Docket:	:	A.22-05-006
Exhibit Number	:	Cal Advocates-01
Commissioner	:	A. Reynolds
ALJ	:	S. O'Rourke
Witness	:	C. Chitadje

PUBLIC ADVOCATES OFFICE
CALIFORNIA PUBLIC UTILITIES COMMISSION

Report on the Results of Operations for PacifiCorp's General Rate Case Test Year 2023

Executive Summary

San Francisco, California
December 22, 2022

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EXECUTIVE SUMMARY

I. INTRODUCTION – THE PUBLIC ADVOCATES OFFICE RECOMMENDS ADJUSTMENTS IN PACIFICORP'S PROPOSED REVENUE INCREASES FOR 2023

The Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits its reports and exhibits in response to PacifiCorp's Application (A.) 25-05-006 for a Test Year (TY) 2023 General Rate Case (GRC).

PacifiCorp requests a $27.9 million or 33.97% increase for Test Year 2023.

Public Advocates Office recommends a $15.1 million or 18.35% increase for Test Year 2023.

PacifiCorp requests that the California Public Utilities Commission's (Commission) authorize a TY 2023 base rate revenue requirement (BRR) increase of approximately $27.9 million effective January 1, 2023[1] from a currently authorized level of $82.299 million to $110.253 million.[2] In contrast, Cal Advocates recommends a GRC base revenue increase of $15.103 million or $97.402 million for TY 2023.

Table 1-1 compares Cal Advocates' and PacifiCorp's forecasts of TY 2023 GRC revenues relative to PacifiCorp's authorized level of 2023 revenues.

[1] PacifiCorp's Application, p. 1.

[2] Exhibit No. Cal Advocates-02, Table 1, p.3.– Revenue Requirement, Taxes, Rate Base, Depreciation; PacifiCorp's Exhibit No. PAC/901, p. 3 of 393.

Table 1-1[3]
Cal Advocates Recommended vs PacifiCorp's Proposed 2023 Base Revenue Requirement
(in Thousands of Dollars)

Description (a)	PacifiCorp 2023 Authorized Revenues (b)	PacifiCorp 2023 Proposed Revenues (c)	PacifiCorp Forecast Increase over 2023 Authorized Revenues (d=c-b)	Cal Advocates 2023 Recommended Revenues (e)	Cal Advocates' Recommended Increase over 2023 Authorized Revenues (f=e-b)
Total Base Revenues	$82.299	$110.253	$27.955	$97.402	**$15.103**

II. OVERVIEW / SUMMARY – THE COMMISION SHOULD ADOPT CAL ADVOCATES' RECOMMENDATIONS FOR TEST YEAR 2023

This section provides an overview and summary of PacifiCorp's requests and Cal Advocates' recommendations regarding PacifiCorp's TY 2023 base rate revenue requirement.

A. PacifiCorp Requests a $110.253 Million Base Rate Revenue for 2023 – an Increase of $27.955 Million (33.97%) over Authorized Base Rate Revenues of $82.299 Million

On May 5, 2022, PacifiCorp filed its Test Year 2023 GRC Application, A.25-05-006, requesting that the Commission authorize a base rate revenue requirement of $110.253 million for TY 2023 to be effective January 1, 2023.[4] PacifiCorp's request represents a base rate revenue increase of $27.955 million over its current authorized base rate revenues of $82.299 million for TY 2023.[5]

[3] PacifiCorp's Exhibit No. PAC/901, p. 3 of 393.

[4] PacifiCorp's Application, p. 1.

[5] PacifiCorp's Exhibit No. PAC/901, p. 3 of 393.

B. Cal Advocates Recommends $97.402 Million in GRC Base Rate Revenues for Test Year 2023 – an Increase of $15.103 Million (18.35%) Compared to Authorized Revenues of $82.299 Million

Cal Advocates recommends that the Commission authorize $97.402 million in base rate revenues for TY 2023 compared to PacifiCorp's request of $110.253 million. This represents a $15.103 million increase to authorized revenues and is $12.851 million (11.66%) lower than PacifiCorp's request.

Table 1-2 compares Cal Advocates recommended base rate revenues to PacifiCorp's request for TY 2023.

Table 1-2
Cal Advocates Recommends Test Year 2023 Base Rate Revenue Increase of $15.103 Million Compared to PacifiCorp's Requested Base Revenue (in Thousands of Dollars)

Description (a)	PacifiCorp 2023 Requested Revenue (b)	Cal Advocates 2023 Recommended Revenue (c)	Cal Advocates 2023 Recommended Vs PacifiCorp Requested Revenue (d=c-b)	Cal Advocates 2023 Recommended % Decrease Vs PacifiCorp Requested Revenue (e=d/b)
Total Base Revenues	$110.253	$97.402	**($12.851)**	**11.66%**

III. Post Test Year Ratemaking

In Decision (D.) 10-09-010, the Commission authorized an annual Post Test Year Adjustment Mechanism (PTAM) Attrition Factor adjustment that allows PacifiCorp to adjust base rates for changes in inflation with an offsetting productivity factor of 0.5 percent. The Commission subsequently authorized the continuation of this mechanism in D.20-02-025 following PacifiCorp's 2019 Rate Case (A.18-04-002).[6] The PTAM Attrition Factor adjustment is effective on January 1 in the years

[6] PacifiCorp's Application, p.4.

between general rate cases. PacifiCorp requests authorization to continue the PTAM Attrition Factor adjustment as approved in A.18-04-002.[7].

Cal Advocates agrees with PacifiCorp's PTAM proposal for this GRC.

IV. PROCEDURAL BACKGROUND AND SCHEDULE

On May 5, 2022, PacifiCorp filed its Test Year 2023 GRC Application, A.22-05-006, with the Commission. Cal Advocates filed a timely Protest on June 10, 2022.

A Prehearing Conference (PHC) was held on June 30, 2022. The Assigned Commissioner's Ruling and Scoping Memo was issued on August 9, 2022, and established the following procedural schedule:

Procedural Schedule for PacifiCorp's Test Year 2023 General Rate Case, A.22-05-006	
Event	**Dates**
The Public Advocates Office's Testimony	December 12, 2022
Rebuttal Testimony	February 3, 2023
Joint Status Conference Statement	February 15, 2023
Status Conference	February 16, 2023
Evidentiary Hearings	February 20 - 23, 2023
Opening Briefs	March 23, 2023.
Reply Briefs	April 23, 2023

On November 22, 2022, the procedural schedule was updated as follows:

Procedural Schedule for PacifiCorp's Test Year 2023 General Rate Case, A.22-05-006	
Event	**Dates**
The Public Advocates Office's Testimony	December 22, 2022
Rebuttal Testimony	February 8, 2023

[7] PacifiCorp's Application, p.4.

V. CAL ADVOCATES' ANALYSIS

Cal Advocates' testimony and exhibits respond to PacifiCorp's request for a revenue requirement increase as proposed in the TY 2023 GRC Application, A.22-05-006. Cal Advocates submits the following reports in support of its recommendations:

- Report on the Results of Operations for PacifiCorp General Rate Case Text Year 2023 (Exhibits Cal Advocates-01 through Cal Advocates-05).

VI. ORGANIZATION OF CAL ADVOCATES' SHOWING/SUMMARY OF DIFFERENCES

This section briefly: (1) indicates how Cal Advocates' exhibits are organized; and (2) summarizes the major differences between Cal Advocates and PacifiCorp with respect to the various elements of revenues, operating expenses and capital expenditures.

A. Organization of Cal Advocates' Exhibits

Table 1-3 shows the specific exhibit(s) and subject matter(s) for which each Cal Advocates' witness is responsible.

Table 1-3
Cal Advocates' Exhibits with Corresponding Subject Matter and Witnesses

Exhibit No.	Subject	Witness
Cal Advocates-01	Executive Summary	Charlotte Chitadje
Cal Advocates-02	Revenue Requirement, Taxes, Rate Base, Depreciation	Kevin Lo
Cal Advocates-03	Expenses	Fauzia Nawaz
Cal Advocates-04	Capital	Nahal Mirfendereski
Cal Advocates-05	Cost of Capital	Dr. J. Randall Woolridge

B. Summary of Cal Advocates' Recommendations

The following briefly summarizes the recommendations contained within each of Cal Advocates' reports that responds to PacifiCorp's requests in this Application.

Exhibit Cal Advocates-01 Executive Summary
This exhibit provides a brief overview of PacifiCorp's request, presents the overall organization of Cal Advocates' exhibits, and summarizes the differences in the base rate revenue requirement between Cal Advocates and PacifiCorp's for TY 2023.

1

Exhibit Cal Advocates-02 Revenue Requirement, Taxes, Rate Base, Depreciation
This exhibit compares Cal Advocates' and PacifiCorp's Revenue Requirement for TY 2023 and addresses PacifiCorp's taxes, rate base and depreciation for TY 2023. • Cal Advocates recommends a revenue requirement of $97,401,593, representing $12,851,554 less than PacifiCorp's proposal of $110,253,147. • Cal Advocates proposes modest adjustments to PacifiCorp's California "Cash Working Capital". • Cal Advocates does not oppose PacifiCorp's tax calculations. • Cal Advocates does not oppose the modest increase in depreciation rates from PacifiCorp's 2013 Depreciation Study to its 2018 Depreciation Study, which was utilized for the 2023 GRC. • Cal Advocates does not oppose PacifiCorp's Depreciation Expense calculations. • Cal Advocates does not oppose PacifiCorp's Proposed End of Coal Plant Depreciable Life retirement dates. • Cal Advocates recommends a reduction of $1,682,101 to PacifiCorp's Amortization Expense calculation of $4,131,795 based on proposing a longer time frame for recovery of accelerated coal plant retirement related costs.

2

Exhibit Cal Advocates-03 Expenses
This exhibit addresses PacifiCorp's vegetation management (VM) expenses, wildfire mitigation (WM) expenses, wildfire deferred costs (WDC), and labor & non-labor escalation expenses (L&NL EE) for TY 2023. • Cal Advocates does not oppose PacifiCorp's request for incremental $8,376,867 revenue requirement VM O&M expenses. • Cal Advocates recommends $1,297,172, or a downward adjustment of $1,049,549 to PacifiCorp's request for incremental $2,346,721 revenue requirement for WM O&M expenses. • Cal Advocates recommends $2,627,962, or a downward adjustment of $2,753,367 to PacifiCorp's request for incremental $5,381,330 revenue requirement WDC. This adjustment is based on extending recovery of WDC over an 8-year amortization period. • Cal Advocates does not oppose PacifiCorp's request for incremental $1,484,394

revenue requirement for L&NL EE.

Exhibit Cal Advocates-04
Capital

This exhibit addresses PacifiCorp's proposed capital addition for TY 2023.

- Cal Advocates opposes PacifiCorp's request to add $300,000 to its 2023 GRC revenue requirement for the Foote Creek II-IV project because the project is unlikely to be commercially operational in the 2023 test year. Instead, PacifiCorp can request the recovery for the project and associated revenue requirement through the Post Test Year Adjustment Mechanism (PTAM) when the project is commercially operational.
- Cal Advocates recommends that the Commission approve $47.42 million for PacifiCorp's California-allocated Incremental Wildfire Mitigation Capital which results in lower electric plant in service compared to PacifiCorp's request.

Exhibit Cal Advocates-05
Cost of Capital

This exhibit addresses PacifiCorp's proposed Cost of Capital for TY 2023.

- Cal Advocates recommends a Rate of Return (ROR) of 6.81% based on a proposed capital structure of 47.75% debt and 52.25% equity coupled with a debt cost rate of 4.41% and an equity cost rate of 9% compared to PacifiCorp proposed ROR of 7.59% based on a proposed capital structure consisting of 47.75% debt and 52.25% equity coupled with a debt cost rate of 4.41% and an equity cost rate of 10.50%.

VII. WITNESS QUALIFICATIONS

My name is Charlotte Chitadje. My business address is 505 Van Ness Avenue, San Francisco, California. I am employed by the Public Advocates Office at the California Public Utilities Commission as a Program and Project Supervisor in the Energy Cost of Service and Natural Gas Branch.

I am a Certified Public Accountant (CPA). I received a Bachelor of Science degree in Accounting from San Francisco State University. I received a Juris Doctor Degree from Taft Law School and passed the California Bar Exam.

Since joining the Commission in 2012, I have worked on several general rate cases (GRCs) in an advocacy role with the Public Advocates Office. I am the Project Coordinator for this GRC.

I am responsible for Exhibit Cal Advocates-01.

This completes my prepared testimony.