has a duty and an obligation to provide safe, adequate, and reliable service to customers in its California service territory while balancing costs, risks,

¹ *In the Matter of the Application of PACIFICORP (U901-E), an Oregon Company, for an Order Authorizing a General Rate Increase Effective January 1, 2019*, Application (A.) 18-04-002 (filed April 12, 2018).

and state energy policy objectives. PacifiCorp's proposed rate increase is due primarily to several factors: namely, the increased operating expenses and Company investments in wildfire mitigation and vegetation management. PacifiCorp understands the impact that a rate increase has on its customers, and, in order to mitigate future increases related to wildfire mitigation costs, the Company is proposing a mechanism that will allow it to recover these costs in between rate cases in order to smooth out rates and minimize rate shock.

PacifiCorp is proposing an increase of its currently authorized return on equity (ROE). Based on the evidence provided in the testimony and exhibits of Mr. Steven R. McDougal, PacifiCorp will earn an overall ROE in California of negative 0.17 percent for the test period under its current rate structure. This return is less than the company's currently authorized 10.0 percent ROE. The Company is requesting an increase to its ROE to 10.5 percent as supported by the testimony of Ms. Ann E. Bulkley in this proceeding. An overall price increase of approximately \$27.9 million or 25.7 percent is required to produce the 10.5 percent ROE necessary to maintain PacifiCorp's financial integrity while making the necessary capital investments to transition to a cleaner energy future.

The \$27.9 million increase represents an overall base revenue requirement increase of 27.8 percent, or a 25.7 percent increase on a net basis to PacifiCorp's California retail customers to become effective January 1, 2023. Based on the results of the proposed rate spread presented in the testimony and exhibits of Mr. Robert M. Meredith, PacifiCorp's proposed increase would result in the following percentage rate changes by customer class:

Customer Class	Proposed Base Price Change	Proposed Net Price Change
Residential	27.9%	25.8%
General Service		
Schedule A-25	27.9%	25.8%
Schedule A-32	27.8%	25.8%
Schedule A-36	27.9%	25.7%

Customer Class	Proposed Base Price Change	Proposed Net Price Change
Large General Service Schedule AT-48	27.8%	25.7%
Irrigation Schedule PA-20	27.9%	25.7%
Lighting	27.7%	21.9%
Overall	27.8%	25.7%

B. Post Test Year Adjustment Mechanism (PTAM) Attrition Factor

PacifiCorp requests authorization to continue the PTAM Attrition Factor adjustment as approved in A.18-04-002. The Commission has subsequently authorized the continuation of this mechanism in decisions following the 2019 Rate Case.² PacifiCorp proposes that the same mechanism previously approved by the Commission be used to adjust PacifiCorp rates effective January 1 of calendar years between rate cases. This request is explained in the testimony of Mr. McVee.

III. PROCEDURAL HISTORY

A. 2019 Rate Case

The Company filed its last general rate case in California on April 12, 2018 (A.18-04-002). In that application, PacifiCorp requested an increase to its authorized base electric revenue requirement of \$1.06 million or 0.9 percent.³ During the course of the proceeding, PacifiCorp revised its requested revenue requirement to \$78,591,697 which represented a \$0.8 million increase to rates that had been in effect.⁴ Following a fully litigated proceeding, on February 18,

² *In the Matter of the Application of PacifiCorp (U901E), an Oregon Company, for an Order Authorizing a General Rate Increase Effective January 1, 2019*, A.18-04-002, D.20-02-025 Appendix A, (Feb. 18, 2020), D.21-01-006 (Jan. 15, 2021)

³ *In the Matter of the Application of PacifiCorp (U901E), an Oregon Company, for an Order Authorizing a General Rate Increase Effective January 1, 2019*, A.18-04-002, Application and Exhibit PAC/1101, (McCoy Direct) (Apr. 12, 2018).

⁴ *Id.*, Exhibit PAC/1901, (McCoy Rebuttal) (Nov. 20, 2018).

2020, the Commission issued Decision (D.) 20-02-025 that approved a decrease in revenue requirement, for a final revenue requirement of \$71,951,494.⁵

B. Subsequent Applications to Modify

In D.20-02-025, the Commission directed the Company to file its next general rate case for test year 2022 in accordance with the three-year rate plan adopted in D.89-01-040.⁶ The Commission also directed PacifiCorp to include in its next rate case or in an earlier application its retirement plans for all coal facilities serving California customers consistent with its Integrated Resource Plan (IRP) filings.⁷

On September 18, 2020, PacifiCorp requested that the Commission modify D.20-02-025 to grant it a one-year extension to file a general rate case and to allow for an additional Post Test Year Adjustment Mechanism (PTAM) for attrition in 2021 and provide for its use in 2022. In D.21-01-006, the Commission granted the Company's requested modification, including the change in test year from 2022 to 2023.⁸

A second petition for modification was filed on February 12, 2021, because of a delay in the issuance of the Company's 2021 IRP. Specifically, the Company requested a modification to D.20-02-025 that required the Company to include in its rate case for a 2022 test year or in an earlier application, its retirement plans for all coal facilities serving California customers.

⁵ *In the Matter of the Application of PacifiCorp (U901E), an Oregon Company, for an Order Authorizing a General Rate Increase Effective January 1, 2019*, A.18-04-002, D.20-02-025, Ordering Paragraph 1, Appendix A, (Feb. 18, 2020).

⁶ *Id.*, Ordering Paragraphs 11, 17, and 18.

⁷ *Id.*, Ordering Paragraph 18.

⁸ *In the Matter of the Application of PacifiCorp (U901E), an Oregon Company, for an Order Authorizing a General Rate Increase Effective January 1, 2019*, A.18-04-002, D.21-01-006, Ordering Paragraphs 1 and 2, (Jan 15, 2021).

PacifiCorp requested that deadline for filing these documents be extended to the filing date of its 2023 general rate case. In D.21-07-012, the Commission granted the Company's request.⁹

V. STATUTORY AND REGULATORY REQUIREMENTS

A. Statutory and Other Authority (Rule 2.1)

Rule 2.1 requires that all applications state clearly and concisely the authorization or relief sought; cite by appropriate reference the statutory provision or other authority under which Commission authorization or relief is sought; and be verified by the applicant. The relief being sought is summarized in Section II above and is further described in the testimony and supporting exhibits accompanying this Application. The statutory and other authority under which this relief is being sought includes Articles 2 and 3 of the Rules, Sections 451, 454, 491, 701, 728, and 729 of the Cal. Pub. Util. Code, and prior decisions, orders, and resolutions of this Commission. This Application has been verified by an officer of PacifiCorp in accordance with the requirements of Rules 1.1 and 2.1.

B. Proposed Categorization, Need for Hearing, Issues to be Considered, and Proposed Schedule (Rule 2.1(c))

Rule 2.1(c) requires PacifiCorp to state “[t]he proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule.” PacifiCorp proposes that the Commission classify this proceeding as “ratesetting.”¹⁰ PacifiCorp acknowledges the need for evidentiary hearings in this matter and proposes the following procedural schedule:

Event	Estimated Timeline
Amended Application Filed	May 5, 2022
Protests Due	30 days after filing appears on Commission's

⁹ *In the Matter of the Application of PacifiCorp (U901E), an Oregon Company, for an Order Authorizing a General Rate Increase Effective January 1, 2019, A.18-04-002, D.21-07-012, Ordering Paragraphs 1 and 2, (July 21, 2021).*

¹⁰ Rule 1.3(e) defines “Ratesetting” as “proceedings in which the Commission sets or investigates rates for a specifically named utility (or utilities), or establishes a mechanism that in turn sets the rates for a specifically named utility (or utilities). . .”

Event	Estimated Timeline
	Daily Calendar
Response to Protests Due	10 days after the last day for filing a protest
Prehearing Conference	June 23, 2022
Scoping Memo Issued	July 14, 2022
Intervenor Testimony Due	August 9, 2022
PacifiCorp Rebuttal Testimony Due	September 2, 2022
Evidentiary Hearings (anticipate 2 days)	September 20 – 21, 2022
Opening Briefs	October 7, 2022
Reply Briefs	October 10, 2022
Proposed Decision (PD) Issued	November 10, 2022
Comments on PD Due	November 30, 2022
Reply Comments on PD Due	December 5, 2022
Final Commission Decision (rates effective January 1, 2023)	December 15, 2022

C. Issues to be Considered and Relevant to Safety Considerations

The issues to be considered are described in this Application and the accompanying testimony, including the attached appendices.

In D.16-01-017, the Commission amended Rule 2.1(c) to require that applications clearly state the “relevant safety considerations.” The Company is committed to promoting the health, safety, comfort and convenience of customers and the public at large. Safety for PacifiCorp employees, customers, and stakeholders is one of PacifiCorp’s six core principles. PacifiCorp has developed and implemented various programs to enable the safety of its customers, employees, and stakeholders. In benchmarking with other electric utilities through the Edison Electric Institute, PacifiCorp has been consistently positioned in the top quartile among its peer companies with respect to safety performance.

PacifiCorp’s safety strategy aligns with current best practices in safety management, including a dedication to thorough and effective employee and contractor training, and ongoing monitoring of safety practices in the field through job-site employee engagements by management and safety professionals, which are documented and analyzed to evaluate the

effectiveness of the safety program and identify emerging risk trends. PacifiCorp continues to reduce and control safety risks through engineering controls such as battery-operated, strain-reducing tools, and safer design of vehicles and special equipment. The safety culture at PacifiCorp is sustained by many safety endeavors. Employees and our unions are highly engaged in the development of company safety manuals and the selection of personal protective equipment. PacifiCorp maintains effective mechanisms for accountability to policies and procedures, but also embraces a learning approach to events to ensure management system and human factors are recognized and addressed to prevent future events. PacifiCorp also holds its contractors to a high standard of safety by requiring its contractors to register with a third-party evaluator of the contractor's safety performance.

The Company complies with all applicable safety codes, including, but not limited to, the National Electric Safety Code, the code of federal regulations and all corresponding state regulations pertaining to occupational health and safety. The Company audits its compliance by performing quarterly inspections, more extensive annual and biannual reviews, and through the analysis of field engagement findings and event data. The Company continuously communicates about safety in many ways including daily crew job briefing practice, daily "Safe & Secure" email messages, monthly safety meetings, and topic-specific safety bulletins. Safety committees perform an important function at PacifiCorp to ensure employee engagement and involvement in the safety management system.

The Company prioritizes safety for all resources and to the benefit of all employees, customers, and stakeholders.

D. Legal Name and Correspondence – Rules 2.1(a) and (b)

PacifiCorp is a public utility organized and existing under the laws of the state of Oregon.

PacifiCorp's legal name is PacifiCorp. PacifiCorp engages in the business of generating, transmitting, and distributing electric energy in portions of northern California and in the states of Idaho, Oregon, Utah, Washington, and Wyoming. PacifiCorp's principal place of business is 825 NE Multnomah Street, Suite 2000, Portland, Oregon 97232.

Communications regarding this Application should be addressed to:

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In addition, PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

By E-mail (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah, Suite 2000
Portland, OR 97232

E. Organization and Qualification to Transact Business – (Rule 2.2)

A certified copy of PacifiCorp's Articles of Incorporation, as amended, and presently in effect, was filed with the Commission in A.97-05-011, which resulted in Commission issuance of D.97-12-093 and is incorporated herein by reference pursuant to Rule 2.2.

F. Balance Sheet and Income Statement – (Rule 3.2(a)(1))

A copy of PacifiCorp's recent financial statements, contained in the Annual Report on Form 10-K, filed February 26, 2022, with the Securities and Exchange Commission, for the period ending December 31, 2021, is included herein as Appendix A. The Company notes that even though filed on February 26, 2022, the Form 10-K was posted to the Securities and Exchange Commission's website on February 28, 2022. In this Application, the Company will refer to the filing date of the Form 10-K.

G. Present and Proposed Rates – (Rule 3.2(a)(2) and (3))

Accompanying this application are Exhibits PAC/1100 through PAC/1109, the testimony and exhibits sponsored by Company witness Robert M. Meredith, which reflect the present and proposed rates.

H. List of Testimony and Appendices Accompanying this Application

PacifiCorp's submissions to support this Application include the following:

Appendix A is PacifiCorp's 10-K Annual Report for the period ending December 31, 2021, and filed with the Securities and Exchange Commission on February 26, 2022.

Appendix B is Berkshire Hathaway, Inc.’s definitive proxy statement (Form DEF 14A) filed with the Securities and Exchange Commission on March 11, 2022.

Exhibit PAC/100: Matthew McVee, PacifiCorp’s Vice President, Regulatory Policy and Operations, presents an overview of PacifiCorp’s application, describes the Company’s request to continue certain authorized cost recovery mechanisms, explains the Company’s proposal to revise the depreciable lives for certain coal-fueled generation units; and describes the Company’s proposal to return to customers the revenues received from the sale of renewable energy certificates associated with the Pryor Mountain Wind Project. Mr. McVee also introduces the other Company witnesses submitting testimony in support of the rate case filing.

Exhibits PAC/200 through PAC/211: Ann E. Bulkley, Principal at The Brattle Group, provides a comparison of PacifiCorp’s business and financial risk compared to peer utilities, recommends a cost of equity, and provides supporting analyses.

Exhibits PAC/300 through PAC/308 (Confidential: PAC/304): Nikki L. Kobliha, PacifiCorp’s Chief Financial Officer, provides the overall cost of capital recommendation for the Company, including a capital structure to maximize value and minimize risk and the current cost of debt. Ms. Kobliha also addresses the 2018 Depreciation Study.

Exhibits PAC/400: Shayleah J. LaBray, PacifiCorp’s Vice President of Resource Planning and Acquisitions, describes the economic analysis performed to support PacifiCorp’s decision to acquire and repower Foote Creek II, III and IV wind energy facilities. Ms. LaBray also provides information on the Company’s retirement plans for all coal units serving California customers. Finally, she discusses the load forecast used in this filing.

Exhibit PAC/500: James Owen, PacifiCorp’s Vice President of Environmental, Fuels, and Mining, explains how state and federal environmental requirements for PacifiCorp’s coal-fueled power plants are accounted for in the Company’s long-term resource planning process and how these requirements drive the retirement dates or in some cases, conversion dates of certain coal units.

Exhibits PAC/600 through PAC/602 (Confidential: PAC/601, PAC/602): Ryan D. McGraw, PacifiCorp’s Vice President of Project Development, supports and explains the Company’s decommissioning studies, the costs of which are incorporated in this proceeding.

Exhibits PAC/700 through PAC/702 (Confidential: PAC/700, PAC/702): Timothy J. Hemstreet, PacifiCorp’s Managing Director of Renewable Energy Development, supports the prudence of the Company’s efforts to acquire and repower the Foote Creek II, III, and IV wind energy facilities.

Exhibits PAC/800 through PAC/801: Allen Berreth, PacifiCorp’s Vice President of Transmission and Distribution Operations, supports the Company’s risk-based

investment in certain transmission and distribution investments, including wildfire mitigation. Mr. Berreth also discusses vegetation management expenses.

Exhibits PAC/900 through PAC/907 (Confidential: PAC/903 through PAC/907, PAC/908-B): Steven R. McDougal, PacifiCorp's Managing Director of Revenue Requirement, summarizes the overall 2023 test year revenue requirement, pro forma adjustments, and the rate base calculation methodology. Mr. McDougal also discusses the Company's inter-jurisdictional cost allocation methodology (2020 Protocol).

Exhibits PAC/1000 through PAC/1002 (Confidential: PAC/1002): André T. Lipinski, PacifiCorp's Senior Pricing and Cost of Service Analyst, presents the functional revenue requirements and supports the marginal cost-of-service study used in this filing.

Exhibits PAC/1100 through PAC/1109: Robert M. Meredith, PacifiCorp's Director of Pricing and Tariff Policy, provides the Company's proposed rate spread, rate design, and tariff changes to recover the proposed 2023 revenue requirement to achieve fair, just, and reasonable prices for customers.

I. General Description of Property and Equipment – (Rule 3.2(a)(4))

Accompanying this Application are Exhibits PAC/900 through PAC/907, the testimony and exhibits sponsored by Mr. McDougal. Mr. McDougal's testimony and exhibits contain a general description of PacifiCorp's property and equipment, and its original cost, along with a statement of the applicable depreciation reserve.

J. Summary of Earnings – (Rule 3.2(a)(5))

Accompanying this Application are Exhibits PAC/900 through PAC/907, the testimony and exhibits sponsored by Mr. McDougal. Mr. McDougal's testimony and exhibits provide the summary of earnings on a depreciated rate base for the test period.

K. Earnings of PacifiCorp Stated for California Operations and for the Total Company – (Rule 3.2(a)(6))

Accompanying this Application are Exhibits PAC/900 through PAC/907, the testimony and exhibits sponsored by Mr. McDougal. Mr. McDougal's testimony and exhibits include a statement of earnings stated on both a total-company basis and California-allocated basis.

L. Method of Computing Depreciation Deduction – (Rule 3.2(a)(7))

For federal income tax purposes, PacifiCorp uses the applicable depreciation methods prescribed by the Internal Revenue Code in a manner that is intended to maximize the tax deduction for tax depreciation. The same applicable depreciation methods used by PacifiCorp for federal income tax purposes are used by PacifiCorp for the purposes of calculating federal income taxes in the test period for this ratemaking filing.

M. Annual Report – Subsequent Matters – (Rule 3.2(a)(8))

Pursuant to Cal. Pub. Util. Code §587 and D.97-12-088 (as modified), PacifiCorp filed its Affiliated Interest Report for Calendar Year 2020 with the Commission on May 27, 2021 (AI Report). A copy of Berkshire Hathaway, Inc.’s most recent definitive Proxy Statement filed March 11, 2022, with the Securities and Exchange Commission is included as Appendix B. Berkshire Hathaway, Inc. is the ultimate parent of PacifiCorp.

N. Statement of Basis for Requested Increase – (Rule 3.2 (a)(10))

The rate increase requested by PacifiCorp through this Application reflects and passes through to customers both increased costs and savings to the utility for providing electric service to its customers within California. PacifiCorp’s proposed rate increase is primarily due to several factors, including, among other things, increased operating expenses and Company investments related to wildfire mitigation and vegetation management.

O. Public Notice – (Rule 3.2(b), (c), and (d))

The cities and counties that would be affected by the rate changes resulting from this Application include the cities and towns of Yreka, Crescent City, Alturas, Mount Shasta, Weed, Dunsmuir, Fort Jones, Dorris, and Tulelake. The counties affected by this Application are Siskiyou, Del Norte, Modoc, and Shasta. As provided in Rule 3.2(b), (c), and (d), notice of

filing of this Application will be: (1) mailed to the appropriate officials of the State of California, specifically the Attorney General and Department of General Services, and the counties and cities listed above; (2) published in a newspaper of general circulation in each county in PacifiCorp's service territory within which the rate changes would be effective; (3) included with regular bills mailed to all customers affected by the proposed changes; and (4) mailed to any other persons whom PacifiCorp deems appropriate.

IV. CONCLUSION

PacifiCorp respectfully requests that the Commission issue an order, effective January 1, 2023, approving the rate increase proposed herein.

Respectfully submitted May 13, 2022, at San Francisco, California.

By:



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OFFICER VERIFICATION

(Rule 1.11)

I am an officer of the reporting corporation herein, and am authorized to make this verification on its behalf. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information or belief, and as to those matters I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on May 13, 2022, at Portland, Oregon.



Matthew McVee
Vice President, Regulatory Policy and Operations
PacifiCorp