

May 6, 2024

VIA ELECTRONIC FILINGPublic Utility Commission of Oregon
Attn: Filing Center
201 High Street SE, Suite 100
Salem, OR 97301-3398**Re: Advice No. 24-007—Schedule 94—Wildfire Mitigation and Vegetation Management Cost Recovery Adjustment**

In accordance with ORS 757.205, ORS 757.210, and OAR 860-022-0025 and -0030, PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) submits for filing the following proposed tariff page associated with Tariff P.U.C. OR No. 36 which sets forth all rates, tolls, charges, rules, and regulations applicable to electric service in Oregon. The purpose of this filing is to update Schedule 94—Wildfire Mitigation and Vegetation Management (WMVM) Cost Recovery Adjustment (Schedule 94). The WMVM mechanism was adopted in Order No. 20-473 and implementation of Schedule 94 was subsequently approved in Advice No. 21-015 to recover incremental costs authorized for recovery through the WMVM mechanism. The WMVM was modified by the first partial stipulation (Stipulation) approved in docket UE 399, Order No. 22-491, but these modifications did not change the effective date of the annual filing. In accordance with Order No. 20-473, PacifiCorp respectfully requests an effective date of November 5, 2024.

<u>Sheet No.</u>	<u>Tariff</u>	<u>Title</u>
Third Revision of Sheet No. 94	Schedule 94	Wildfire Mitigation and Vegetation Management Cost Recovery Adjustment

To support this filing and meet the requirements of OAR 860-022-0025 and OAR 860-022-0230, Pacific Power submits the tariff sheet listed above along with the following Attachment(s):

1. Attachment A – Calculation of Proposed Rates
2. Attachment B – Estimated Effect of Proposed Rate Change
3. Attachment C – 2023 Earnings Test

Background

In Order No. 20-473, the Commission authorized PacifiCorp to recover deferred operations and maintenance (O&M) costs and the revenue requirement for incremental wildfire mitigation capital projects placed in service during the prior year and directed PacifiCorp to include the following information in the annual filing:

1. Vegetation management and wildfire mitigation O&M expenditures associated with the amount recovered in base rates;
2. Total incremental vegetation management O&M expenditures;
3. Total incremental wildfire mitigation O&M expenditures;

4. Total incremental wildfire mitigation capital expenditures; and,
5. Narrative description of the effect, if any, that the earnings test and performance metrics have on the recovery of incremental costs.

PacifiCorp's first WMVM annual filing was made on May 5, 2022. The Commission approved the filing for rates effective November 5, 2022.

In Order No. 22-491 the Commission approved the Stipulation in docket UE 399 that made changes to the annual WMVM filing. The first change eliminates the two-tiered approach, under which the first tier is subject to a more rigorous earnings review than the second tier. The second change extends the WMVM through the end of 2024 unless PacifiCorp files a general rate case with a new forecast for 2024. And finally, the third change modifies the WMVM violation levels for recovery of incremental costs: The Stipulation also stated that the modified WMVM "will apply to requests for recovery under the WMVM filed in...2024 (for 2023 vegetation management and wildfire mitigation costs incremental to the \$50 million in base rates)".

This filing is made in compliance with Order No. 20-473 and Order No. 22-491 adopting the Stipulation and includes O&M expenditures from January 1, 2023, through December 31, 2023. There are no capital costs included in this filing.

Wildfire Mitigation and Vegetation Management O&M

In Order No. 22-491 PacifiCorp was authorized to recover \$50.0 million in base rates, Oregon allocated, for vegetation management O&M expenditures in 2023. As shown in Table 1 below, PacifiCorp incurred incremental actual O&M expenditures of \$16.3 million (Oregon-allocated). These costs represent the base vegetation management program work, such as tree trimming and routine tree removal. The largest portion of the increase reflects higher than planned cost per mile to complete routine cycle maintenance work specification and scope. PacifiCorp also experienced higher than planned cost for ticket and inspection work. There are no incremental wildfire mitigation O&M expenditures in 2023 to be recovered through the WMVM mechanism. All wildfire mitigation O&M expenditures in 2023 are recovered through a separate mechanism.

Wildfire Mitigation Capital Investments Placed In-Service

There are no incremental wildfire mitigation capital expenditures in 2023 to be recovered through the WMVM mechanism. All wildfire mitigation capital expenditures in 2023 are included in the projects identified in the Company's 2023 Wildfire Mitigation Plan (WMP) and are recovered through a separate mechanism.

Review of Performance Metrics

Per Order No. 20-476, "the performance metrics will be applied using the results of Safety Staff's audit, available in September or October, just prior to the November rate-effective date."¹ Because of the results of the earnings test described further below, the performance metrics will have no impact on the overall recovery of incremental costs.

¹ Order No. 20-476 at page 122.

Earnings Test

Per Order No. 20-476, as modified by Order No. 22-491, recovery of incremental O&M expenditures over the \$50 million included in base rates plus incremental capital are subject to performance metrics and the corresponding earnings test as set forth below.

Performance Metric (Number of Violations)	Earnings Test (Return on Equity (ROE))
0 – 150	None
151 – 225	Authorized ROE minus 100 basis points (8.5%)
226 – 325	Authorized ROE minus 150 basis points (8.0%)
326+	Authorized ROE minus 200 basis points (7.5%)

PacifiCorp recently completed its December 2023 Oregon Results of Operations, including the earnings test calculation for the Power Cost Adjustment Mechanism. Consistent with the Company's last WMVM filing on May 5, 2023, the Company is using this same earnings test return on equity (ROE) for the WMVM filing as it reflects Type 1 results without weather adjustments. This earnings test provided as Exhibit C, shows PacifiCorp earned a 0.819 percent ROE for 2023, well below the most restrictive earnings test for recovery under the WMVM.

Proposed Change to Schedule 94

As shown in Table 1 below, the overall amount of the Oregon-allocated incremental WMVM costs incurred in 2023 plus an adjustment for interest accrual and the consolidation of the anticipated residual balance from 2022 deferral amortization to reflect the expected balance in the account is \$18.2 million. This is a decrease from the WMVM amount currently in rates of \$26.0 million.² The proposed change will affect approximately 627,000 customers. The overall rate decrease to customers is approximately \$7.9 million or 0.4 percent. A residential customer using 950 kilowatt-hours per month will see a monthly bill decrease of approximately -\$0.79 per month as a result of this change.

² In PacifiCorp's last WMVM filing, filed May 5, 2023 (Advice 23-011), the amount approved for recovery was \$26.9 million. Adjusted to reflect the current rate design test-year, present rates would collect \$26.0 million.

Table 1
Incremental O&M and
Amount Requested for Recovery

	2023 WMVM
	2023 Deferred Expenses Oregon Allocated
<u>2023 Veg. Mgmt. Expenses</u>	
Distribution	\$62,983,184
Transmission	3,301,903
Total 2023 O&M	66,285,086
2023 In Base Rates	50,000,000
2023 Incremental O&M	16,285,086
2022 Residual Balance	776,904
Total Incremental O&M for Amortization	17,061,990
Estimated Interest Accrual thru Oct-24	1,123,354
Total Amount for Recovery	\$18,185,344

The Company requests that all formal information requests regarding this advice filing 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 questions regarding this advice filing may be directed to Cathie Allen, Regulatory Affairs Manager, at (503) 813-5934.

Sincerely,



Matthew McVee
Vice President, Regulatory Policy and Operations

Enclosures

PROPOSED TARIFF

**WILDFIRE MITIGATION AND VEGETATION MANAGEMENT COST RECOVERY
 ADJUSTMENT**
Purpose

The purpose of this schedule is to implement the wildfire mitigation and vegetation management cost recovery mechanism consistent with Order No. 20-473 and Order No. 22-491.

(N)

Applicable

To all Residential and Nonresidential Consumers.

Monthly Billing

All bills calculated in accordance with Schedules contained in the presently effective Tariff will have applied an amount equal to the product of all kWh multiplied by the following applicable rate as listed by Delivery Service schedule.

Schedule 4	0.189 ¢ per kWh
Schedule 5	0.189 ¢ per kWh
Schedule 15	1.049 ¢ per kWh
Schedule 23, 723	0.215 ¢ per kWh
Schedule 28, 728	0.091 ¢ per kWh
Schedule 30, 730	0.056 ¢ per kWh
Schedule 41, 741	0.235 ¢ per kWh
Schedule 47, 747	0.029 ¢ per kWh
Schedule 48, 748, 848	0.029 ¢ per kWh
Schedule 51, 751	0.987 ¢ per kWh
Schedule 53, 752	0.129 ¢ per kWh
Schedule 54, 754	0.161 ¢ per kWh

(R)

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Attachment A

Calculation of Proposed Rates

PACIFIC POWER
State of Oregon
Proposed Wildfire Mitigation and Vegetation Management Cost Recovery Adjustment - Schedule 94

FORECAST 12 MONTHS ENDED DECEMBER 31, 2025

Line No.	Description (1)	Sch No. (2)	No. of Cust (3)	Distribution MWh* (4)	Present Distribution Revenues (\$000) (5)	Distribution Rate Spread (6)	Proposed WMVM	
							Rates (7)	Revenues (8)
<u>Residential</u>								
1	Residential	4	513,581	5,787,620	\$313,400	60.245%	0.189	\$10,939
2	Total Residential		513,581	5,787,620	\$313,400			\$10,939
<u>Commercial & Industrial</u>								
3	Gen. Svc. < 31 kW	23	86,033	1,162,132	\$71,495	13.743%	0.215	\$2,499
4	Gen. Svc. 31 - 200 kW	28	10,658	2,064,712	\$53,813	10.345%	0.091	\$1,879
5	Gen. Svc. 201 - 999 kW	30	847	1,330,279	\$21,121	4.060%	0.056	\$745
6	Large General Service >= 1,000 kW	48	177	4,677,111	\$38,467	7.943%	0.029	\$1,356
7	Partial Req. Svc. >= 1,000 kW	47	6	43,379	\$1,338		0.029	\$13
8	Dist. Only Lg Gen Svc >= 1,000 kW	848	1	335,577	\$1,517		0.029	\$97
9	Agricultural Pumping Service	41	7,884	234,910	\$15,804	3.038%	0.235	\$552
10	Total Commercial & Industrial		105,606	9,848,099	\$203,556			\$7,141
<u>Lighting</u>								
11	Outdoor Area Lighting Service	15	5,833	2,128	\$638	0.123%	1.049	\$22
12	Street Lighting Service Comp. Owned	51	1,210	7,898	\$2,230	0.429%	0.987	\$78
13	Street Lighting Service Cust. Owned	53	296	8,821	\$324	0.062%	0.129	\$11
14	Recreational Field Lighting	54	98	1,374	\$63	0.012%	0.161	\$2
15	Total Public Street Lighting		7,437	20,221	\$3,256			\$114
16	Subtotal		626,624	15,655,940	\$520,212	100.000%		\$18,193
17	Employee Discount		867	13,364	(\$172)		(0.047)	(\$6)
18	Total		626,624	15,655,940	\$520,040			\$18,187

* Includes Distribution Only consumer MWh and lighting tariff MWh.

Attachment B

Estimated Effect of Proposed Rate Change

PACIFIC POWER
ESTIMATED EFFECT OF PROPOSED PRICE CHANGE
ON REVENUES FROM ELECTRIC SALES TO ULTIMATE CONSUMERS
DISTRIBUTED BY RATE SCHEDULES IN OREGON
FORECAST 12 MONTHS ENDED DECEMBER 31, 2025

Line No.	Description	Sch No.	No. of Cust	MWh	Present Revenues (\$000)			Proposed Revenues (\$000)			Change				Line No.	
					Base Rates	Adders ¹	Net Rates	Base Rates	Adders ¹	Net Rates	Base Rates		Net Rates			
					(5)	(6)	(7)	(8)	(9)	(10)	(\$000)	% ²	(\$000)	% ²		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(8) - (5)	(11)/(5)	(10) - (7)	(13)/(7)			
							(5) + (6)			(8) + (9)						
Residential																
1	Residential	4	513,581	5,787,620	\$786,075	\$45,954	\$832,029	\$786,075	\$41,208	\$827,283	\$0	0.0%	(\$4,746)	-0.6%	1	
2	Total Residential		513,581	5,787,620	\$786,075	\$45,954	\$832,029	\$786,075	\$41,208	\$827,283	\$0	0.0%	(\$4,746)	-0.6%	2	
Commercial & Industrial																
3	Gen. Svc. < 31 kW	23	86,033	1,162,132	\$159,887	\$10,378	\$170,264	\$159,887	\$9,343	\$169,230	\$0	0.0%	(\$1,034)	-0.6%	3	
4	Gen. Svc. 31 - 200 kW	28	10,658	2,064,712	\$211,334	\$25,561	\$236,895	\$211,334	\$25,045	\$236,379	\$0	0.0%	(\$516)	-0.2%	4	
5	Gen. Svc. 201 - 999 kW	30	847	1,330,279	\$118,973	\$14,674	\$133,647	\$118,973	\$14,381	\$133,354	\$0	0.0%	(\$293)	-0.2%	5	
6	Large General Service >= 1,000 kW	48	177	4,677,111	\$357,556	\$19,042	\$376,598	\$357,556	\$18,106	\$375,662	\$0	0.0%	(\$935)	-0.2%	6	
7	Partial Req. Svc. >= 1,000 kW	47	6	43,379	\$5,048	\$177	\$5,225	\$5,048	\$168	\$5,217	\$0	0.0%	(\$9)	-0.2%	7	
8	Dist. Only Lg Gen Svc >= 1,000 kW	848	1	0	\$1,517	\$574	\$2,091	\$1,517	\$507	\$2,024	\$0	0.0%	(\$67)	-3.2%	8	
9	Agricultural Pumping Service	41	7,884	234,910	\$32,687	(\$1,210)	\$31,477	\$32,687	(\$1,412)	\$31,275	\$0	0.0%	(\$202)	-0.6%	9	
10	Total Commercial & Industrial		105,606	9,512,522	\$887,002	\$69,195	\$956,198	\$887,002	\$66,139	\$953,141	\$0	0.0%	(\$3,056)	-0.3%	10	
Lighting																
11	Outdoor Area Lighting Service	15	5,833	8,157	\$839	\$315	\$1,155	\$839	\$306	\$1,145	\$0	0.0%	(\$10)	-0.8%	11	
12	Street Lighting Service Comp. Owned	51	1,210	20,858	\$2,903	\$1,231	\$4,133	\$2,903	\$1,194	\$4,097	\$0	0.0%	(\$37)	-0.9%	12	
13	Street Lighting Service Cust. Owned	53	296	8,821	\$487	\$295	\$782	\$487	\$290	\$777	\$0	0.0%	(\$5)	-0.6%	13	
14	Recreational Field Lighting	54	98	1,374	\$91	\$58	\$149	\$91	\$57	\$148	\$0	0.0%	(\$1)	-0.6%	14	
15	Total Public Street Lighting		7,437	39,210	\$4,319	\$1,899	\$6,218	\$4,319	\$1,847	\$6,166	\$0	0.0%	(\$52)	-0.8%	15	
16	Subtotal		626,624	15,339,352	\$1,677,397	\$117,048	\$1,794,445	\$1,677,397	\$109,194	\$1,786,591	\$0	0.0%	(\$7,854)	-0.4%	16	
17	Employee Discount		867	13,364	(\$445)	(\$27)	(\$472)	(\$445)	(\$24)	(\$469)	\$0		\$3		17	
18	Paperless Credit				(\$1,855)		(\$1,855)	(\$1,855)		(\$1,855)	\$0		\$0		18	
19	AGA Revenue				\$4,071		\$4,071	\$4,071		\$4,071	\$0		\$0		19	
20	COOC Amortization				\$1,769		\$1,769	\$1,769		\$1,769	\$0		\$0		20	
21	Total		626,624	15,339,352	\$1,680,937	\$117,021	\$1,797,959	\$1,680,937	\$109,170	\$1,790,107	\$0	0.0%	(\$7,851)	-0.4%	21	

¹ Excludes effects of the low income assistance charges (Sch. 91 and Sch. 92), BPA credit (Sch. 98), Public Purpose Charge (Sch. 290) and System Benefits Charge (Sch. 291).

² Percentages shown for Schedules 48 and 47 reflect the combined rate change for both schedules

Attachment C

2023 Earnings Test

PACIFICORP
State of Oregon
Actual, Adjusted & Normalized Results of Operations - 2020 Protocol
Results of Operations December 2023
EXCLUDING TYPE 1 ADJUSTMENTS FOR NORMALIZING HYDRO & WEATHER

	(1) Unadjusted Results	(2) Type 1 Adjustments	(3) Total Adjusted Actual Results	(4) Type 1 NPC Adjustments	(5) Total Adjusted Actual Results Less Type 1 NPC Adjustments
1 Operating Revenues:					
2 General Business Revenues	1,513,650,641	(50,067,120)	1,463,583,521	19,317,359	1,482,900,880
3 Interdepartmental	-	-	-	-	-
4 Special Sales	47,747,721	-	47,747,721	-	47,747,721
5 Other Operating Revenues	75,830,293	(1,313,679)	74,516,614	-	74,516,614
6 Total Operating Revenues	<u>1,637,228,654</u>	<u>(51,380,799)</u>	<u>1,585,847,855</u>	<u>19,317,359</u>	<u>1,605,165,214</u>
7					
8 Operating Expenses:					
9 Steam Production	250,642,841	(2,478,098)	248,164,743	-	248,164,743
10 Nuclear Production	-	-	-	-	-
11 Hydro Production	15,668,246	(4,316)	15,663,930	-	15,663,930
12 Other Power Supply	549,878,836	(17,211,860)	532,666,976	17,155,950	549,822,926
13 Transmission	69,751,792	7,842	69,759,634	-	69,759,634
14 Distribution	147,015,493	20,408,079	167,423,573	-	167,423,573
15 Customer Accounting	31,390,705	523	31,391,228	-	31,391,228
16 Customer Service & Info	4,871,770	590,105	5,461,875	-	5,461,875
17 Sales	-	-	-	-	-
18 Administrative & General	553,941,948	(469,849,927)	84,092,021	-	84,092,021
19 Total O&M Expenses	<u>1,623,161,633</u>	<u>(468,537,652)</u>	<u>1,154,623,981</u>	<u>17,155,950</u>	<u>1,171,779,931</u>
20 Depreciation	275,349,420	15,371,194	290,720,613	-	290,720,613
21 Amortization	18,359,538	(6,748,553)	11,610,985	-	11,610,985
22 Taxes Other Than Income	85,176,460	-	85,176,460	-	85,176,460
23 Income Taxes - Federal	(89,136,596)	22,472,951	(66,663,644)	430,683	(66,232,961)
24 Income Taxes - State	(2,248,970)	(1,821,351)	(4,070,322)	97,538	(3,972,784)
25 Income Taxes - Def Net	(83,559,225)	81,350,416	(2,208,809)	-	(2,208,809)
26 Investment Tax Credit Adj.	-	-	-	-	-
27 Misc Revenue & Expense	(332,386)	177,021	(155,366)	-	(155,366)
28 Total Operating Expenses:	<u>1,826,769,874</u>	<u>(357,735,974)</u>	<u>1,469,033,899</u>	<u>17,684,171</u>	<u>1,486,718,070</u>
29					
30 Operating Rev For Return:	<u>(189,541,220)</u>	<u>306,355,176</u>	<u>116,813,956</u>	<u>1,633,188</u>	<u>118,447,144</u>
31					
32 Rate Base:					
33 Electric Plant In Service	9,210,235,324	(42,762,589)	9,167,472,735	-	9,167,472,735
34 Plant Held for Future Use	7,465,839	(7,465,839)	-	-	-
35 Misc Deferred Debits	179,623,992	(83,648,765)	95,975,227	-	95,975,227
36 Elec Plant Acq Adj	729,150	-	729,150	-	729,150
37 Pensions	29,550,683	(29,550,683)	(0)	-	(0)
38 Prepayments	26,568,678	-	26,568,678	-	26,568,678
39 Fuel Stock	30,757,615	-	30,757,615	-	30,757,615
40 Material & Supplies	130,367,420	-	130,367,420	-	130,367,420
41 Working Capital	73,905,199	(13,583,832)	60,321,368	536,339	60,857,707
42 Weatherization Loans	-	-	-	-	-
43 Misc Rate Base	-	-	-	-	-
44 Total Electric Plant:	<u>9,689,203,902</u>	<u>(177,011,708)</u>	<u>9,512,192,194</u>	<u>536,339</u>	<u>9,512,728,533</u>
45					
46 Rate Base Deductions:					
47 Accum Prov For Deprec	(3,240,586,835)	(480,058,398)	(3,720,645,232)	-	(3,720,645,232)
48 Accum Prov For Amort	(209,238,719)	8,096	(209,230,624)	-	(209,230,624)
49 Accum Def Income Tax	(654,489,999)	(24,005,159)	(678,495,158)	-	(678,495,158)
50 Unamortized ITC	(45,991)	-	(45,991)	-	(45,991)
51 Customer Adv For Const	(66,797,896)	22,713,693	(44,084,203)	-	(44,084,203)
52 Customer Service Deposits	-	-	-	-	-
53 Misc Rate Base Deductions	(676,440,673)	(4,486,309)	(680,926,982)	-	(680,926,982)
54					
55 Total Rate Base Deductions	<u>(4,847,600,113)</u>	<u>(485,828,077)</u>	<u>(5,333,428,190)</u>	<u>-</u>	<u>(5,333,428,190)</u>
56					
57 Total Rate Base:	<u>4,841,603,789</u>	<u>(662,839,785)</u>	<u>4,178,764,004</u>	<u>536,339</u>	<u>4,179,300,343</u>
58					
59 Return on Rate Base	-3.915%		2.795%		2.834%
60 Return on Equity	-12.668%	13.410%	0.742%		0.819%

- (1) Unadjusted results do not include the impacts of accelerated Oregon Coal-Fired Steam Plant Depreciation and inclusion of Jim Bridger and Trapper Mine rate base additions which are included as Type 1 adjustments
(2) Type 1 adjustments involve normalization for out of period historic and unusual items that occur during the test period
(3) Type 1 adjustments in column (4) exclude adjustments for weather and hydro normalizer