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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of PacifiCorp (U901E) for Approval of its 2023 Energy Cost Adjustment Clause and Greenhouse Gas-Related Forecast and Reconciliation of Costs and Revenue.	Application 22-08-001

ASSIGNED COMMISSIONER'S AMENDED SCOPING MEMO AND RULING

This Amended Scoping Memo and Ruling (Amended Scoping Memo) sets forth an amended scope of issues and schedule for this proceeding.

1. Procedural Background

On August 1, 2022, PacifiCorp d/b/a Pacific Power (PacifiCorp) filed Application (A.) 22-08-001 requesting authority to (i) update its Balancing Rate and Offset Rate pursuant to its Energy Cost Adjustment Clause (ECAC); (ii) update the surcharge that recovers costs for the procurement of greenhouse gas (GHG) allowances; and (iii) update the California Climate Credit that returns auction proceeds from the consignment of GHG allowances to auction to eligible customer classes.

On October 11, 2022, an assigned Commissioner's Scoping Memo was issued setting forth the issues, need for hearing, schedule, category and other matters necessary to scope the proceeding.

On December 9, 2022, PacifiCorp, the California Farm Bureau Federation (Farm Bureau) and the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) jointly moved for approval of their partial settlement regarding the GHG Emissions Allowance program costs and the semi-annual Climate Credit. On February 13, 2023, a proposed decision was issued proposing to approve with modifications the partial settlement on GHG Emissions Allowance program costs and the Climate Credit.

On January 6, 2023, a status conference was held wherein Farm Bureau and Cal Advocates stated that they did not intend to submit prepared testimony based on their review of PacifiCorp's testimony.

On January 11, 2023, an Administrative Law Judge's (ALJ's) ruling was issued that (i) vacated the original schedule, (ii) set a deadline for when supplemental testimony required by Decision (D.) 22-11-008 would be due, and (iii) set a deadline for parties to propose a schedule for the remainder of the proceeding.

On February 2, 2023, PacifiCorp submitted supplemental testimony pursuant to D.22-11-008.

On February 13, 2023, PacifiCorp, Farm Bureau and Cal Advocates filed a Meet and Confer Report, stating that after reviewing PacifiCorp's supplemental testimony, they are willing to forgo additional testimony or further proceedings and submit the case for decision on the basis of the testimony and exhibits served to date.

2. Amended Scope of Issues to Consider ECAC Application Filing Requirements

PacifiCorp's ECAC mechanism was initially adopted in D.06-12-011 to provide a means for PacifiCorp to recover its volatile energy costs in a timely and efficient manner. In D.12-12-033 and D.14-10-033, the Commission adopted a methodology for allocating proceeds from the consignment of GHG allowances to eligible customers and directed utilities to record GHG allowance proceeds and compliance costs in certain accounts, which are then reviewed annually within the ECAC proceeding. The Commission reauthorized PacifiCorp to continue using the ECAC in D.20-02-025.

PacifiCorp files its ECAC application annually on August 1. It is not required under the existing ECAC structure to submit updated forecasts later in the year for its ECAC revenue requirement, GHG program costs, and Climate Credit, as is done in the Energy Resource Recovery Account (ERRA) proceedings.

Certain characteristics and outcomes of recent ECAC proceedings indicate there may be opportunities to adjust the timing and frequency of ECAC filings to better ensure timely and efficient recovery of costs and to minimize rate volatility for customers.

We provide two examples of recent outcomes where it appears the current ECAC filing approach has contributed to untimely recovery of costs and rate volatility for customers.

- With an August 1 filing date, in order for rates to go into effect on January 1 of the relevant ECAC year, a decision resolving the proceeding must be adopted within four months of application filing. Recent PacifiCorp ECAC proceedings[1] have been more heavily litigated than in prior years, necessitating longer proceeding timelines and resulting in final decisions late in the year the ECAC rate was proposed to take effect. Having rates go into effect late in the relevant ECAC year results in a misalignment between rates customers are charged and the actual costs incurred and can lead to rate volatility.

[1] 2020 ECAC rates were adopted in December 2020 (D.20-12-004), 2021 ECAC rates were adopted in November 2021 (D.21-11-001), 2022 ECAC rates were adopted in November 2022 (D.22-11-008).

- With an August 1 filing date with no requirement for an update to forecasts later in the year, PacifiCorp must base its forecasts for the upcoming year on observed costs from the first part of the preceding year. In the instance of the 2022 ECAC proceeding, there was a price spike in California Air Resources Board allowance auction prices in the summer and fall of 2021 that was not captured in PacifiCorp's 2022 ECAC filing because the price spike occurred after PacifiCorp's ECAC application was filed on August 1. This resulted in an adopted GHG proxy price for 2022 that was significantly lower than the actual price. As both the annual GHG Surcharge and Climate Credit calculation use the approved GHG proxy price, this resulted in a large forecasting error for both accounts, necessitating a large increase in the GHG Surcharge and the Climate Credit in PacifiCorp's 2023 ECAC filing.

Although some imprecision is embedded in the nature of any forecast and the timelines for proceedings cannot fully control for extenuating circumstances, the Commission is committed to consistently exploring opportunities to reduce imprecision where possible and have forecast costs timely reflected in customer rates in order to mitigate volatility.

I therefore believe it is reasonable to consider whether to amend the ECAC filing requirements to enable more timely and accurate recovery of costs through rates. This proceeding provides a proper forum for consideration of this issue.

Therefore, the amended scope of issues to be determined or otherwise considered in this proceeding is as follows:

1. Whether the proposed overall rate increase is reasonable, including:
    a. The proposed Balancing Rate;
    b. The proposed Offset Rate, inclusive of the forecast Net Power Costs; and

   c. Whether the two coal supply agreements entered into for the Naughton and Jim Bridger power plants meet the requirements of D.20-12-004 and D.21-11-001 and are reasonable.

2. Whether the proposed GHG allowance costs, Solar on Multifamily Affordable Housing Program amounts, and the proposed California Climate Credits for customers are reasonable.
3. Whether the proposed rate spread, and rate design are reasonable.
4. Whether specific modeling requirements from D.20-12-004 should be waived.
5. Whether interim rate relief for the proposed GHG allowance costs and the California Climate credit should be granted.
6. Whether the changes to PacifiCorp's ECAC tariff as proposed in its application should be approved.
7. Whether it is reasonable to amend the ECAC filing requirements to enable more timely and accurate recovery of costs through rates and return of allowance auction proceeds.

Attachment A to this Amended Scoping Memo provides questions to develop the record regarding issue number 7. Parties are directed to provide responses to the questions in Attachment A by filing and serving comments by April 13, 2023, and filing and serving reply comments by April 27, 2023.

3. Schedule

The following schedule for the remainder of the proceeding is adopted here and may be modified by the ALJ as required to promote the efficient and fair resolution of the application:

Event	Date
Comments in response to Amended Scoping Memo filed and served	April 13, 2023
Reply Comments in responses to Amended Scoping Memo filed and served	April 27, 2023
Motion to admit testimony/documents into evidence	April 27, 2023

The proceeding will stand submitted upon the filing of reply comments, unless the ALJ requires further evidence or argument. Based on this schedule, the proceeding will be resolved within 18 months as required by Pub. Util. Code Section 1701.5.

IT IS RULED that:

1. The scope of this proceeding is amended to include an additional issue as set forth above.
2. The schedule for this proceeding is as set forth above.
3. The parties shall file and serve comments and reply comments in response to the questions in Attachment A to this ruling as set forth above.

This order is effective today.

Dated March 17, 2023, at San Francisco, California.

/s/ JOHN REYNOLDS

John Reynolds
Assigned Commissioner

ATTACHMENT A

1. Should the Commission maintain a single annual Energy Cost Adjustment Clause (ECAC) filing, but move the date for the ECAC filing to earlier in the year? For example, should the ECAC filing date be moved from August 1 to an earlier date like June 1 or July 1?
   a. Address how this change would or would not be likely to enable more timely and accurate recovery of ECAC and greenhouse gas (GHG) program costs and delivery of the Climate Credit compared to the status quo.
2. Should the Commission require an ECAC application earlier in the year than August 1 with an update to its forecast ECAC revenue requirement and forecast GHG program costs and Climate Credit later in the year? For example, should the initial ECAC filing be moved from August 1 to a date earlier in the year like June 1 or July 1 with a forecast update in October or November?
   a. Address how this change would or would not enable more timely and accurate recovery of ECAC and GHG program costs and delivery of the Climate Credit compared to the status quo.
3. If a change to the timing and/or frequency of the ECAC is adopted, upon what timeline should the new requirement be implemented?
4. Should the Commission consider any additional or alternative changes to the annual ECAC filing process?
   a. Address how any change would or would not enable more timely and accurate recovery of ECAC and GHG program costs and delivery of the Climate Credit compared to the status quo.
5. What other considerations should the Commission take into account in deciding whether to amend the annual ECAC filing requirements?

END OF ATTACHMENT A