

January 3, 2024

***VIA ELECTRONIC FILING***

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

**Re: UM 2220(2)—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 St., 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(2)**

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  
REAUTHORIZATION OF 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 deferred accounting to track the operating costs incurred and prudent capital investments made to develop, implement, and operate the Company's Distribution System Plan (DSP) (DSP Costs). 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. The Commission accepted PacifiCorp's Part 1 and Part 2 DSP filings as having met the objectives of the DSP Guidelines in Order No. 22-083 issued on March 11, 2022, and Order No. 23-116 issued on March 24, 2023.

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

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 DSP Costs. The Commission approved the deferral application for the 12 months beginning January 3, 2022, in Order No. 22-260 issued on July 13, 2022.

On January 3, 2023, the Company filed an application requesting reauthorization to continue the deferred accounting for the DSP Costs for the 12 months beginning January 3, 2023. That request is still pending with the Commission.

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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. DEFERRAL OF COSTS**

PacifiCorp respectfully requests reauthorization under ORS 757.259(2)(e) to continue deferral of DSP Costs for the 12-month period beginning January 3, 2024. As required by OAR 860-027-0300(3) and (4), PacifiCorp provides the following:

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

The expenses included under this deferral are the operating costs and capital investments associated with the development of the Company's DSP filings approved by the Commission in Order Nos. 22-083 and 23-116.

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

As discussed above, PacifiCorp requests reauthorization to continue deferred accounting for the balancing account used for DSP Costs. ORS 757.259(2)(e) allows the deferral of identifiable utility expenses 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 will continue 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 1, 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 1  
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> <b>\$18.7 M - \$21.8 M</b>	<b>Estimated Annual Costs (2023-2026)</b> <b>\$3.9 M - \$6.5 M</b>
<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 2023:

- 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 data improvement support, toolset evaluation, translation services for DSP local engagement content, conducting community surveys and producing studies for load forecast inputs.

**Table 2**  
**Estimated Incremental DSP Costs in 2023**  
**\$(000's)**

	<b>FY 2023</b>
<b>Internal Administration Costs</b>	\$878
<b>External Administration Costs</b>	\$191
<b>External Vendor/Contract Costs</b>	\$192

PacifiCorp anticipates incurring the following incremental costs related to the DSP in 2024:

- 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 2024; and
- 3) **External vendor/contract costs** such as data improvement support, toolset evaluation, translation services for DSP local engagement content, conducting community surveys and producing studies for load forecast inputs.

**Table 3**  
**Estimated Incremental DSP Costs in 2024**  
**\$(000's)**

	<b>FY 2024</b>
<b>Internal Administration Costs</b>	\$1,080
<b>External Administration Costs</b>	\$345
<b>External Vendor/Contract Costs</b>	\$158

**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.

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

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

Exhibit B provides the most recent entries in the deferred account to date of the Application. Please note the balance at the time of filing does not include entries for December 2023.

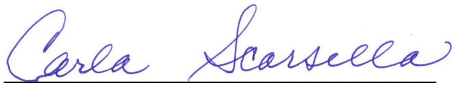
**G. Reason for Continuation of Deferred Accounting**

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

**V. CONCLUSION**

For the reasons set forth above, in accordance with ORS 757.259(2)(e), PacifiCorp respectfully requests that the Commission reauthorize the Company to defer the DSP Costs described in this application for the 12-month period beginning on January 3, 2024. Recovery of the DSP Costs will only be authorized through a subsequent application, general rate case, or through other appropriate filings as authorized by the Commission.

Respectfully submitted this 3<sup>rd</sup> day of January, 2024.

By:   
Carla Scarsella  
Deputy General Counsel

Attorney for PacifiCorp d/b/a Pacific Power



## **Exhibit A**

### Notice of Application

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

**UM 2220(2)**

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, 2024, 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, 2024. The authorization will not authorize a change in rates but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding. 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, 2024.

By:



Carla Scarsella  
Deputy General Counsel

## CERTIFICATE OF SERVICE

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

### Service List UE 399

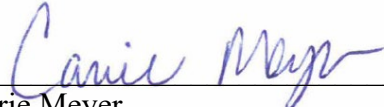
<b>PACIFICORP</b>	
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JODY KYLER COHN (C) BOEHM KURTZ & LOWRY 36 E SEVENTH ST - STE 1510 CINCINNATI, OH 45202 <a href="mailto:jkylerecohn@bkllawfirm.com">jkylerecohn@bkllawfirm.com</a>	

<b>KWUA</b>	
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<b>NIPPC</b>	
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<b>SBUA</b>	
GRANT HART (C) SMALL BUSINESS UTILITY ADVOCATES <a href="mailto:grant@utilityadvocates.org">grant@utilityadvocates.org</a>	MARY ANNE COOPER (C) OREGON FARM BUREAU FEDERATION 1320 CAPITOL ST NE STE 200 SALEM, OR 97301 <a href="mailto:maryanne@oregonfb.org">maryanne@oregonfb.org</a>
WILLIAM STEELE (C) BILL STEELE AND ASSOCIATES, LLC PO BOX 631151 HIGHLANDS RANCH, CO 80164 <a href="mailto:w.steele1@icloud.com">w.steele1@icloud.com</a>	DIANE HENKELS (C) SMALL BUSINESS UTILITY ADVOCATES 621 SW MORRISON ST. STE 1025 PORTLAND, OR 97205 <a href="mailto:diane@utilityadvocates.org">diane@utilityadvocates.org</a>

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ALEX KRONAUER (C) WALMART <a href="mailto:alex.kronauer@walmart.com">alex.kronauer@walmart.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>

Dated this 3<sup>rd</sup> day of January, 2024.

  
 \_\_\_\_\_  
 Carrie Meyer  
 Adviser, Regulatory Operations

## EXHIBIT B

OR Distribution System Plan						
187353						
Summary						
	Interest	Rate	Effective	Basis	Period	
		7.137%	2021 - 2022	WACC - UE 374	Deferral	
		7.109%	2023 - GRC	WACC - UE 399	Deferral	
			2024	MBTR	Amortization	
			Tab 2			
			ORD 349322			
Period	Beginning Balance	Adjustments	OR Distribution System Plan (DSP)	Amortization	Interest	Ending Balance
Jul-22	-		215,103.38		639.66	215,743.04
Aug-22	215,743.04		186,304.40		1,837.15	403,884.60
Sep-22	403,884.60		55,781.44		2,567.98	462,234.02
Oct-22	462,234.02		90,783.00		3,019.10	556,036.12
Nov-22	556,036.12		26,700.00		3,386.42	586,122.55
Dec-22	586,122.55		403,735.00		4,686.57	994,544.12
Jan-23	994,544.12		-		5,891.85	1,000,435.96
Feb-23	1,000,435.96		152,468.56		6,378.37	1,159,282.90
Mar-23	1,159,282.90		107,115.32		7,185.07	1,273,583.29
Apr-23	1,273,583.29		100,738.72		7,843.32	1,382,165.32
May-23	1,382,165.32		61,186.18		8,369.42	1,451,720.92
Jun-23	1,451,720.92		34,938.74		8,703.73	1,495,363.39
Jul-23	1,495,363.39		73,824.38		9,077.46	1,578,265.22
Aug-23	1,578,265.22		107,080.65		9,667.09	1,695,012.96
Sep-23	1,695,012.96		58,556.77		10,214.99	1,763,784.72
Oct-23	1,763,784.72		74,398.28		10,669.33	1,848,852.33
Nov-23	1,848,852.33		110,624.84		11,280.59	1,970,757.76
Dec-23	1,970,757.76		-		-	1,970,757.76
Jan-24	1,970,757.76		-		-	1,970,757.76
	<b>TOTAL</b>	-	<b>1,859,339.66</b>	-	<b>111,418.10</b>	