

January 3, 2022

***VIA ELECTRONIC FILING***

Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street SE, Suite 100  
Salem, OR 97301-3398

**Re: UM 2220(1)—Application for Approval of Deferred Accounting for Operating Costs and Capital Investments Made to Implement PacifiCorp’s Distribution System Plan**

PacifiCorp d/b/a Pacific Power submits for filing its Application for Approval of Deferred Accounting for Operating Costs and Capital Investments Made to Implement PacifiCorp’s Distribution System Plan.

PacifiCorp respectfully requests that all communications related to this filing be addressed to:

Oregon Dockets  
PacifiCorp  
825 NE Multnomah Street, Suite 2000  
Portland, OR 97232  
[oregondockets@pacificorp.com](mailto:oregondockets@pacificorp.com)

Carla Scarsella  
Deputy General Counsel  
PacifiCorp  
825 NE Multnomah Street, Suite 2000  
Portland, OR 97232  
Email: [carla.scarsella@pacificorp.com](mailto:carla.scarsella@pacificorp.com)

Additionally, PacifiCorp requests that all formal information requests regarding this matter be addressed to:

By email (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

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

Informal inquiries may be directed to Cathie Allen, Manager, Regulatory Affairs, at (503) 813-5934.

Sincerely,



Matthew McVee  
Vice President, Regulatory Policy and Operations

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 2220(1)**

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for Approval of Deferred  
Accounting for Operating Costs and Capital  
Investments Made to Implement PacifiCorp's  
Distribution System Plan

**APPLICATION FOR DEFERRED  
ACCOUNTING**

**I. INTRODUCTION**

In accordance with Oregon Revised Statutes (ORS) 757.259(2)(e) and Oregon Administrative Rule (OAR) 860-027-0300, PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) submits this application to the Public Utility Commission of Oregon (Commission) for an order reauthorizing to continue deferred accounting to permit tracking of the operating costs incurred and prudent capital investments made to develop and implement the Company's Distribution System Plan (DSP). Part 1 of the DSP was filed on October 15, 2021, in accordance with Order No. 20-485 and Part 2 of the DSP was filed on August 15, 2022.<sup>1</sup>

**II. CONTACT INFORMATION**

Communications regarding this application should be addressed to:

Oregon Dockets  
PacifiCorp  
825 NE Multnomah Street, Suite 2000  
Portland, OR 97232  
Email: [oregondockets@pacificorp.com](mailto:oregondockets@pacificorp.com)

Carla Scarsella  
Deputy General Counsel  
PacifiCorp  
825 NE Multnomah Street, Suite 2000  
Portland, OR 97232  
Email: [carla.scarsella@pacificorp.com](mailto:carla.scarsella@pacificorp.com)

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<sup>1</sup> See *PacifiCorp's Oregon Distribution System Plan Report*, Docket No. UM 2198. On March 11, 2022, the Commission issued Order No. 22-083, confirming their acceptance of Part 1 as having met the objectives of the DSP Guidelines. Acceptance of Part 2 is pending with the Commission.

In addition, the Company requests that all data requests regarding this application be sent to the following:

By email (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

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

Informal questions may be directed to Cathie Allen, Regulatory Affairs Manager, at (503) 813-5934.

### **III. BACKGROUND AND SUMMARY OF REQUEST**

The Commission opened docket UM 2005 to conduct an investigation of investor-owned utility’s DSP practices.<sup>2</sup> This investigation developed initial guidelines that accelerate Oregon’s clean energy investments and transform how investor-owned utilities plan for the distribution system. These guidelines were approved in Commission Order No. 20-485 and set forth a “transparent, robust and holistic” distribution system planning process.<sup>3</sup>

On January 3, 2022, PacifiCorp filed an application for deferral of the operating costs and capital investments made to implement and operate the DSP. The Commission approved the deferral application for the 12 months beginning January 3, 2022, in Order No. 22-260 issued on July 13, 2022. In this application, the Company is requesting reauthorization to defer all operating costs incurred and prudent capital investments made to implement and operate the Company’s DSP for the 12 months beginning January 3, 2023.

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<sup>2</sup> OPUC Distribution System Planning Initiative, <https://www.oregon.gov/puc/utilities/Pages/Distribution-System-Planning.asp>.

<sup>3</sup> *In the Matter of Public Utility Commission of Oregon, Consideration for Adoption Staff Proposed Guidelines for Distribution System Planning*, Docket No. UM 2005, Order No. 20-485 (Dec. 23, 2020) (available at <https://apps.puc.state.or.us/orders/2020ords/20-485.pdf>).

#### **IV. OAR 860-027-0300(3) REQUIREMENTS**

##### **A. Description of Utility Expense**

The expenses included under this deferral are the operating costs and capital investments associated with the development of the DSP filings in 2022 as well as implementation of the DSP Near-Term Action plan as outlined in the Company's DSP Part 2 filing currently under consideration by the Commission.

##### **B. Reasons for Deferral**

As discussed above, PacifiCorp requests reauthorization to continue to defer the operating costs incurred and capital investments made to implement its DSP as outlined in the DSP Part 2 Near-Term Action Plan. ORS 757.259(2)(e) allows the deferral of identifiable utility expenses in order to minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne and benefits received by customers.

##### **C. Proposed Accounting**

If this application is approved, PacifiCorp proposes to record deferred amounts to Federal Energy Regulatory Commission account 182.3, Other Regulatory Assets. This account will accrue interest at the Commission-authorized rate for deferred accounts.

##### **D. Estimate of Amounts**

The cost estimates to support the Near-Term Action Plan from 2023–2026 are shown in Table 2, ranging from a lower cost of approximately \$18.7 million one-time with annual cost of \$3.9 million to a higher cost of just under \$21.8 million one-time with an annual cost of \$6.5 million. The one-time cost is expected to be incurred over the first four years of

implementation of DSP and the annual costs also ramp up over the four-year implementation period.

**TABLE 2  
DSP COST ESTIMATES**

<b>DSP Near-Term Action Plan Estimated Costs</b>	<b>One-Time Costs (2023-2026)</b>	<b>Annual Costs (2023-2026)</b>
SCADA Build-Out to Oregon Substations (2022-2026)	\$2,754,000	
Extend Base Communications to Substations (2022-2026): Leases	\$250,000	
Fiber	\$8,700,000	
Multiple Address System (MAS)	\$775,000	
<b>Placeholder</b> – Investments to improve DSP data repositories and data flow (Q3 2022-Q3 2025) Consulting, design, and implementation support Hardware and software	\$200,000 - \$300,000 \$200,000 - \$400,000	
<b>Placeholder</b> for DSP toolset acquisition and implementation (Items 3A- 3D above) Toolset License (2023-2024) Toolset Implementation Phase 1 (2023-2024) Toolset Implementation Phase 2 (2025-2026, as needed) Integration with in-house tools/other IT projects (2023-2026)	\$2,500,000-\$3,500,000 \$750,000 - \$1,500,000 \$500,000 - \$1,000,000 \$400,000 - \$500,000	
<b>Potential NWS Pilot Activities</b> Phase 1 (2023-2025) Phase 2 (2024-2026)	\$750,000 - \$1,000,000 \$750,000 - \$1,000,000	
<b>Extend Pilots for DA/FLISR (4 Years)</b>		\$1,500,000
<b>DSP Communications Implementation:</b> Annual Survey Ongoing Engagement Support (Events/Meetings, Facilities, Participant Comp) Develop Collateral and Communication Materials (Education, collateral, etc.)	\$150,000 - \$200,000	\$100,000 - \$150,000 \$150,000 - \$200,000
<b>DSP Core Team – Anticipated Activities</b> Support field engineering in transition to new DSP processes Maintain and improve data quality, availability, and modeling Identify and support opportunities for alternative solutions in DSP Perform integrative planning functions and studies Conduct local planning activities Conduct ongoing statewide stakeholder engagement Participate in parallel dockets and proceedings from DSP perspective Champion DSP-related investments through design and implementation Items 1 through 6 of the Action Plan		\$2,000,000-\$4,500,000
	<b>Total Estimated One-Time Costs (2023-2026)</b> \$18.7 M - \$21.8 M	<b>Estimated Annual Costs (2023-2026)</b> \$3.9 M - \$6.5 M
<b>Total Estimated Cost for DSP Near-Term Action Plan (2023-2026) for One-Time and Annual Costs</b>		<b>\$36.7 M - \$44.8 M</b>

PacifiCorp has incurred the following incremental costs associated with the DSP in 2022:

- 1) **Capital costs** as filed in our DSP Part 2 Chapter 6, will follow standard practices for review and inclusion in rates through traditional capital project ratemaking (using CWIP and adding to rates in future general rate case proceedings as projects are placed in service) for capital investment items and projects related to DSP (e.g., IT hardware and software, SCADA deployment, potential planning and forecasting toolsets).
- 2) **Internal administration costs** include internal program management, filing development, associated analysis, and customer engagement and outreach;
- 3) **External administration costs** include external program support for development of DSP filings and related activities such as working with Community Based Organizations, engaging stakeholder groups (statewide and local), etc.; and
- 4) **External vendor/contract costs** such as conducting community surveys and producing studies for load forecast inputs.

**Estimated Incremental DSP Costs in 2022**  
\$(000's)

	<b>FY 2022</b>
<b>Internal Administration Costs</b>	\$417
<b>External Administration Costs</b>	\$379
<b>External Vendor/Contract Costs</b>	\$211

PacifiCorp anticipates incurring the following incremental costs related to the DSP in 2023:

- 1) **Internal administration costs** which include internal program management, development and implementation of new DSP processes, training and support for Company personnel, and customer outreach costs;
- 2) **External administration costs** which include external program support to build out the structures and processes as outlined in the near-term action plan of DSP Part 2 during 2023; and
- 3) **External vendor/contract costs** such as continued surveys, community engagement, and data improvement support.

**Estimated Incremental DSP Costs in 2023**  
\$(000's)

	<b>FY 2023</b>
<b>Internal Administration Costs</b>	\$1,034
<b>External Administration Costs</b>	\$359
<b>External Vendor/Contract Costs</b>	\$300

**E. Notice**

A copy of the Notice of Application and a list of persons served with the notice are attached as Exhibit A to this application.

**V. OAR 860-027-0300(4) REQUIREMENTS**

PacifiCorp provides the following information required by OAR 860-027-0300(3):

**A. Entries in the Deferred Account to Date**

Exhibit B provides the most recent entries in the deferred account to date of the Application.

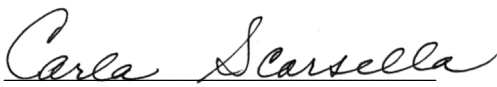
**B. Reason for Continuation of Deferred Accounting**

As discussed in this application, continuation of this deferral is necessary to track the ongoing operating costs and capital investments made to implement and operate its DSP.

**VI. CONCLUSION**

For the reasons set forth above, in accordance with ORS 757.259(2)(e), PacifiCorp respectfully requests authorization for a deferred account for the 12-month period beginning on January 3, 2023, to track DSP operating costs and capital investments.

Respectfully submitted this 3<sup>rd</sup> day of January, 2022.

By:   
Carla Scarsella  
Deputy General Counsel

Attorney for PacifiCorp d/b/a Pacific Power



**Exhibit A**

Notice of Application

**EXHIBIT A**

**NOTICE**

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 2220(1)**

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for Approval of Deferred  
Accounting for Operating Costs and Capital  
Investments Made to Implement PacifiCorp's  
Distribution System Plan

**NOTICE OF  
APPLICATION FOR  
REAUTHORIZATION OF DEFERRED  
ACCOUNTING**

On January 3, 2022, PacifiCorp d/b/a Pacific Power (PacifiCorp) filed an application with the Public Utility Commission of Oregon (Commission) for an order reauthorizing deferred accounting to permit tracking of the operating costs incurred and prudent capital investments made to implement and operate the Company's Distribution System Plan. PacifiCorp respectfully requests authorization for 12 months beginning January 3, 2023. To obtain a copy of the application, contact the following:

Oregon Dockets  
825 NE Multnomah Street, Suite 2000  
Portland, OR 97232  
Email: [oregondockets@pacificorp.com](mailto:oregondockets@pacificorp.com)

Any person may submit written comments to the Commission regarding the application within 25 days of the date of this filing.

Respectfully submitted on January 3, 2022.

By:



Carla Scarsella  
Deputy General Counsel

## CERTIFICATE OF SERVICE

I certify that I delivered a true and correct copy of **PacifiCorp's Notice of Application for Approval of Deferred Accounting** on the parties listed below via electronic mail in compliance with OAR 860-001-0180.

### Service List UE 399

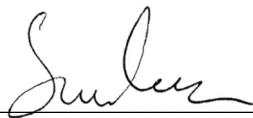
<b>PACIFICORP</b>	
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<p><b>CUB</b></p>	
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<p><b>FRED MEYER</b></p>	
<p>JUSTIN BIEBER (C)          FRED MEYER/ENERGY STRATEGIES LLC          215 SOUTH STATE STREET, STE 200          SALT LAKE CITY, UT 84111  <a href="mailto:jbieber@energystrat.com">jbieber@energystrat.com</a></p>	<p>KURT J BOEHM (C)          BOEHM KURTZ &amp; LOWRY          36 E SEVENTH ST - STE 1510          CINCINNATI, OH 45202  <a href="mailto:kboehm@bkllawfirm.com">kboehm@bkllawfirm.com</a></p>
<p>JODY KYLER COHN (C)          BOEHM KURTZ &amp; LOWRY          36 E SEVENTH ST - STE 1510          CINCINNATI, OH 45202  <a href="mailto:jkylercohn@bkllawfirm.com">jkylercohn@bkllawfirm.com</a></p>	

<b>KWUA</b>	
LLOYD REED (C) REED CONSULTING 10025 HEATHERWOOD LANE HIGHLANDS RANCH, CO 80126 <a href="mailto:lloyd.reed@lloydreedconsulting.com">lloyd.reed@lloydreedconsulting.com</a>	CRYTAL RIVERA (C) SOMACH SIMMONS & DUNN 500 CAPITOL MALL STE 1000 SACRAMENTO, CA 95814 <a href="mailto:crivera@somachlaw.com">crivera@somachlaw.com</a>
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<b>OREGON FARM BUREAU</b>	
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<b>SBUA</b>	
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<b>WALMART</b>	
VICKI M BALDWIN (C) PARSONS BEHLE & LATIMER 201 S MAIN ST STE 1800 SALT LAKE CITY, UT 84111 <a href="mailto:vbaldwin@parsonsbehle.com">vbaldwin@parsonsbehle.com</a>	STEVE W CHRISS (C) WAL-MART STORES, INC. 2001 SE 10TH ST BENTONVILLE, AR 72716-0550 <a href="mailto:stephen.chriss@wal-mart.com">stephen.chriss@wal-mart.com</a>
ALEX KRONAUER (C) WALMART <a href="mailto:alex.kronauer@walmart.com">alex.kronauer@walmart.com</a>	

Dated this 3<sup>rd</sup> day of January 2023.

  
 \_\_\_\_\_  
 Santiago Gutierrez  
 Coordinator, Regulatory Operations

## **Exhibit B**

<b>OR Distribution System Plan</b>									
<b>187353</b>									
<b>Summary</b>									
	<b>Docket</b>	UM 2220							
	<b>Deferral Order</b>	22-260							
	<b>Deferral Period</b>	1/3/2022 - 1/3/2023							
	<b>Interest</b>	<b>Rate</b>	<b>Effective</b>	<b>Basis</b>	<b>Portion</b>				
		7.137%	2021 - GRC	WACC	Deferral	<a href="#">Tab 5</a>			
		1.820%	2022	MBTR	Amortization	<a href="#">Tab 4</a>			
				<b>Tab 2</b>					
				<b>Deferral</b>					
				<b>ORD 349322</b>					
	<b>Period</b>	<b>Beginning Balance</b>	<b>Adjustments</b>	<b>OR Distribution System Plan (DSP)</b>			<b>Amortization</b>	<b>Interest</b>	<b>Ending Balance</b>
	<b>Jul-22</b>	-		215,103.38				639.66	215,743.04
	<b>Aug-22</b>	215,743.04		186,304.40				1,837.15	403,884.60
	<b>Sep-22</b>	403,884.60		55,781.44				2,567.98	462,234.02
	<b>Oct-22</b>	462,234.02		90,783.00				3,019.10	556,036.12
	<b>Nov-22</b>	556,036.12		26,700.00				3,386.42	586,122.55
		<b>TOTAL</b>	-	<b>574,672.22</b>	-	-	-	<b>11,450.33</b>	