



825 NE Multnomah, Suite 2000
Portland, Oregon 97232

December 10, 2020

VIA ELECTRONIC FILING

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

Attn: Filing Center

RE: UM___—Application for Approval of Deferred Accounting for Costs Relating to a Renewable Resource Pursuant to ORS 469A.120

PacifiCorp d/b/a Pacific Power submits for filing its application to defer costs associated with the renewable resource pursuant to ORS 469A.120.

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
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
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, Suite 2000
Portland, OR 97232

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

Sincerely,

Etta Lockey
Vice President, Regulation

Enclosure

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for Approval of Deferred Accounting
for Costs Relating to a Renewable Resource
Pursuant to ORS 469A.120

**APPLICATION FOR DEFERRED
ACCOUNTING**

I. INTRODUCTION

In accordance with ORS 469A.120(1) and (3), ORS 757.259(2)(e) and OAR 860-027-0300, PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) applies to the Public Utility Commission of Oregon (Commission) for an order authorizing the Company to defer the revenue requirement associated with the Cedar Springs II wind resource and associated transmission (Cedar Springs II), which was placed into service on December 8, 2020. PacifiCorp respectfully requests this deferral to allow the Company to match the costs and benefits of the Cedar Springs II resource for later inclusion in rates.

II. NOTICE

Communications regarding this application should be addressed to:

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

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

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 Street, Suite 2000
Portland, OR 97232

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

III. BACKGROUND

A. Statutory and Regulatory Framework

On June 6, 2007, the Oregon Legislature enacted SB 838, codified as ORS 469A.005 *et seq.*, to establish a renewable portfolio standard (RPS) applicable to certain Oregon utilities. As part of this law, ORS 469A.120(1) authorizes utilities to recover prudently incurred costs associated with RPS Compliance. The Commission has authorized use of deferred accounting as a method for cost recovery of prudently incurred costs relating to RPS Compliance.¹

In docket UM 1330, the Commission approved the renewable adjustment clause (RAC) stipulation² that outlined the terms and conditions governing the RAC, the automatic adjustment clause established by the Commission as required by SB 838.³ The parties to the RAC stipulation agreed to support the use of deferred accounting to allow for an opportunity for recovery of the prudently incurred costs, net of dispatch benefits as appropriate, of an eligible resource for the period between when the resource is placed in service and when the

¹ See *In the Matter of PacifiCorp Application for an Accounting Order Approving Deferral of Costs Relating to Renewable Resources Pursuant to Senate Bill 838*, Docket UM 1338(1), Order No. 08-508 (Oct. 22, 2008); *In the Matter of PacifiCorp Application for Deferral of Costs Relating to Renewable Resources Pursuant to Senate Bill 838*, Docket UM 1338, Order No. 07-457 (Oct. 25, 2007); *In the Matter of PacifiCorp dba Pacific Power, Application for Deferred Accounting*, Docket UM 1454, Order No. 10-032 (Feb. 3, 2010).

² *In the Matter of Investigation of Automatic Adjustment Clause Pursuant to SB 838*, Docket UM 1330, Order No. 07-572, Appendix A (Dec. 19, 2007) (hereinafter “RAC Stipulation”).

³ *Id.* at 6.

resource enters rates on January 1.⁴ Additionally, the deferral of the revenue requirement for this facility is consistent with the Commission’s authority under ORS 757.259(2)(e) which “empowers the Commission to authorize the deferral of capital project costs, including depreciation expense and financing costs.”⁵

B. Cedar Springs II will be included in Transition Adjustment Mechanism Rates on December 11, 2020

Consistent with the requirements of the stipulation that was adopted in the 2020 TAM, the net power cost (NPC) and production tax credit (PTC) benefits that begin on December 8, 2020 will be included in customer rates on December 11, 2020.⁶ The deferral of the revenue requirement associated with Cedar Springs II is consistent with the matching principle as outlined in the RAC stipulation which requires the costs and benefits of the renewable resource to be matched in rates.⁷

IV. DEFERRAL OF COSTS

PacifiCorp respectfully requests approval authorizing the deferral for future ratemaking of the costs related to Cedar Springs II. The deferrals will allow the Company to match the customer costs and benefits and recover the prudently incurred costs of renewable resources for later inclusion in rates, as provided by ORS 469A.120.

⁴ *Id.*

⁵ *In the Matter of Public Utility Commission of Oregon, Investigation of the Scope of the Commission’s Authority to Defer Capital Costs*, Docket UM 1909, Order No. 20-147 (Apr. 30, 2020).

⁶ *In the Matter of PacifiCorp dba Pacific Power, 2020 Transition Adjustment Mechanism*, Docket UE 356, Order No. 19-351, Appendix A at 7-8 (Oct. 30, 2019) (hereinafter “2020 TAM Stipulation”).

⁷ RAC Stipulation at 5. (“The Parties agree that if the fixed costs of an eligible resource are not included in RAC charges, or otherwise included in rates, then the variable costs and cost offsets of the eligible resource likewise should not be included in the annual power cost update filings or power cost adjustment mechanisms.”)

A. Description of Utility Expense

Cedar Springs II is a 199.8 MW resource consisting of 72 wind turbine generators. All 72 wind turbine generators were placed into service, producing power, and connected to transmission facilities on December 8, 2020. The requested deferral is for the costs of the Cedar Springs II resource and associated transmission.

B. Reasons for Deferral

As described above, Cedar Springs II is currently in commercial operation and is used and useful, but the costs associated with the resource are not currently reflected in rates, while the benefits (NPC and PTC) will be reflected in rates on December 11, 2020. PacifiCorp has proposed in its pending general rate case (UE 374) for the inclusion of Cedar Springs II in rates and no party has objected to the prudence of this investment.⁸ The rate effective date of the pending general rate case is January 1, 2021, and if the Commission approves the inclusion of Cedar Springs II in rates, then there will be almost a month mismatch of customer benefits and costs. Deferred accounting will ensure that the costs and benefits are matched in a manner that is consistent with past deferrals for renewable resources⁹ and the 2020 TAM stipulation.¹⁰

⁸ See *In the Matter of PacifiCorp dba Pacific Power's Request for a General Rate Revision*, Docket UE 374, PacifiCorp's Opening Brief at 83 (Sept. 28, 2020).

⁹ See *In the Matter of PacifiCorp Application for an Accounting Order Approving Deferral of Costs Relating to Renewable Resources Pursuant to Senate Bill 838*, Docket UM 1338(1), Order No. 08-508 (Oct. 22, 2008); *In the Matter of PacifiCorp Application for Deferral of Costs Relating to Renewable Resources Pursuant to Senate Bill 838*, Docket UM 1338, Order No. 07-457 (Oct. 25, 2007); *In the Matter of PacifiCorp dba Pacific Power, Application for Deferred Accounting*, Docket UM 1454, Order No. 10-032 (Feb. 3, 2010).

¹⁰ 2020 TAM Stipulation at 7-8.

C. Proposed Accounting

Beginning on December 10, 2020 and ending on December 31, 2020, PacifiCorp proposes to account for the revenue requirement of Cedar Springs II by recording the deferral in Account 182.3 (Regulatory Assets).

D. Estimate of Amounts

PacifiCorp estimates that approximately \$0.8 million plus interest may be deferred as the revenue requirement of Cedar Springs II between December 10, 2020 and ending on December 31, 2020.

E. Notice

A Notice of PacifiCorp’s Application for Approval of Deferred Accounting for Costs relating to a renewable resource pursuant to ORS 469A.120 is included as Exhibit A, along with the list of persons served.

V. CONCLUSION

PacifiCorp respectfully requests that, in accordance with ORS 469A.120 (1) and (3), the Commission authorize the Company to defer the costs described in this Application.

Respectfully submitted this 10th day of December, 2020.

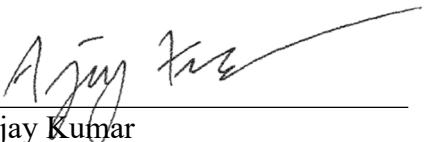
By: 
Ajay Kumar
Senior Attorney
PacifiCorp d/b/a Pacific Power

EXHIBIT A

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NOTICE

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for Approval of Deferred Accounting
for Costs Relating to a Renewable Resource
Pursuant to ORS 469A.120

**NOTICE OF
APPLICATION FOR DEFERRED
ACCOUNTING**

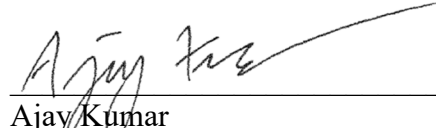
On December 10, 2020, PacifiCorp d/b/a Pacific Power filed an application with the Public Utility Commission of Oregon (Commission) for an order authorizing the company to defer the revenue requirement associated with the Cedar Springs II wind resource and associated transmission. The granting of this 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 application, contact the following:

Oregon Dockets
PacifiCorp
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 PacifiCorp's application.

Respectfully submitted on December 10, 2020.

By:


Ajay Kumar
Senior Attorney

CERTIFICATE OF SERVICE

I certify that I delivered a true and correct copy of PacifiCorp's **Notice of Application for Approval of Deferred Accounting for Costs Relating to a Renewable Resource Pursuant to ORS 469A.120** on the parties listed below via electronic mail in compliance with OAR 860-001-0180.

Service List UE 374

<p>BILL EHRLICH (C) (HC) TESLA 3500 DEER CREEK RD PALO ALTO CA 94304 wehrlich@tesla.com</p>	<p>STEVE ELZINGA (C) CHARGEPOINT INC 693 CHEMEKETA ST NE SALEM OR 97301 steve@shermlaw.com</p>
<p>FRANCESCA WAHL (C) (HC) TESLA 6800 DUMBARTON CIRCLE FREMONT CA 94555 fwahl@tesla.com</p>	<p>LLOYD REED (C) (HC) REED CONSULTING 10025 HEATHERWOOD LANE HIGHLANDS RANCH CO 80126 lloyd.reed@lloydreedconsulting.com</p>
<p>CRYTAL RIVERA (C) (HC) SOMACH SIMMONS & DUNN 500 CAPITOL MALL STE 1000 SACRAMENTO CA 95814 crivera@somachlaw.com</p>	
<p>AWEC</p>	
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<p>CALPINE SOLUTIONS</p>	
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<p>KEVIN HIGGINS (C) ENERGY STRATEGIES LLC 215 STATE ST - STE 200 SALT LAKE CITY UT 84111-2322 khiggins@energystrat.com</p>	

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<p>ETTA LOCKEY (C) PACIFIC POWER 825 NE MULTNOMAH ST., STE 2000 PORTLAND OR 97232 etta.lockey@pacificorp.com</p>	
SBUA	
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SIERRA CLUB	
<p>ANA BOYD (C) (HC) SIERRA CLUB 2101 WEBSTER ST STE 1300 OAKLAND CA 94612 ana.boyd@sierraclub.org</p>	<p>GLORIA D SMITH (C) (HC) SIERRA CLUB LAW PROGRAM 2101 WEBSTER ST STE 1300 OAKLAND CA 94612 gloria.smith@sierraclub.org</p>
<p>CHRISTOPHER M BZDOK (C) (HC) OLSON BZDOK & HOWARD 420 EAST FRONT ST TRAVERSE CITY MI 49686 chris@envlaw.com</p>	
STAFF	
<p>MARIANNE GARDNER (C) PUBLIC UTILITY COMMISSION OF OREGON PO BOX 1088 SALEM, OR 97308-1088 marianne.gardner@state.or.us</p>	<p>SOMMER MOSER (C) PUC STAFF - DEPARTMENT OF JUSTICE 1162 COURT ST NE SALEM, OR 97301 sommer.moser@doj.state.or.us</p>
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<p>R BRYCE DALLEY (C) FACEBOOK INC 2400 S BERTSINGER RD RIDGFIELD WA 98642 rbd@fb.com</p>	<p>LIZ FERRELL (C) FACEBOOK, INC. 1 HACKER WAY MENLO PARK CA 94205 eferrell@fb.com</p>

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Dated this 10th day of December, 2020.



Katie Savarin
Coordinator, Regulatory Operations