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November 2, 2021

Via Electronic Filing

Public Utility Commission of Oregon
Attn: Filing Center
201 High St. SE, Suite 100
Salem OR 97301

Re: In the Matter of ALLIANCE OF WESTERN ENERGY CONSUMERS,
Application for an Accounting Order Requiring PacifiCorp to Defer Fly Ash
Revenues.
Docket No. UM _____

Dear Filing Center:

Please find enclosed the Alliance of Western Energy Consumers' Application for
an Accounting Order Requiring PacifiCorp to Defer Fly Ash Revenues.

Thank you for your assistance. If you have any questions, please do not hesitate
to call.

Sincerely,

/s/ Jesse O. Gorsuch
Jesse O. Gorsuch

Enclosures

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM ____

In the Matter of)	
)	
ALLIANCE OF WESTERN ENERGY)	APPLICATION FOR DEFERRED
CONSUMERS,)	ACCOUNTING OF THE ALLIANCE
)	OF WESTERN ENERGY CONSUMERS
Application for an Accounting Order Requiring)	
PacifiCorp to Defer Fly Ash Revenues.)	
_____)	

I. INTRODUCTION

Pursuant to ORS § 757.259 and OAR § 860-027-0300, the Alliance of Western Energy Consumers (“AWEC”) applies to the Oregon Public Utility Commission (“Commission”) for an order requiring PacifiCorp (or “Company”) to defer from the date of this application the revenue generated by the Company’s increased fly ash sales. A deferral is required in order for PacifiCorp to properly track and preserve the revenue for later ratemaking treatment to the benefit of customers. In support of this application, AWEC states as follows:

AWEC is an incorporated, non-profit association of large energy consumers in the Western United States, with offices in Portland, Oregon. Many members of AWEC are customers of PacifiCorp. The business address for AWEC is:

Alliance of Western Energy Consumers
818 SW 3rd Ave., #266
Portland, OR 97204

In this proceeding, AWEC will be represented by Davison Van Cleve, P.C (“DVC”). All documents relating to this application should be served on AWEC through its attorneys and DVC’s paralegal at the following addresses:

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II. BACKGROUND

Fly ash is a byproduct of the combustion of coal and used in construction to develop concrete, bricks, and other building supply products. “PacifiCorp produces fly-ash mainly from the Jim Bridger plant, with small amounts being sold from Naughton, Craig, and previously, Cholla.”^{1/} Fly ash revenue, including an Oregon allocation of the revenue associated with Jim Bridger, is included Oregon’s 2020 rate base.^{2/} Subsequent to the conclusion of PacifiCorp’s 2020 general rate case, Docket No. UE 374, PacifiCorp entered into a new, more lucrative third-party contract to sell fly ash. As a result, PacifiCorp’s revenues from fly ash sales have increased

^{1/} Docket No. UE 390, Order No. 21-379, at 34 (Nov. 1, 2021).

^{2/} Id.

substantially on a system basis, resulting in an increase to the amount allocated to Oregon.

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

The following is provided pursuant to OAR 860-027-0300(3):

A. Description of Expense and Revenue

This application requests deferred accounting treatment for Oregon-allocated revenue generated from PacifiCorp's increased fly ash sales so those revenues can eventually be passed back to customers through later ratemaking treatment as deemed appropriate by the Commission. In October 2020, Rocky Mountain Power, a business unit of PacifiCorp with service territory throughout Utah, Wyoming, and Idaho, entered into a new fly ash sales agreement from the Jim Bridger coal plant. Based on this new contract, PacifiCorp has recognized a material increase to the revenues generated from fly ash sales in 2021 relative to the amounts included in the Company's Oregon 2020 rate base in UE 374.^{3/}

The amount of fly ash sales revenue projected in PacifiCorp's Oregon 2020 base rates was \$4,256,000 on a system basis, with \$1,107,523 allocated to Oregon.^{4/} However, PacifiCorp's fly ash sales are expected to increase to \$15,761,142 on a system basis in 2021, with \$4,173,799 allocated to Oregon, an increase of 377%.^{5/}

B. Reasons for Deferral

In PacifiCorp's 2022 Transition Adjustment Mechanism filing, AWEC recommended that increased fly ash revenues be included in power costs. In Order No. 21-379 in Docket UE 390, the Commission denied AWEC's recommendation, but recommended the "use

^{3/} Order No. 21-379, at 34.

^{4/} Docket No. UE 390, AWEC/200, Mullins/24:21-22; AWEC/303.

^{5/} Docket No. UE 390, AWEC/303.

[of] a deferral mechanism” as an alternative.^{6/} As explained above, the increased fly ash sales revenue allocated to Oregon will not be reflected in base rates absent a deferral. In accordance with Commission precedent, “deferral of...scenario events is appropriate only if the financial effect is material.”^{7/} There will be a material financial impact on PacifiCorp’s earnings due to the magnitude of the deferred amounts. Deferral of the revenues associated with the increase in PacifiCorp’s fly ash sales is appropriate pursuant to ORS 757.259(2)(e) in order to “match appropriately the costs borne by and benefits received by ratepayers.”^{8/}

C. Proposed Accounting

During the deferral period, AWEC recommends that PacifiCorp record the deferred amounts as a regulatory liability to the appropriate FERC account. AWEC recommends that PacifiCorp address any ratemaking treatment of these increased revenues in a future filing or general rate case.

D. Estimate of Amounts

In 2021, PacifiCorp’s fly ash sales revenue is expected to increase from \$4,256,000 to \$15,761,142 on a system basis.^{9/} In 2021, allocation to Oregon is forecast to increase from \$1,107,523 to \$4,173,799.^{10/} Revenues for 2022 may be higher or lower. Consistent with the

^{6/} Order No. 21-379 at 36.

^{7/} Docket No. UM 1816, Order No. 19-274, at 12 (Aug. 19, 2019).

^{8/} ORS § 757.259(2)(e) (“Upon application of a utility or ratepayer or upon the commission’s own motion and after public notice, opportunity for comment and a hearing if any party requests a hearing, the commission by order may authorize deferral of the following amounts for later incorporation in rates:(e) Identifiable utility expenses or revenues, the recovery or refund of which the commission finds should be deferred in order to minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne by and benefits received by ratepayers.”).

^{9/} Docket No. UE 390, AWEC/200, Mullins/24:19-21; AWEC/303.

^{10/} Docket No. UE 390, AWEC/303.

treatment for deferrals approved in Docket No. UM 1147, this deferral will accrue interest at the Company's authorized pre-tax rate of return during the deferral period.^{11/}

E. Notice

A copy of the Notice of Application for an Accounting Order Requiring PacifiCorp to Defer Fly Ash Revenues and a list of persons served with the Notice are attached as Attachment A to this Application.

IV. CONCLUSION

WHEREFORE, for the reasons stated herein, AWEC respectfully requests that the Commission issue an order requiring PacifiCorp to defer the Company's revenues associated with increased fly ash sales for later ratemaking treatment and the benefit of customers.

Dated this 2nd day of November, 2021.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Tyler C. Pepple

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Of Attorneys for the

Alliance of Western Energy Consumers

^{11/} See Docket No. UM 1147, Order No. 08-263 (May 22, 2008); Docket No. UM 1147, Order No. 09-065 (Feb. 26, 2009).

Attachment A

**Notice of Application for an Accounting Order Requiring PacifiCorp to
Defer Fly Ash Revenues**

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of)	
)	
ALLIANCE OF WESTERN ENERGY)	NOTICE OF APPLICATION FOR
CONSUMERS,)	DEFERRED ACCOUNTING OF THE
)	ALLIANCE OF WESTERN ENERGY
Application for an Accounting Order Requiring)	CONSUMERS
PacifiCorp to Defer Fly Ash Revenues.)	
_____)	

Pursuant to OAR 860-027-0300(6), on November 2, 2021, the Alliance of Western Energy Consumers (“AWEC”) applied to the Oregon Public Utilities (“Commission”) for an order requiring PacifiCorp (“PacifiCorp” or “Company”) to defer the revenue generated by the Company’s increased fly ash sales currently included in the Company’s base rates established in its 2020 general rate case. In 2021, PacifiCorp’s fly ash sales revenue is expected to increase from \$4,256,000 to \$15,761,142 on a system basis. In 2021, allocation to Oregon is forecast to increase from \$1,107,523 to \$4,173,799.^{12/}

This Application is on the Commission’s website. Persons who wish to obtain a copy of AWEC’s application will be able to access it on the Commission’s website, and “any person may submit to the Commission written comment on [this Application] by the date set forth in the notice, which date may be no sooner than 25 days from the date of [this Application].”^{13/}

^{12/} Docket No. UE 390, AWEC/303.
^{13/} OAR 860-027-0300(6)(d).

The granting of AWEC’s Application “will not authorize a change in [PacifiCorp’s] rates, but will permit the Commission to consider allowing such deferred amounts in rates in a subsequent proceeding.”^{14/}

Dated this 2nd day of November, 2021.

DAVISON VAN CLEVE, P.C.

/s/ Tyler C. Pepple

Tyler C. Pepple

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Of Attorneys for the

Alliance of Western Energy Consumers

^{14/} OAR 860-027-0300(6)(e).

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing **Application for Deferred Accounting Order on behalf of the Alliance of Western Energy Consumers** by electronic mail upon each of the parties on the attached service lists for Oregon Public Utility Commission Docket Nos. UE 374 and UE 390.

DATED this 2nd day of November, 2021.

/s/ Jesse O. Gorsuch
Jesse O. Gorsuch
Paralegal

eDockets

Docket Summary

***If sending a message to PUC staff, please note that as of March 29, 2021, all emails end with @puc.oregon.gov (instead of @state.or.us).

Docket No: UE 374 **Docket Name:** PACIFICORP REQUEST FOR A GENERAL RATE REVISION [Print Summary](#)

* This docket is a contested case. See the [Internal Operating Guidelines](#) and [OAR 860-001](#)

Subject Company: [PACIFIC POWER](#)

In the Matter of PACIFICORP, dba PACIFIC POWER, Request for a General Rate Revision. Filed by Etta Lockey. Tariff Sheets are located in Exhibit PAC/1401. Sent to Electric List.

Filing Date: 1/14/2020

Advice No: 21-013

Effective: 7/1/2021

Expiration:

Status: ACCEPTED

Order: [20-473](#)

Order Signed: 12/18/2020

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Docket Summary

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Docket No: UE 390 **Docket Name:** PACIFICORP 2022 TRANSITION ADJUSTMENT MECHANISM [Print Summary](#)

* This docket is a contested case. See the [Internal Operating Guidelines](#) and [OAR 860-001](#)

Subject Company: [PACIFIC POWER](#)

In the Matter of PACIFICORP, dba PACIFIC POWER, 2022 Transition Adjustment Mechanism. Filed by Etta Lockey. Copies sent to the Electric List.

Filing Date: 4/1/2021 **Advice No:** 21-008

Effective: 1/1/2022 **Expiration:** **Status:**

Order: [21-379](#) **Order Signed:** 11/1/2021

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