

June 15, 2023

VIA ELECTRONIC FILING

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

Re: UM _____—Application for Authorization of Deferred Accounting Related to Wildfire Liability Costs

PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) submits for filing its Application for Authorization of Deferred Accounting Related to Wildfire Liability Costs. With this application, the Company seeks to defer for later ratemaking treatment the costs associated with third-party liability due to wildfires in Oregon.

PacifiCorp respectfully requests that all communications related to this filing be addressed to:

Carla Scarsella
Deputy General Counsel
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
carla.scarsella@pacificorp.com

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

Oregon Dockets
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
oregondockets@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

Public Utility Commission of Oregon

June 15, 2023

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If you have any questions, please contact Cathie Allen, Regulatory Affairs Manager, at (503) 813-5934.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matthew McVee', written in a cursive style.

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 Authorization of Deferred
Accounting Related to Wildfire Claims

**APPLICATION FOR
AUTHORIZATION OF DEFERRED
ACCOUNTING**

I. INTRODUCTION

1 In accordance with Oregon Revised Statutes (ORS) 757.259 and Oregon
2 Administrative Rules (OAR) 860-027-0300, PacifiCorp d/b/a Pacific Power (PacifiCorp or
3 Company) applies to the Public Utility Commission of Oregon (Commission) for an order
4 authorizing deferral of the costs associated with third-party claims due to wildfires in Oregon
5 (Deferred Amount). PacifiCorp seeks authorization to defer the costs incurred from the date
6 of this application for a 12-month period ending June 14, 2024.¹ PacifiCorp may seek
7 amortization of the Deferred Amount in a future commission proceeding. PacifiCorp
8 additionally requests that the Commission delay consideration of the approval of this deferral
9 until the costs and the impact on the financial stability of the Company are more fully known.

II. NOTICE

11 Communications regarding this application should be addressed to:

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

Carla Scarsella
Deputy General Counsel
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232
Email: Carla.scarsella@pacificorp.com

¹ In accordance with OAR 860-027-0300, PacifiCorp will file for reauthorization of the deferral, as necessary.

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

1 In addition, the Company requests that all data requests regarding this application be
2 sent to the following:

3 By email (preferred): datarequest@pacificorp.com

4 By regular mail: Data Request Response Center
5 PacifiCorp
6 825 NE Multnomah Street, Suite 2000
7 Portland, OR 97232

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

10 **I. OAR 860-027-0300(3) REQUIREMENTS**

11 As required by OAR 860-027-0300(3), PacifiCorp provides the following:

12 **A. Background Description**

13 At the beginning of September 2020, a historic wind event resulted in a number of
14 wildfires spread across Oregon causing widespread and extensive damage in and around
15 PacifiCorp's service territory. Areas affected by the fires include western Oregon counties
16 where the Company provides service including Josephine, Jackson, Douglas, Lane, Linn,
17 Lincoln, Klamath, and Marion Counties. As a result of these wildfires, a number of plaintiffs
18 filed suit against PacifiCorp alleging that PacifiCorp's facilities caused the fires, and that
19 PacifiCorp should have shut-off service to customers in an effort to prevent the spread of the
20 wildfires.

1 **B. Reasons for Deferral**

2 As discussed above, PacifiCorp requests authorization to defer the incremental costs
3 associated with PacifiCorp’s third-party claims for the wildfires that occurred in September
4 of 2020. ORS 757.259(2)(e) allows the deferral of identifiable utility expenses to minimize
5 the frequency of rate changes or the fluctuation of rate levels or to match appropriately the
6 costs borne and benefits received by customers.

7 Based on the best available information known in its last rate case, PacifiCorp’s rates
8 were approved to reflect a reasonable level of self-insurance and commercial insurance
9 related to third-party claims, which is a normal part of providing electric service to
10 customers. The costs identified in this application would account for and track the third-party
11 claims that may exceed the Company’s insurance coverage currently in rates associated with
12 the outcomes of this litigation due to wildfires that occurred in September 2020. As such, all
13 costs are related to claims against PacifiCorp resulting from providing service to its
14 customers.

15 At this point, much of the litigation and the assessment of liabilities remains
16 unresolved. PacifiCorp is filing this application to enable the Company to transparently
17 account for and track the costs associated with the outcomes of this litigation. The Company
18 is not seeking recovery of these costs from customers at this time and does not expect to
19 determine if it will seek recovery until the appeals process has concluded. The deferred
20 accounting application enables the Company to preserve its ability to seek recovery in the
21 future in the event the outcome could potentially impact the financial stability of the
22 Company, which would result in higher costs to customers.

1 In *James v. PacifiCorp*, a jury has returned a verdict finding that PacifiCorp is liable
2 to the named plaintiffs for over \$70 million in economic and non-economic damages and
3 over \$18 million in punitive damages.² Since this has been initially certified as a class-action
4 lawsuit, additional claims are likely, and there is additional pending litigation for wildfires
5 that occurred in this time period. PacifiCorp maintains that the Company’s actions were
6 appropriate, consistent with prudent utility practice, and as such, plans to appeal the verdict.
7 While PacifiCorp files this deferral, there is still significant uncertainty about the legal
8 outcome of these cases. As a result, PacifiCorp requests that the Commission delay
9 consideration of the approval of this deferral application until the costs and the impact on the
10 financial stability of the Company are more fully known.

11 The combined amount of these claims from these wildfires may represent a material
12 impact to the financial stability of the Company that resulted from unique and unforeseen
13 circumstances outside the Company’s reasonable control. Additionally, this deferral covers
14 the third-party claims on PacifiCorp for events that occurred under both Federal and State
15 emergency declarations.³ While the settlement approved by the Commission in PacifiCorp’s
16 most recent general rate case limits the ability of the Company to file deferrals, this deferral
17 meets two of the exceptions to that settlement.⁴ Specifically, as noted above, this deferral

² Final Verdict, *James v. PacifiCorp*, No. 20-CV-33885 (Cir. Ct. Multnomah County, June. 12, 2023).

³ Notice of the Presidential declaration of an Emergency for the State of Oregon, 85 Fed. Reg. 67,754 (Oct. 26, 2020); Proclamation of State of Emergency Due to Imminent Threat of Wildfire, Executive Order No. 20-35 (Or. Aug. 20, 2020); Proclamation of State of Emergency to Support Ongoing Recovery from Catastrophic Wildfires, Executive Order No. 20-60 (Or. Oct. 28, 2020).

⁴ *In the Matter of the PacifiCorp d/b/a Pacific Power, Request for General Rate Revision*, Docket No. UE 399, Order No. 22-491 at 10 (Dec. 16, 2021)(The full list of exceptions are “(a) the deferral is authorized by statute or Commission order, resulting from a Commission-initiated deferral mechanism, a reauthorization of an existing deferral, or approval of an agreed-upon deferral mechanism in a proceeding, (b) the stipulating Parties seek reauthorization of a previously filed deferral, (c) laws, regulations or orders become effective that require significant cost reductions or expenditures, (d) the Company incurs major expenses or savings as a result of a state or federal declaration of emergency, or (e) a deferral is necessary to respond to material threat to the

1 results from the Company incurring major expense as a result of a state or federal declaration
2 of emergency, and it is necessary to respond to a material threat to the financial stability of
3 the Company resulting from unique and unforeseen circumstances outside the Company's
4 reasonable control.

5 The potential magnitude of the claims may exceed normal costs anticipated by
6 PacifiCorp and included in its retail rates, and could also far exceed the reasonable business
7 risk associated with these claims.

8 **C. Proposed Accounting**

9 If this application is approved, PacifiCorp will record deferred amounts by debiting
10 Federal Energy Regulatory Commission (FERC) Account 182.3-Other Regulatory Assets
11 and crediting FERC Account 925-Injuries and damages. If this application is denied, the
12 costs will remain in FERC Account 925.

13 **D. An Estimate of the Amounts to be Recorded in the Deferred Account**

14 At this time, due to the nature of the litigation it is difficult to precisely estimate the
15 amounts that will be recorded in this deferred account. However, in a single proceeding in
16 Oregon, a jury has issued a verdict for more than \$90 million for the named plaintiffs in the
17 case. Additional process regarding the class action aspect of the lawsuit and the Company's
18 appeals of the proceeding, along with additional ongoing proceedings are expected to result
19 in a materially different amount.

20 **E. Notice**

21 A copy of the Notice of Application is included as Exhibit A. This notice will be
22 served to the service list in docket UE 399.

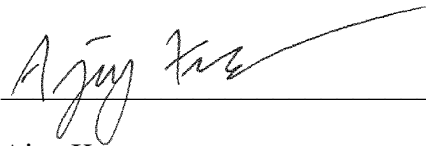
financial stability of the Company resulting from unique and unforeseen circumstances outside the Company's reasonable control.").

1 **III. CONCLUSION**

2 PacifiCorp respectfully requests that, in accordance with ORS 757.259(2)(e), the
3 Commission authorize the Company to defer the costs described in this application for the
4 12-month period beginning June 15, 2023. As noted above, PacifiCorp requests that the
5 Commission delay consideration of the approval of this deferral until there is a more definite
6 on the impact of these deferrals on the Company. Recovery of the deferred wildfire-related
7 costs will only be authorized through a subsequent application, general rate case, or through
8 other appropriate filings as authorized by the commission.

Respectfully submitted this 15th day of June 2023.

By:



Ajay Kumar
Carla Scarsella
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232

Attorneys for PacifiCorp d/b/a Pacific Power

Exhibit A

Notice of Application

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM _____

In the Matter of

PACIFICORP d/b/a PACIFIC POWER

Application for Authorization of Deferred
Accounting Related to Wildfire Liability Costs

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

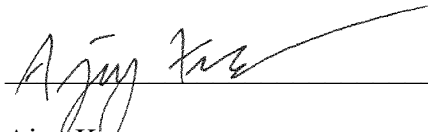
On June 15, 2023, PacifiCorp d/b/a Pacific Power filed an application with the Public Utility Commission of Oregon (Commission) for an order authorizing the use of deferred accounting for the costs associated with third party liability due to wildfires in Oregon. The authorization will not authorize 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 may submit written comments to the Commission regarding the application with 25 days of the filing of the application.

Respectfully submitted on June 15, 2023.

By:



Ajay Kumar
Carla Scarsella
PacifiCorp
825 NE Multnomah Street, Suite 2000
Portland, OR 97232

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

PACIFICORP	
PACIFICORP, DBA PACIFIC POWER 825 NE MULTNOMAH ST, STE 2000 PORTLAND, OR 97232 oregondockets@pacificorp.com	KATHERINE A MCDOWELL MCDOWELL RACKNER & GIBSON PC 419 SW 11TH AVE., SUITE 400 PORTLAND, OR 97205 katherine@mrg-law.com
CARLA SCARSELLA (C) PACIFICORP 825 NE MULTNOMAH ST STE 2000 PORTLAND, OR 97232 carla.scarsella@pacificorp.com	
STAFF	
JILL D GOATCHER (C) PUC STAFF--DEPARTMENT OF JUSTICE BUSINESS ACTIVITIES SECTION 1162 COURT ST NE SALEM, OR 97301-4096 jill.d.goatcher@doj.state.or.us	MATTHEW MULDOON (C) PUBLIC UTILITY COMMISSION OF OREGON PO BOX 1088 SALEM, OR 97308 matt.muldoon@state.or.us
JOHANNA RIEMENSCHNEIDER (C) PUC STAFF - DEPARTMENT OF JUSTICE BUSINESS ACTIVITIES SECTION 1162 COURT ST NE SALEM, OR 97301-4796 johanna.riemenschneider@doj.state.or.us	
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<p>CUB</p>	
<p>MICHAEL GOETZ (C) OREGON CITIZENS' UTILITY BOARD 610 SW BROADWAY STE 400 PORTLAND, OR 97205 mike@oregoncub.org</p>	<p>WILLIAM GEHRKE (C) OREGON CITIZENS' UTILITY BOARD 610 SW BROADWAY, STE 400 PORTLAND, OR 97205 will@oregoncub.org</p>
<p>OREGON CITIZENS' UTILITY BOARD 610 SW BROADWAY, STE 400 PORTLAND OR 97205 dockets@oregoncub.org</p>	
<p>FRED MEYER</p>	
<p>JUSTIN BIEBER (C) FRED MEYER/ENERGY STRATEGIES LLC 215 SOUTH STATE STREET, STE 200 SALT LAKE CITY, UT 84111 jbieber@energystrat.com</p>	<p>KURT J BOEHM (C) BOEHM KURTZ & LOWRY 36 E SEVENTH ST - STE 1510 CINCINNATI, OH 45202 kboehm@bkllawfirm.com</p>
<p>JODY KYLER COHN (C) BOEHM KURTZ & LOWRY 36 E SEVENTH ST - STE 1510 CINCINNATI, OH 45202 jkylercohn@bkllawfirm.com</p>	

KWUA	
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NIPPC	
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OREGON FARM BUREAU	
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SBUA	
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WILLIAM STEELE (C) BILL STEELE AND ASSOCIATES, LLC PO BOX 631151 HIGHLANDS RANCH, CO 80164 w.steele1@icloud.com	

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

Dated this 15th day of June 2023.



 Santiago Gutierrez
 Coordinator, Regulatory Operations