



STATE OF CALIFORNIA

GAVIN NEWSOM, Governor **FILED**

PUBLIC UTILITIES COMMISSION

09/22/22

505 VAN NESS AVENUE

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SAN FRANCISCO, CA 94102-3298

A2205006

September 22, 2022

Agenda ID #20937
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 22-05-006:

This is the proposed decision of Administrative Law Judge Shannon O'Rourke. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's November 3, 2022 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties to the proceeding may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ ANNE E. SIMON

Anne E. Simon

Chief Administrative Law Judge

AES:lil

Attachment

Decision PROPOSED DECISION OF ALJ O'ROURKE (Mailed 9/22/2022)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PACIFICORP (U901E), for an Order
Authorizing a General Rate Increase
Effective January 1, 2023.

Application 22-05-006

**DECISION SETTING THE EFFECTIVE DATE OF PACIFICORP D/B/A PACIFIC
POWER'S 2023 GENERAL RATE CASE REVENUE REQUIREMENT AND
ESTABLISHING A GENERAL RATE CASE MEMORANDUM ACCOUNT**

Summary

This decision grants the unopposed request of PacifiCorp d/b/a Pacific Power (PacifiCorp) to make its 2023 test year General Rate Case revenue requirement effective as of January 1, 2023, in the event the Commission adopts a final decision in this proceeding after that date. This decision also grants PacifiCorp's request to establish a General Rate Case Revenue Requirement Memorandum Account and directs that the recovery of interest be based on the Federal Reserve three-month commercial paper rate, which will keep ratepayers and shareholders relatively indifferent to the timing of the Commission's final decision on the 2023 revenue requirement.

This proceeding remains open.

1. Background

On May 5, 2022, PacifiCorp d/b/a Pacific Power (PacifiCorp) filed its General Rate Case (GRC) Application 22-05-006 requesting authority to increase its rates for electric service effective January 1, 2023. PacifiCorp filed an amended application on May 13, 2022, with a revised list of testimony and appendices. The Assigned Commissioner's Scoping Memo and Ruling, dated August 9, 2022 (Scoping Ruling), adopted a schedule that set the 3rd Quarter of 2023 for a final decision on the matter.

On May 19, 2022, PacifiCorp filed a motion requesting the Commission authorize a January 1, 2023 effective date for its 2023 test year GRC revenue requirement in the event the Commission adopts its final decision after that date, as well as a General Rate Case Revenue Requirement Memorandum Account (GRC RRMA). In that motion, PacifiCorp also requests the Commission permit the filing of a Tier 1 Advice Letter to implement the GRC RRMA and specify its accounting methodology and applicable interest rate. PacifiCorp identifies that the Commission has authorized GRC RRMAs for Pacific Gas and Electric Company,¹ Southern California Edison Company,² San Diego Gas & Electric Company and Southern California Gas Company,³ Liberty Utilities,⁴ and Golden State Water Company/Bear Valley Electric Service.⁵ PacifiCorp further states that

¹ Decision (D.) 19-11-004; D.19-09-025; D.16-06-056; D.14-06-012.

² D.04-07-022; D.06-01-020; D.12-11-051; D.19-05-020.

³ D.13-05-010.

⁴ D.15-12-035.

⁵ D.17-11-008; D.12-08-006.

the Commission has granted similar relief for a revenue requirement effective date of the first day of the test year in other decisions.⁶

No party filed a response in opposition to PacifiCorp's request.

2. Discussion

The current schedule in this proceeding calls for the issuance of a Commission decision on PacifiCorp's 2023 GRC revenue requirement after the proposed effective date of January 1, 2023. In view of the timing for a decision on the revenue requirement, we conclude that it is reasonable to grant PacifiCorp's unopposed motion to authorize a January 1, 2023 effective date for the 2023 GRC revenue requirement and create a GRC RRMA to track the difference between current and final revenue requirements. With regard to PacifiCorp's request to implement the GRC RRMA and specify its accounting methodology and applicable interest rate via a Tier 1 Advice Letter, we provide guidance on the applicable interest rate PacifiCorp shall use. While we grant PacifiCorp's request to implement the GRC RRMA via a Tier 1 Advice Letter and therein specify its accounting methodology, PacifiCorp is directed to use the Federal Reserve three-month commercial paper rate to accrue interest on any balance beginning January 1, 2023 in its GRC RRMA.⁷ Directing PacifiCorp to use this rate aligns with Commission practice in other proceedings that have authorized GRC memorandum accounts⁸ and removes any ambiguity as to which rate PacifiCorp should use when it files its Advice Letter.

⁶ D.06-10-033; D.16-03-009; D.19-11-004.

⁷ See Federal Reserve three-month Commercial Paper Rate – Non-Financing, from the Federal Reserve Statistical Release H.15 or its successor, [FRB: H.15 Release--Selected Interest Rates--Historical Data \(federalreserve.gov\)](https://www.federalreserve.gov/historical-data/).

⁸ D.14-06-012; D.17-11-008; D.19-11-004.

Granting PacifiCorp's motion will leave both ratepayers and shareholders relatively indifferent to the precise date that the final decision is adopted. It will also reduce incentives for any party to achieve gains that could be realized through delay in the effective date of the proceeding's outcome and allow time for parties, the public, and the Commission to review and analyze the record.

The authority provided by the Commission in this decision does not bind the Commission to adopt PacifiCorp's requested revenue requirement or any portion thereof. Any adopted revenue requirement can only be authorized by the Commission upon the development of a complete evidentiary record and full and fair consideration of the record by parties and the Commission.

The authority provided by the Commission in this decision also does not diminish the importance of adhering to the adopted schedule in this proceeding to allow for a Commission decision on PacifiCorp's 2023 revenue requirement as soon as practicable.

3. Comments on Proposed Decision

The proposed decision of Administrative Law Judge (ALJ) Shannon O'Rourke in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____ by _____.

4. Assignment of Proceeding

Alice Reynolds is the assigned Commissioner and Shannon O'Rourke is the assigned ALJ in this proceeding.

Findings of Fact

1. In this proceeding, PacifiCorp requests approval of its forecast GRC revenue requirement for implementation beginning January 1, 2023, and to

establish a GRC RRMA to track the difference in revenue requirements between existing rates and those adopted in the GRC.

2. In view of the currently adopted schedule, the effective date for a Commission decision regarding PacifiCorp's 2023 GRC revenue requirement will likely be after January 1, 2023.

3. PacifiCorp's request is unopposed.

4. Commission practice in other proceedings that have authorized GRC memorandum accounts has been to use the Federal Reserve three-month commercial paper rate for purposes of calculating interest.

5. Granting PacifiCorp's unopposed request allows PacifiCorp and its ratepayers to be financially indifferent to the precise date that the final decision is adopted; removes incentives for procedural gaming that might be attempted if gains could be realized through delay; and allows sufficient time for parties, the public, and the Commission to review and analyze the record.

Conclusions of Law

1. It is reasonable to grant PacifiCorp's unopposed motion to set January 1, 2023 as the effective date of the 2023 GRC revenue requirement.

2. It is reasonable to establish a GRC RRMA to record the difference in PacifiCorp's current and final revenue requirement since January 1, 2023, as well as interests accrued on the account's balance.

3. Allowing the GRC RRMA to accrue interest, with the Federal Reserve three-month commercial paper rate set as the interest rate, is fair and reasonable.

4. The authorization for a January 1, 2023 revenue requirement effective date does not bind the Commission to adopt PacifiCorp's requested GRC revenue requirement, or any portion thereof, as such a determination can only be made

upon development of a complete record, with full and fair consideration of the entire record by the Commission.

5. This proceeding should remain open.

O R D E R

IT IS ORDERED that:

1. The May 19, 2022 motion filed by PacifiCorp d/b/a Pacific Power is granted to the extent set forth herein.
2. The effective date for PacifiCorp d/b/a Pacific Power's General Rate Case revenue requirement for the 2023 test year is January 1, 2023.
3. Within 30 days of this decision, PacifiCorp d/b/a Pacific Power shall file a Tier 1 Advice Letter with the Commission's Energy Division to establish a General Rate Case Revenue Requirement Memorandum Account (GRC RRMA). In the GRC RRMA, PacifiCorp shall record the difference in revenue requirement that is effective since the beginning of the test year, January 1, 2023, and the final revenue requirement adopted in this General Rate Case proceeding and shall also record interest accrued on the account's balance. PacifiCorp shall use the three-month commercial paper rate published in the Federal Reserve Statistical Release H.15 or its successor as the interest rate.
4. Application 22-05-006 remains open.

This order is effective today.

Dated _____, at Chico, California.