

Decision 21-01-006 January 14, 2021

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

In the Matter of the Application of  
PACIFICORP (U901E), an Oregon  
Company, for an Order Authorizing a  
General Rate Increase Effective  
January 1, 2019.

Application 18-04-002

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And Related Matter.

Investigation 17-04-019

**DECISION MODIFYING DECISION 20-02-025  
TO EXTEND THE FILING OF PACIFICORP'S NEXT GENERAL RATE CASE  
ONE YEAR**

**Summary**

The Commission has ordered PacifiCorp to file general rate cases (GRCs) on a three-year cycle.<sup>1</sup> On September 18, 2020, PacifiCorp petitioned to extend the filing of its next GRC one year, which would change the test year from 2022 to 2023. This petition also requests authorization to use the post-test year adjustment mechanism for an additional year, 2022. PacifiCorp requests the extension due to PacifiCorp planning additional filings at the end of 2020 and during 2021.<sup>2</sup>

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<sup>1</sup> Decision (D.) 07-07-004.

<sup>2</sup> PacifiCorp's Reply to Response to Petition of PacifiCorp filed October 26, 2020, at 1.

This decision grants the petition to extend the filing of PacifiCorp's next GRC one year with one clarification. The deadline for filing retirement plans for coal facilities serving California customers, and any associated requests for accelerated depreciation, is the second quarter of 2021.

This proceeding is closed.

## **1. Background**

On September 18, 2020, PacifiCorp petitioned to extend the filing of its next general rate case (GRC) one year. PacifiCorp seeks an additional year for filing its next GRC because the decision on its test year 2019 GRC was not issued until February 2020.<sup>3</sup> In addition, PacifiCorp is planning additional filings in the near future,<sup>4</sup> including the filing of its retirement plans for all its coal units serving California customers and any associated request for accelerated depreciation.<sup>5</sup> PacifiCorp proposes to accelerate depreciation of certain coal plants as a means to mitigate later increases in ratepayer rates.<sup>6</sup> PacifiCorp plans to file this application by the second quarter of 2021.

PacifiCorp also plans to file post-test year adjustment mechanism (PTAM) applications by the second quarter of 2021 to reflect in rates the California

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<sup>3</sup> Petition of PacifiCorp for Modification of Decision (D.) 20-02-025 and Granting of Waiver of the Three-Year Filing Requirement Contained in D.07-07-04 and Request for Expedited Consideration (Petition) filed September 18, 2020, at 3.

<sup>4</sup> PacifiCorp's Reply to Response to Petition of PacifiCorp filed October 26, 2020, (PacifiCorp's Reply) at 1.

<sup>5</sup> PacifiCorp's Reply, at 4.

<sup>6</sup> Petition, at 4.

allocated portion of the cost of wind power projects which are anticipated to be put into service over the remainder of the year.<sup>7</sup>

## **2. Extending the Filing of PacifiCorp's GRC One Year Is Reasonable and Changing the Test Year to 2023 Is Consistent with Extending the GRC One Year**

Ordering Paragraph (OP) 17 of D.20-02-025 requires PacifiCorp to file a GRC for test year 2022. Extending the filing of its next GRC one year would change the test year from 2022 to 2023. PacifiCorp's petition to extend the next GRC one year is supported by PacifiCorp's plan to file its application for accelerated depreciation of its coal units. The Commission has granted similar requests of PacifiCorp in the past.<sup>8</sup>

Sierra Club wants confirmation that PacifiCorp will not extend the filing of its planned coal plant retirement dates.<sup>9</sup> PacifiCorp states in its petition that it will file applications for accelerated depreciation by first quarter 2021<sup>10</sup> and states in its reply that it intends to include in these applications its planned coal plant retirement dates.<sup>11</sup> Accordingly, this date is confirmed in the modification of OP 18 of D.20-02-025.

## **3. PTAM Is Authorized an Additional Year**

With the filing of PacifiCorp's general rate case extended one year, the appropriate test year will be 2023 instead of 2022. Therefore, it is reasonable to

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<sup>7</sup> Petition, at 4. The Commission authorized PacifiCorp a "PTAM for Major Capital Additions [that] may be filed for 2020 as soon as reasonably feasible in 2020 and 2021." (D.20-02-025, at 6-7; *see also* OPs 11 and 12.)

<sup>8</sup> D.14-06-018.

<sup>9</sup> Sierra Club's Response, at 3.

<sup>10</sup> Petition, at 5. In its Comments on this proposed decision filed January 4, 2021, PacifiCorp requested that the deadline be changed to second quarter 2021, as discussed in Section 5 below.

<sup>11</sup> PacifiCorp's Reply, at 4.

authorize PacifiCorp to continue to use the Post-Test Year Adjustment Mechanism for 2022. Sierra Club did not oppose this proposed modification.

#### **4. Proposed Modifications to Decision 20-02-25**

The modifications requested by PacifiCorp to Ordering Paragraphs (OP) 11 and 17 of D. 20-02-025 shown below should be adopted. Affirmation of the requirement that PacifiCorp file its application for coal plant retirements and associated accelerated depreciation by the second quarter of 2021 is provided below in OP 18, as modified.

OPs 11, 17 and 18 of D.20-02-025, as modified (by underlining and deletions), follow.

OP 11: PacifiCorp is authorized to continue to use the Post-Test Year Adjustment Mechanism (PTAM) in 2021 and 2022 and calculated as the greater of: (i) the September Global Insight U.S. Economic Outlook forecast of Consumer Price Index for the following calendar year with an offsetting productivity factor of 0.5 percent; or (ii) zero. The PTAM factor may continue to be filed on October 15 (or as soon thereafter as is reasonable) as a Tier 2 Advice Letter, with rates effective January 1.

OP 17: PacifiCorp is granted a one-year extension from the otherwise required shall file filing of its next General Rate Case for test year 2022 pursuant to the applicable Rate Case Plan adopted in Decision 89-01-040, as modified. PacifiCorp shall file its next General Rate Case for test year 2023.

OP 18: PacifiCorp shall ~~include in its next General Rate Case for test year 2022 or an earlier application~~ file its application including retirement plans for all coal facilities serving California customers, and any associated request for accelerated depreciation, consistent with its Integrated Resource Plan filings, by second quarter 2021.

## **5. Comments on Proposed Decision**

The proposed decision of Administrative Law Judge John Larsen in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code. Comments allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure were filed by PacifiCorp and Sierra Club.

In its January 4, 2021 comment, PacifiCorp requested that it be allowed to file retirement plans for all coal facilities serving California customers, and any associated request for accelerated depreciation, consistent with its Integrated Resource Plan filings one quarter later - by second quarter 2021. PacifiCorp requests this additional ninety days to align the filing of retirement plans with the filing schedule of the 2021 Integrated Resource Plan. Second quarter 2021 is also when PacifiCorp will file its 2021 Integrated Resource Plan. PacifiCorp states that aligning the filing timelines for PacifiCorp's coal-fueled resource plans, in accordance with PacifiCorp's 2021 Integrated Resource Plan, will allow PacifiCorp to provide the Commission with the most current and complete information possible regarding its fleet-wide coal plant retirement plans. This request is granted.

## **6. Assignment of Proceeding**

President Marybel Batjer is the assigned Commissioner and John H. Larsen is the assigned Administrative Law Judge in this proceeding.

## **Findings of Fact**

1. A decision on the test year 2019 GRC was issued on February 6, 2020.
2. Implementation of rates on the test year 2019 GRC were authorized February 6, 2020.

3. PacifiCorp states that it plans to submit its application including planned retirement dates of all its coal units serving California customers and any associated accelerated depreciation by second quarter 2021.

4. PacifiCorp states that it plans to submit Post Test Year Adjustment Mechanism filings for several new wind power projects near the end of 2020 and in 2021.

5. PacifiCorp states that Post-Test Year Adjustment Mechanism applications for new capital projects and applications for accelerated depreciation for coal plants that PacifiCorp will be retiring will strain PacifiCorp's regulatory resources in 2021.

### **Conclusions of Law**

1. PacifiCorp should be authorized to extend the filing of its next general rate case for one year due to PacifiCorp planning additional filings, including the filing of its retirement plans for all its coal units serving California customers and any associated request for accelerated depreciation.

2. PacifiCorp should be authorized to file its next general rate case for test year 2023.

3. PacifiCorp should be authorized to submit a Post Test Year Adjustment in 2022 to account for new costs.

4. The timeline for filing any request for any coal plant retirements should not be delayed. Any additional filings, including the filing of its retirement plans for all its coal units serving California customers and any associated request for accelerated depreciation, consistent with its Integrated Resource Plan filings, should be filed by second quarter 2021.

## **O R D E R**

### **IT IS ORDERED** that:

1. The September 18, 2020 Petition of PacifiCorp for modification of Decision 20-02-025 to extend the filing of PacifiCorp's next general rate case one year is granted, as modified.

2. Decision 20-02-025 is modified as follows:

(a) Ordering Paragraph 11 is modified as follows:

PacifiCorp is authorized to continue to use the Post-Test Year Adjustment Mechanism (PTAM) for use in 2021 and 2022 and calculated as the greater of: (i) the September Global Insight U.S. Economic Outlook forecast of Consumer Price Index for the following calendar year with an offsetting productivity factor of 0.5 percent; or (ii) zero. The PTAM factor may continue to be filed on October 15 (or as soon thereafter as is reasonable) as a Tier 2 Advice Letter, with rates effective January 1.

(b) Ordering Paragraph 17 is modified as follows:

PacifiCorp is granted a one-year extension from the otherwise required filing of its next general rate case (GRC) for test year 2022 pursuant to the applicable Rate Case Plan adopted in Decision 89-01-040, as modified. PacifiCorp shall file its next GRC for test year 2023.

(c) Ordering Paragraph 18 is modified as follows:

PacifiCorp shall file retirement plans for all coal facilities serving California customers, and any associated request for accelerated depreciation, consistent with its Integrated Resource Plan filings, by second quarter 2021.

3. Application 18-04-002 and Investigation 17-04-019 are closed.

This order is effective today.

Dated January 14, 2021, at San Francisco, California.

MARYBEL BATJER

President

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

Commissioners