

January 4, 2024

VIA ELECTRONIC FILING

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

Re: UM 2275—PacifiCorp’s Amended Application for Approval of Deferred Accounting Order Regarding Washington Climate Commitment Act

PacifiCorp d/b/a Pacific Power submits for filing its Amended Application for Approval of Deferred Accounting Order Regarding Washington Climate Commitment Act.

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

Ajay Kumar
Senior Attorney
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Email: ajay.kumar@pacificorp.com

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

By email (preferred): datarequest@pacificorp.com

By regular mail: Data Request Response Center
PacifiCorp
825 NE Multnomah Street, 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 2275

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for Deferred Accounting Order
Regarding Washington Climate Commitment Act.

**AMENDED APPLICATION FOR
DEFERRED ACCOUNTING**

I. INTRODUCTION

In accordance with ORS 757.259(2)(e), and OAR 860-027-0300, PacifiCorp d/b/a Pacific Power (PacifiCorp or the Company) files this application (Application) with the Public Utility Commission of Oregon (Commission) for an order authorizing PacifiCorp to record and defer the increased cost of dispatching the Chehalis generating facility due to the impact of Washington’s Climate Commitment Act (CCA).¹ As part of the settlement agreement from PacifiCorp’s 2023 Transition Adjustment Mechanism (TAM), the Parties agreed that PacifiCorp would file a deferral to capture these costs. PacifiCorp respectfully requests to amend this application to include authorization for a 12-month period commencing January 4, 2024, in addition to the existing request for the 12-month period that began February 3, 2023.

II. CONTACT INFORMATION

Communications regarding this Application should be addressed to:

Oregon Dockets
PacifiCorp
825 NE Multnomah St., Suite 2000
Portland, OR 97232
Telephone: (503) 813-5934
Email: oregondockets@pacificorp.com

Ajay Kumar
Assistant General Counsel
PacifiCorp
825 NE Multnomah St., Suite 2000
Portland, OR 97232
Email: ajay.kumar@pacificorp.com

¹ 2021 Wa. Laws, Ch. 316 (codified at RCW 70A.65.005 et. seq.).

In addition, PacifiCorp requests that all data requests regarding this Application be sent to the following:

By email (preferred): datarequest@pacificorp.com

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

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

III. BACKGROUND

The CCA was signed into law by Washington Governor Inslee on May 17, 2021, and established a cap-and-invest program for the state that will be overseen and implemented by the Washington Department of Ecology. The law attempts to reduce carbon emissions by establishing a market incentive for covered entities to reduce emissions. Generally speaking, the CCA accomplishes this by: (1) setting emissions targets (95 percent below 1990 levels by 2050); (2) establishing an annually decreasing “cap” on the amount of emissions that are permitted in the state (emissions are capped at 93 percent of 2023 baseline emissions, and generally decrease annually until 2050); (3) creating financial instruments for permitted emissions, or “allowed” emissions that fall under the “cap;” and (4) establishing a market for entities to buy, sell, and trade allowances associated with permitted CCA emissions to comply with the emissions limits.

As the emissions cap decreases, the available allowances will decrease, and covered entities will either have to reduce emissions, secure extra allowances, or pursue alternative compliance options. The costs to purchase carbon allowances to cover the greenhouse gas obligation from Chehalis that are not covered by CCA allowances increase the costs for

operating Chehalis and would thus be incorporated into the dispatch price for Chehalis in actual operations in 2023 and 2024.

In PacifiCorp’s 2023 TAM, parties reached a settlement whereby PacifiCorp would not include these costs in the dispatch price for Chehalis, but instead, the Company would file a deferral to capture these costs.² This stipulation was adopted by the Commission in Order No. 22-389, and consistent with that stipulation and order, PacifiCorp filed its application for deferred accounting on February 3, 2023. That application is still pending before the Commission.

In PacifiCorp’s 2024 TAM, the Commission ruled that the Washington CCA was a state-specific initiative and disallowed the costs as not properly allocated to Oregon.³ On December 15, 2023, PacifiCorp filed a complaint in federal district court in Tacoma, Washington, raising concerns regarding the constitutionality of certain provisions of the CCA under the dormant Commerce Clause.⁴ On December 22, 2023, PacifiCorp sought reconsideration of the Commission’s order in the 2024.⁵ PacifiCorp now seeks to continue this deferral to capture the CCA costs incurred in 2024 and years beyond while continued proceedings take place with the Commission.

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

A. Description of Utility Expense

The deferral account includes the Oregon-allocated costs of procuring allowances related to the dispatch of the Chehalis generating facility to serve PacifiCorp’s load.

² *In the Matter of PacifiCorp d/b/a Pacific Power, 2023 Transition Adjustment Mechanism*, Docket No. UE 400, Order No. 22-389, Appendix A at 5 (Oct. 25, 2022).

³ *In the Matter of PacifiCorp d/b/a Pacific Power, 2024 Transition Adjustment Mechanism*, Docket No. UE 420, Order No. 23-404 at 10 (Oct. 27, 2023).

⁴ *PacifiCorp v. Watson*, Case No. 3:23-cv-6155, Complaint (WD Wash, Dec. 15, 2023).

⁵ *In the Matter of PacifiCorp d/b/a Pacific Power, 2024 Transition Adjustment Mechanism*, Docket No. UE 420, Motion for Reconsideration (Dec. 22, 2023).

B. Reasons for Deferral

As discussed above, PacifiCorp requests authorization to defer the increased cost of dispatching the Chehalis generating facility due to the impact of Washington’s CCA and consistent with the terms of the stipulation from the 2023 TAM as authorized by the Commission in Order No. 22-389. PacifiCorp additionally seeks to defer the costs of the Washington CCA for 2024 and years beyond, while the Company’s reconsideration of the Commission’s 2024 TAM order and any additional legal process is pending.

C. Proposed Accounting

PacifiCorp proposes to record the increased cost of dispatching the Chehalis generating facility in Account 182.3 – Other Regulatory Assets. In the absence of approval of deferred accounting, PacifiCorp would otherwise record this cost in expense.

D. Estimate of Amounts

In PacifiCorp’s 2023 TAM, these costs were estimated at \$5.2 million on an Oregon-allocated basis.⁶ In PacifiCorp’s final update to the 2024 TAM, these costs were estimated at \$47.9 million total company, or \$13.8 million Oregon allocated.⁷

E. Notice

A copy of the Notice of the Application of PacifiCorp for authorization of Deferred Accounting Regarding Washington Climate Commitment Act is included with this Application as Exhibit A. This notice will be served to the service list from the Company’s most recent general rate case.

⁶ Order No. 22-389, Appendix A at 24 (These numbers were based on PacifiCorp’s June Update).

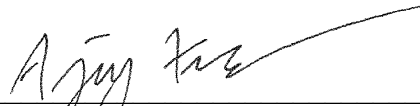
⁷ *In the Matter of PacifiCorp d/b/a Pacific Power, 2024 Transition Adjustment Mechanism*, Docket No. UE 420, Motion for Reconsideration at 6 (Dec. 22, 2023).

V. CONCLUSION

For the reasons set forth above, PacifiCorp respectfully requests that, in accordance with ORS 757.259(2)(e), the Commission authorize PacifiCorp to record and defer, on an ongoing basis and commencing as of February 3, 2023, and continuing through 2024 and years beyond, the increased cost of purchasing allowances necessary for the dispatch of the Chehalis generating facility due to the impact of Washington's CCA.⁸

Respectfully submitted this 4th day of January 2023.

By:



Ajay Kumar
Assistant General Counsel
PacifiCorp d/b/a Pacific Power

⁸ 2021 Wa. Laws, Ch. 316 (codified at RCW 70A.65.005 et. seq.).

Exhibit A

Notice of Amended Application

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON
UM 2275**

In the Matter of
PACIFICORP d/b/a PACIFIC POWER
Application for Deferred Accounting Order
Regarding Washington Climate Commitment
Act

**NOTICE OF AMENDED
APPLICATION FOR DEFERRED
ACCOUNTING**

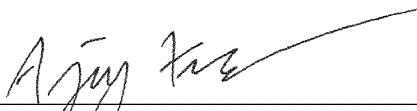
On January 4, 2024, PacifiCorp d/b/a Pacific Power filed an amended application with the Public Utility Commission of Oregon (Commission) for an order authorizing PacifiCorp to record and defer the increased cost of dispatching the Chehalis generating facility due to the impact of Washington’s Climate Commitment Act.¹ The granting of the amended application 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 amended application, contact the following:

Oregon Dockets
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Email: oregondockets@pacificorp.com

Any person who wishes to submit written comments to the Commission must do so within 25 days of the date of this filing.

Respectfully submitted on January 4, 2024.

By:



Ajay Kumar
Senior Attorney

¹ 2021 Wa. Laws, Ch. 316 (codified at RCW 70A.65.005 et. seq.).

CERTIFICATE OF SERVICE

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

Service List UE 399

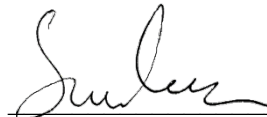
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STAFF	
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WILLIAM STEELE (C) BILL STEELE AND ASSOCIATES, LLC PO BOX 631151 HIGHLANDS RANCH, CO 80164 w.steele1@icloud.com	DIANE HENKELS (C) SMALL BUSINESS UTILITY ADVOCATES 621 SW MORRISON ST. STE 1025 PORTLAND, OR 97205 diane@utilityadvocates.org

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VICKI M BALDWIN (C) PARSONS BEHLE & LATIMER 201 S MAIN ST STE 1800 SALT LAKE CITY, UT 84111 vbaldwin@parsonsbehle.com	
ALEX KRONAUER (C) WALMART alex.kronauer@walmart.com	STEVE W CHRISS (C) WAL-MART STORES, INC. 2001 SE 10TH ST BENTONVILLE, AR 72716-0550 stephen.chriss@wal-mart.com

Dated this 4th day of January, 2024.



Santiago Gutierrez
Coordinator, Regulatory Operations