

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: July 27, 2021

REGULAR CONSENT EFFECTIVE DATE July 28, 2021

DATE: July 14, 2021

TO: Public Utility Commission

FROM: Curtis Dlouhy

THROUGH: Bryan Conway, John Crider, and Matt Muldoon **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. ADV 1285/Advice No. 21-015)
Update of Schedule 90 – Summary of Effective Rate Adjustments and
creation of Schedule 94 – Wildfire Mitigation and Vegetation Management
Cost Recovery Adjustment.

STAFF RECOMMENDATION:

Approve Pacific Power's (PacifiCorp, PAC, or Company) Advice No. 21-015, which updates Schedule 90 and the Tariff Index, and adds Schedule 94, implementing the Wildfire Mitigation and Vegetation Management (WMVM) Cost Recovery Adjustment rate schedule for the WMVW Mechanism, for service rendered on and after July 28, 2021.

DISCUSSION:

Issue

Whether the Oregon Public Utility Commission (OPUC or Commission) should approve PacifiCorp's proposal to add Schedule 94, which adds a new tariff that implements the WMVM Cost Recovery Adjustment rate schedule for the WMVM Mechanism, and the associated updates the Schedule 90 and the Tariff Index.

Applicable Law

ORS 757.205 requires public utilities to file schedules showing all rates, tolls, and charges for service that have been established and are in force at the time.

ORS 757.210 (1)(a) states a utility must show that a proposed rate or schedule of rates is fair, just, and reasonable. The Commission may authorize a rate or schedule of rates only if it is deemed to be fair, just, and reasonable.

ORS 757.220 and OAR 860-022-0015 state that energy utilities must provide the Commission with at least 30 days' notice prior to the effective date for any change in rates, tolls, charges, rules, or regulations.

OAR 860-022-0005 defines the required formatting all large energy utilities must use when making tariff submissions to the Commission.

OAR 860-022-0025 illustrates energy utility requirements for filing tariffs or changes to rate schedules.

Analysis

Background

On June 23, 2021, PacifiCorp filed Advice No. 20-015 requesting to create Schedule 94. The filing also requested to update Schedule 90 and the Tariff Index to accommodate the addition of Schedule 94. The Company's new schedule proposes to add a new tariff to recover costs associated with its WMVM mechanism that was adopted in Order No. 20-473 and approved for a three-year period as part of its most recent general rate case.¹

The tariff proposes to recover incremental costs of its WMVM mechanism through a distribution charge on a per kilowatt-hour basis that would apply to all distribution customers. The Company held workshops with Staff and stakeholders to understand the proposed tariff.

The purpose of this filing is only to establish the structure of this tariff. As such, all rates in Schedule 94 are initially set to \$0 per kWh. Per Commission Order No. 20-473, the first filing for an annual adjustment will occur May 5, 2022, with an effective date of November 5, 2022.

Analysis

Staff finds no issues with the language in the Company's proposed tariffs or Schedule 94 itself. Although there is no impact to customer rates at this moment, Staff notes that there will be in the near future. As was pointed out in Commission Order No. 20-473, wildfire mitigation is an emerging field and significant costs may manifest as the field evolves. The Commission also stated that the Company will have to show that the

¹ *In re PacifiCorp*, OPUC Docket No. UE 374, Order No. 20-473 at 120 (Dec. 18, 2020).

mechanism associated with Schedule 94 is effective at incentivizing improvements in their WMVM practices at the end of the three-year period approved for the WMVM mechanism.²

Conclusion

Based on Staff's analysis and discussions with the Company, Staff finds that the newly proposed Schedule 94 establishes an appropriate rate recovery mechanism, consistent with Commission Order No. 20-473.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's Advice No. 21-015, which updates Schedule 90 and adds Schedule 94, to add a new WMVM Cost Recovery Adjustment rate schedule for the WMVW Mechanism, for service rendered on and after July 28, 2021.

² IOPUC Order No. 20-473 at 121.