

February 3, 2023

VIA ELECTRONIC FILING

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

**Re: UM___—PacifiCorp’s Application for Approval of Deferred Accounting Order
Regarding Washington Climate Commitment Act**

PacifiCorp d/b/a Pacific Power submits for filing its 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 _____

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for Deferred Accounting Order
Regarding Washington Climate Commitment Act.

**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 authorization for a 12-month period commencing February 3, 2023.

II. NOTICE

Communications regarding this Application should be addressed to:

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

Ajay Kumar
Senior Attorney
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.

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 is filing this deferral. The Oregon-allocated portion of those costs would be deferred through this mechanism. PacifiCorp expects to begin to incur these costs after the first CCA auction on February 28, 2023 when allowances become available for purchase.

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.

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.

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.

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).

D. Estimate of Amounts

In PacifiCorp’s 2023 TAM, these costs were estimated at \$5.2 million on an Oregon-allocated basis.³

E. Notice

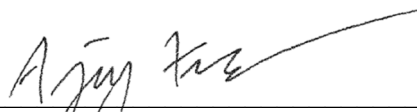
A copy of the Notice of the Application of PacifiCorp for authorization of Deferred Accounting Regarding Washington Climate Commitment Act is included with this Application as Exhibit A. This notice will be served to the service list from the Company’s most recent general rate case.

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, the increased cost of purchasing allowances necessary for the dispatch of the Chehalis generating facility due to the impact of Washington’s Climate Commitment Act (CCA).⁴

Respectfully submitted this 3rd day of February, 2023.

By:



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

³ *Id.* at 24 (These numbers were based on PacifiCorp’s June Update).

⁴ 2021 Wa. Laws, Ch. 316 (codified at RCW 70A.65.005 et. seq.).

EXHIBIT A

NOTICE

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for Deferred Accounting Order
Regarding Washington Climate Commitment Act.

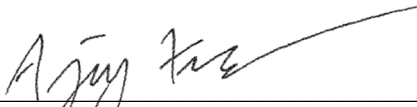
**NOTICE OF
APPLICATION FOR
AUTHORIZATION OF DEFERRED
ACCOUNTING**

On February 3, 2023, PacifiCorp d/b/a Pacific Power filed an 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.⁵ The granting of this 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 PacifiCorp’s application, contact the following:

PacifiCorp 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 February 3, 2023.

By: 

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

⁵ 2021 Wa. Laws, Ch. 316 (codified at RCW 70A.65.005 et. seq.).

CERTIFICATE OF SERVICE

I certify that I delivered a true and correct copy of **PacifiCorp's NOTICE OF APPLICATION FOR AUTHORIZATION OF DEFERRED ACCOUNTING** on the parties listed below via electronic mail in compliance with OAR 860-001-0180.

Service List UE 399

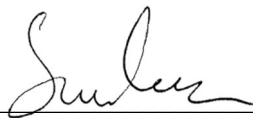
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ALEX KRONAUER (C) WALMART alex.kronauer@walmart.com	

Dated this 3rd day of January 2023.



 Santiago Gutierrez
 Coordinator, Regulatory Operations