BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UE 352

In the Matter of	)
	)
PACIFICORP, dba PACIFIC POWER,	)
	)
2019 Renewable Adjustment Clause.	)
	)

OPENING TESTIMONY
OF THE
OREGON CITIZENS' UTILITY BOARD

April 2, 2019

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OF OREGON

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In the Matter of PACIFCORP, dba PACIFIC POWER, 2019 Renewable Adjustment Clause.	)))))	OPENING TESTIMONY OF THE OREGON CITIZENS' UTILITY BOARD

Q. Please state your name, occupation, and business address.

A. My name is William Gehrke. I am an Economist employed by Oregon Citizens' Utility Board ("CUB"). Our business address is 610 SW Broadway, Ste. 400 Portland, Oregon 97205.

Q. Please describe your educational background and work experience.

A. My witness qualification statement is found in exhibit CUB/101.

Q. If PacifiCorp's ("PAC" or "the Company") case was approved as filed, what would be the rate impact on the average residential customer?

A. The average residential customer would experience a cumulative 2.39% increase in their monthly bill. The requested Renewable Adjustment Clause ("RAC") recovery amounts are $14.0 million, through rates effective October 1, 2019, and an additional $18.2 million, through rates effective December 1, 2019.[1] This is a substantial rate impact for residential customers.

[1] UE 352 – ERRATA PAC/400/McDougal/2, lines 17-19.

Q. How is your testimony organized?

A. Introduction

I. Floor on Production Tax Credits

II. Return on Unrecovered Capital Investment

III. Consumer Protection Conditions

IV. The condition of the safe harbor PTC equipment

V. Direct Access

VI. Rate Spread

I. Floor on Production Tax Credits

Q. What does CUB recommend with regards to Production Tax Credits (PTCs)?

A. As a condition of cost recovery, CUB recommends a floor be set on the projected Oregon-allocated PTCs. The floor on projected tax credits would be based on the Company's projection of PTCs in this proceeding. A floor on PTCs ordered by the Oregon Public Utility Commission ("Commission") would mitigate the risk of underperforming wind resources to end-use customers.

Q. What are PTCs?

A. PTCs are a federal income tax credit based on the generation output of a wind generation facility. PTCs are limited to the first ten years of wind generation.

Q. What are the customer benefits from wind repowering?

A. PTCs are the primary benefit to customers from repowering. Through repowering, the Company can requalify its wind generation fleet for PTCs. Further, the repowered wind facilities will provide greater generation output, increasing the PTC value.

Q. How do PTC benefits flow to customers in rates?

A. In the Company's annual Transition Adjustment Mechanism ("TAM") filing, it projects the level of PTCs for the test period. Expected generation (kWh/year) is multiplied by tax credit rate to determine the expected tax credit in a year.[2]

Q. Why does CUB feel it is necessary to set a floor on PTCs?

A. In PAC's 2017 Integrated Resource Plan ("IRP"), the Commission's order contemplated using creative ratemaking to protect customers, stating "customer risk exposure is mitigated appropriately, and recovery may be structured to hold PacifiCorp to the cost and benefit projections in its analysis."[3] Consistent with CUB's recommendation here, the Commission clearly considered holing the Company to the PTC benefit that it projected. The benefit of the PTCs is not assured. Over the ten-year period, it is possible for the wind turbines underperform the Company's projections. It is inappropriate for customers to bear this risk.

Without a PTC floor, there would be a mismatch in the benefits of this project between the Company and consumers. In the 2017 IRP that gave rise to the wind repowering investment, the Company justified the investment as an economic opportunity. The Company can earn a rate of return on this investment, making it an attractive investment for shareholders. However, it is unfair for ratepayers to solely bear the risk of the PTCs not meeting the Company's projections.

[2] UE 307 – PAC/106/Dickman/2.
[3] OPUC Order 18-138 at 8.

Importantly, the wind repowering project was not completed based on an energy or capacity need on PAC's system. It was completed based upon an economic opportunity to bring the value of the PTCs to customers, while the Company enjoys a rate of return on its capital investment in the wind repowering. Setting a floor based on the projected PTCs ensures that customers can collect the benefit they were promised when the Company chose to build out a project it did not need. The Company believes that this wind repowering project will save customers money.[4] Setting a floor on production tax credit benefits would hold the Company to its projections in this case.

Q. What is CUB's recommendation?

A. CUB recommends the Commission establish a floor on PTCs included in rates. The floor should be the PTC benefits projected in this preceeding. The Company's exposure to the risk of underperforming wind generation would be limited to the ten-year PTC window. This is a reasonable, time-limited shift in risk from customers to the Company.

II. Return on Unrecovered Wind Generation Investment

Q. Please summarize your position on this issue.

A. The Company is repowering most of its wind generation fleet. In order to repower its wind assets, the Company is removing plant associated with the legacy wind turbines from service. The Company is seeking to recover the unrecovered investment it made in its original equipment and seeks to earn its authorized rate of return on the unrecovered balance over the 30-year depreciable life of each

[4] UG 352 - PAC/100/Lockey/11.

repowered facility.[5] CUB opposes the Company earning its authorized rate of return on the unrecovered balance of its original equipment. Pursuant to longstanding precedent and legal standards, the Commission is precluded from approving rates that include a rate of return on capital investment that is not presently used for the provision of utility services.[6] CUB plans on appropriately addressing this legal standard in briefing.

Q. What is the Company's assumption with regards to its unrecovered wind investment?

A. In its Energy Vision 2020 Update informational filing, the Company stated it will recover the unrecovered investment in the original equipment on existing wind resources and earn its authorized rate of return on the unrecovered balance over the remainder of the original 30-year depreciable life of each repowered wind facility.[7]

Q. What is CUB's position on the Company's assumption?

A. CUB does not believe PAC is entitled to earn its authorized rate of return on the unrecovered balance of plant that is removed from wind facilities. This plant is no longer presently used and useful in the provision of utility service. While the Company is potentially eligible to recover its capital expenditures, Commission precedent dictates that it is inappropriate for PAC to earn a rate of return on plant not in service.

Q. Why does CUB oppose the Company earning its authorized rate of return on the unrecovered balance of original equipment?

[5] UE 352/PAC/300/Link/Pages 17-18.
[6] OPUC Order 08-487.
[7] CUB Exhibit 102.

A. Historic Commission practice allows PacifiCorp to earn its authorized rate of return on plant *in service*. This equity risk premium (return on equity or "ROE") is meant to compensate the utility investors for risks borne by owning and operating plant and equipment. Once the plant associated with the old wind equipment is removed, the risk of operating and owning the remaining capital equipment disappears. Additionally, the removed wind turbines will no longer be used and useful by customers. Therefore, Commission precedent dictates that the Company does not earn its authorized rate of return on its retired assets. CUB recommends the Company be unable to earn its authorized rate of return on the unrecovered balance of original equipment that is removed after repowering.

III. Consumer Protection Conditions

Q. What did the Commission order with regards to the recovery of the wind repowering projects in PAC's 2017 IRP?

A. The Commission stated that cost recovery "may be conditioned or limited to ensure customer benefits remain at least as favorable as IRP planning assumptions."[8]

Q. What conditions does CUB recommend in response to Commission direction?

A. 1. Cost recovery in this docket will be subject to a construction cost cap, subject to the construction cost assumptions in UE 352/PAC Exhibit 401. Customers should not bear the risk of construction cost overruns on a project that was completed for an economic benefit, rather than out of need.

[8] OPUC Order No. 18-138 at 8.

2. The Company will bear the risk of PTC qualification. If the IRS does not qualify a wind turbine for PTC benefits, the Company will impute the value of the PTC to customers. Examples of PTC qualification risk include, but are not limited to, the risk of project completion and the risk of not qualifying under the 80/20 rule.

3. All liquated damages received by the Company under contractual agreements with vendors will flow back to customers. Liquidated damages include, but are limited to, repowered equipment not meeting specified availability, performance, or installation schedule requirements.

Q. What basis does CUB have for proposing these conditions?

A. CUB's basis for these conditions come from stipulated conditions between the Company and other state utility commissions and from Commission direction. [9]

IV. The Condition of the Safe Harbor PTC Equipment

Q. Please summarize your position on this issue.

A. CUB is concerned about the depreciated value of the safe harbor purchases when they are eventually placed into service. There will be an approximate three-year lag time between the safe-harbor PTC equipment purchases and the installation of the equipment. CUB believes that, at this point, the Company has not met its burden of proof to justify recovery of the entirety of safe harbor PTC capital expenditures.

Q. What are safe harbor PTC purchases?

A. According to the IRS, the value of PTCs is based on when the year in which the facility commenced construction. The value of the PTC phases down each year, as

[9] CUB Exhibit 103

demonstrated in the following table. For a wind facility to qualify for the full value of the PTC, the owner of the wind facility must demonstrate to the IRS that 5% or more of the total cost of the facility was paid in 2016. CUB will use the term "safe harbor PTC capital" to refer to the equipment purchased in 2016 for wind repowering purchases.

Table 1: Phase-down schedule Wind Facility and PTCs.	
Year of Facility Commencing Construction	PTC Percentage Value
2016	100%
2017	80%
2018	60%
2019	40%

Q. Why is the CUB concerned about the value of the safe harbor purchase?

A. PacifiCorp purchased the safe harbor PTC capital in Quarter 4 of 2016 from Vestas and General Electric ("GE"). The Company's GE safe harbor PTC capital are being stored at a storage yard at the Glenrock wind facility in Wyoming.[10] The Company's Vestas safe harbor PTC capital are being stored at a Vestas storage facility in Pueblo, Colorado.[11] There is a multiyear gap between the equipment being stored in storage facilities and installed for the use of customers. CUB is concerned that some depreciation will occur between the time the safe harbor PTC capital was purchased and when it is eventually placed into service.

[10] CUB Exhibit 104 and 105.
[11] CUB Exhibit 106.

Capital investments are brought into rates at the full cost of investment. When a capital investment is included in rates, ratepayers pay for the initial investment and its associated deprecation, operation and maintenance, and other expense for the entire life of the plan. The Company assumes a thirty-year useful life for the repowered turbines. If the equipment has degraded due to wear and corrosion between 2016 and the installation date, CUB does not believe it appropriate for ratepayers to pay the full value of the equipment. It is specifically concerning that some of the safe harbor PTC capital may be currently stored outside and exposed to the elements.

Q. What does the CUB request of the Company?

A. CUB asks the Company to meet its burden of proof to justify bringing in the equipment at full value. Specifically, CUB requests responses to the following questions in the Company's next round of testimony.

General Electric Safe Harbor Purchases

1. How is the equipment stored at the Glenrock wind facility?
2. Is the equipment stored in an outdoor storage yard?
3. What inspection process did the Company conduct on equipment stored on the Glenrock facility?
4. What is the Company's method of dealing with corrosion, dirt and routine maintenance of the safe harbor PTC capital?
5. Has the GE equipment been subject to corrosion or degradation in storage?

Vestas Safe Harbor Purchases

1. How is the equipment stored at the Vestas Pueblo facility?

2. Is the equipment in a building or outside?

3. What is Vestas' method for dealing with corrosion, dirt and maintenance of the safe harbor PTC capital?

4. What inspection process did the Company or Vestas conduct of the safe harbor PTC capital?

  a. How often did the Company inspect the Vestas facility?

5. Has the Vestas equipment been subject to corrosion or degradation in storage?

Q. What ratemaking treatment is appropriate if there is evidence of the degradation of the safe harbor PTC capital?

A. A potential method is depreciating the safe harbor PTC capital over the time the equipment is in storage. At this time in the preceding, CUB does not make a recommendation with regards to the ratemaking of the safe harbor PTC capital. We look forward to reviewing data responses, the Company's testimony, and engaging in settlement negotiations on this issue.

V. Direct Access

Q. Please summarize your position on this issue.

A. CUB supports the Company's proposal to modify the RAC rate schedule to charge direct access customers.[12]

Q. What did the Stipulating parties to UM 1330 agree to with regards to the applicability of the RAC to direct access customers?

A. The stipulating parties agreed that the RAC schedules would apply to all customers, except nonresidential customers taking direct access service after December 31st, 2010 under a multi-year cost of service opt-out option.[13] PAC's proposal in this proceeding is not consistent with this stipulation.

Q. How were PTCs credited to customers in 2014?

A. PTC benefits were set during a general rate case.[14] New wind generation facilities only qualify for PTCs for the first ten years of operation. After the tax credits expired, the Company would have had to file a rate case in Oregon in order to capture the decrease in rates.

Q. Is the Company presently allowed to update PTCs outside of a rate case?

A. Yes.

[12] *See* UE 352 – PAC/100/Lockey/5.
[13] OPUC Order 07-572.
[14] UM 1662/ICNU/100/Mullins/Page 2.

Q. How is PacifiCorp allowed to annually forecast PTCs outside of a general rate case?

A. SB 1547 enabled PacifiCorp to annually forecast PTCs in the TAM. Since the 2017 TAM, PacifiCorp has annually forecasted Oregon-allocated PTCs to net power costs.[15]

Q. How is the transition adjustment calculated in the TAM for direct access customers?

A. The Schedule 296 transition adjustment is the estimated difference between the value of the electricity that is freed up when a customer chooses to leave cost-based supply service and regulated net power costs in Schedule 201.

Q. How are PTCs applied to the Company's net power cost forecast?

A. PTCs are applied as a credit to net power cost in the TAM. The impact of incorporating production tax credits is increased transition credits. If Schedule 202 was unchanged, direct access customers would receive the benefits of increased PTCs, without paying the costs of the wind repowering in the renewable adjustment clause due to the stipulation in UM 1330.

Q. What has the Company proposed with regards direct access customers?

A. The Company has proposed to modify the RAC rate schedule to incorporate direct access customers. CUB supports the Company's proposal.

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[15] UG 307 - PAC/100/Dickman/5/Lines 14-16.

VI. Rate Spread

Q. What rate spread does the Company propose?

A. The Company has proposed that the rate spread for the RAC be based on current generation revenues. Schedule 202 states that "[c]osts recovered through the rate schedule will be allocated across customer classes using the applicable forecasted energy on this basis of an equal percent of generation revenue applied on a cent per kilowatt-hour to each applicable rate schedule."[16]

Q. Is this rate spread methodology consistent with stipulated guidelines regarding the renewable adjustment clause?

A. Yes.[17] In UM 1330, PacifiCorp, CUB, Staff and ICNU signed a stipulation supporting allocating across customer classes on the basis of equal percent of generation revenue applied on a cent per kilowatt-hour.

Q. Has the rate spread methodology been used in prior PacifiCorp RAC proceedings?

A. Yes. The rate spread methodology has been approved by the Commission in prior orders in UE 200.

Q. Does CUB support the Company's proposed rate spread methodology for the RAC?

A. Yes.

[16] Exhibit 107
[17] Order 07-572.

VI. Conclusion

Q. Does this conclude your testimony?

A. Yes.

WITNESS QUALIFICATION STATEMENT

NAME:	William Gehrke
EMPLOYER:	Oregon Citizens' Utility Board
TITLE:	Economist
ADDRESS:	610 SW Broadway, Suite 400 Portland, OR 97205
EDUCATION:	MS, Applied Economics Florida State University, Tallahassee, FL BS, Economics Florida State University, Tallahassee, FL
EXPERIENCE:	Provided testimony or comments in several Oregon Commission dockets. Worked as an Economist for the Florida Department of Revenue. Worked as Utility Analyst at the Florida Public Service Commission, providing advice on rate cases and load forecasting. Attended the Institute of Public Utilities Annual Regulatory Studies program in 2018.

OPUC Data Request 22

Accounting and Depreciation - Regarding the Company's statement, on page 14 of its Energy Vision 2020 Update informational filing dated July 28, 2017 in Docket No. LC 67, that it assumed in the 2017 IRP and in the economic analysis updated with this filing, "…PacifiCorp will fully recover the unrecovered investment in the original equipment on existing wind resources and earn its authorized rate of return on the unrecovered balance over the remainder of the original 30-year depreciable life of each repowered wind facility:"

(a) Please identify the location(s) this assumption was stated in the Company's 2017 IRP filed in Docket No. LC 67.

(b) Please identify the location(s) and date(s) of each other filing in Docket No. LC 67 in which the Company stated this assumption.

(c) Please identify the location(s) the Company stated this assumption in the Company's December 28, 2018 filing in Docket No. UE 352.

(d) Through what date(s), for each repowered wind farm listed in Exhibit PAC/204 Hemstreet/2, does the Company plan for the removed wind turbine generator components to be in Oregon rate base?

(e) Please specify the dollar amount, if any, included in the values in columns identified as 5 – 9 (inclusive) appearing on Exhibit PAC/202 Spanos/72 – Spanos/73 in Docket No. 1968 and related to the wind farms listed in Exhibit PAC/204 Hemstreet/2, for the wind turbine generator equipment removed in the course of repowering the Company's wind farms.

(f) Please specify, separately for each wind farm repowering project the Company is proposing to be in Oregon rates as a result of its December 28, 2018 filing in Docket No. UE 352, the dollar amounts by FERC account for each of original cost, book depreciation reserve, future accruals, and annual accrual amount as of year-end 2017 *for the wind turbine generator equipment removed* in the course of repowering the Company's wind farms.

Response to OPUC Data Request 22

(a) The economic benefits of wind repowering are calculated by comparing a scenario with and without repowering. In both of these scenarios, PacifiCorp did not included embedded rate base assuming that these costs would be recovered in both scenarios. Referencing PacifiCorp's 2017 Integrated Resource Plan (IRP), filed in docket LC 67, please refer to the confidential data disks supporting PacifiCorp's 2017 IRP, specifically folder "Assumptions + Inputs Conf.zip\Assumptions + Inputs\Wind Repower, CONF"; file "Wind RePower Data Fixed Cost & PTC." This work paper shows the annual incremental capital recovery costs associated with the wind repowering project. As the unrecovered capital recovery investment amount for the projects is assumed in both the with and without repowering cases, the with repowering captures only the incremental capital recovery amount.

(b) Please refer to the response to subpart (a) above. Note: all documentation filed by parties participating in docket LC 67 are available on the Public Utility Commission of Oregon (OPUC) website, which can be accessed by using the following website link:

https://apps.puc.state.or.us/edockets/docket.asp?DocketID=20532

(c) This assumption is stated in the direct testimony of company witness, Rick T. Link. Please refer to Exhibit PAC/300, Link/16, line 23 through Link/17 line 2.

(d) The company anticipates that the removed wind turbine generator (WTG) components will follow the company's long-standing depreciation methodology practice for equipment that is removed and replaced and will continue to depreciate over the average remaining life of the components to which the replaced equipment belongs.

(e) Please refer to Confidential Attachment OPUC 22 for the December 31, 2017 balances of original cost and accumulated depreciation of the plant attributable to the removed equipment that is included in column 5 and column 6 respectively, on Exhibit PAC/202 Spanos/72 – Spanos/73 in docket UM 1968. The current annual depreciation is also shown using the depreciation rates approved in the 2013 depreciation study, docket UM 1647.

(f) Please refer to Confidential Attachment OPUC 22 for the December 31, 2017 balances of original cost and accumulated depreciation of the plant attributable to the removed equipment. The current annual depreciation is also shown using the depreciation rates approved in the 2013 depreciation study, docket UM 1647.

Confidential information is designated as Protected Information under Order No. 18-490 and may only be disclosed to qualified persons as defined in that order.

ROCKY MOUNTAIN POWER
A DIVISION OF PACIFICORP

1407 W. North Temple, Suite 310
Salt Lake City, Utah 84116

RECEIVED
2017 NOV 24 AM 9: 13
IDAHO PUBLIC
UTILITIES COMMISSION

November 24, 2017

VIA OVERNIGHT DELIVERY

Diane Hanian
Commission Secretary
Idaho Public Utilities Commission
472 W. Washington
Boise, ID 83702

Attention: Diane Hanian
Commission Secretary

RE: CASE NO. PAC-E-17-06
IN THE MATTER OF THE APPLICATION OF ROCKY MOUNTAIN POWER FOR BINDING RATEMAKING TREATMENT FOR WIND REPOWERING

Please find enclosed for filing an original and seven (7) copies of a Stipulation in the above-referenced matter.

Informal inquiries may be directed to Ted Weston, Idaho Regulatory Manager, at (801) 220-2963.

Very truly yours,

Joelle Steward

Joelle R. Steward
Vice President, Regulation

Enclosures

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION PACIFICORP DBA ROCKY MOUNTAIN POWER FOR BINDING RATEMAKING TREATMENT FOR WIND REPOWERING	))))))))	**CASE NO. PAC-E-17-06** **STIPULATION**

This stipulation ("Stipulation") is entered into by and among Rocky Mountain Power, a division of PacifiCorp ("Rocky Mountain Power" or "the Company") and all of the parties of record in Case No. PAC-E-17-06 including Staff of the Idaho Public Utilities Commission ("Staff"), the Idaho Irrigation Pumpers Association Inc. ("IIPA"), PacifiCorp Idaho Industrial Customers ("PIIC") and Monsanto Company ("Monsanto"). The Stipulation refers to the Company, Staff, IIPA, PIIC and Monsanto individually as a "Party," and collectively, as the "Parties."

I. INTRODUCTION

The terms and conditions of this Stipulation are set forth below. The Parties agree that this Stipulation represents a fair, just and reasonable compromise of all issues raised in this proceeding, and that this Stipulation is in the public interest. The Parties, therefore, recommend that the Idaho Public Utilities Commission ("Commission") approve the Stipulation and all of its terms and conditions. *See* IDAPA 31.01.01.271, 272, and 274.

II. BACKGROUND

1. On July 3, 2017, Rocky Mountain Power filed an Application for Binding Ratemaking Treatment for Wind Repowering ("Application') with the Commission. The Application requested a Commission determination on the prudence of the Company's plan to

upgrade or "repower" most of its wind resources, and Commission approval of the Company's proposed ratemaking treatment for new investment and continued rate recovery of and on the undepreciated balance of the replaced assets associated with the wind repowering project.

2. On July 26, 2017, the Commission issued a Notice of Application and Order setting an intervention deadline of August 8, 2017, and directing Staff to develop a procedural schedule for the processing of the matter.

3. On August 18, 2017, the Commission issued a Notice of Scheduling and Notice of Technical Hearing setting a procedural schedule that included a technical evidentiary hearing on December 7, 2017.

4. To work toward resolving the issues raised in the Application, the Parties met on October 19, 2017, under IDAPA 31.01.01.271 and .272, to engage in settlement discussions. Based upon these settlement discussions, as a compromise of the Parties' positions in this proceeding, and for other good and valuable consideration, the Parties have reached a comprehensive settlement agreement. The Stipulation resolves all outstanding issues in this docket, and the Parties believe the Stipulation is in the public interest.

III. TERMS OF THE STIPULATION

5. The Parties request that the Commission issue an order finding that the Company's decision to repower the wind facilities identified in the Application is prudent and in the public interest, based upon the representations of the Company in this matter.

6. The Parties request that the Commission approve the Company's proposed ratemaking treatment for recovery of the replaced assets, new investment, incremental energy production, and production tax credits ("PTC") associated with the wind repowering project. Specifically, the Parties agree that the Commission should enter an order approving the Company's

proposed Resource Tracking Mechanism ("RTM") as a component of the Energy Cost Adjustment Mechanism ("ECAM"). *See* Direct Testimony of Jeffrey K. Larsen at 6-16, and Exhibit 12 (describing design and operation of the RTM). The RTM, along with the ECAM, will capture the costs and benefits of the repowered wind facilities until such time as they are recovered in base rates.

7. The Parties agree that all liquidated damages received by the Company under the contractual agreements with vendors for these facilities will be passed onto customers, including, but not limited to, liquidated damages received due to the repowered equipment not meeting specified availability, performance, or installation schedule requirements.

8. The Parties agree that, under the ECAM's existing sharing bands, 90 percent of the net power cost ("NPC") benefits associated with the incremental energy production from each repowered wind facility will be credited to customers and 10 percent will be assigned to the Company. The Parties agree that the RTM will pass that 10 percent of the NPC benefits of the wind repowering project, that would otherwise be assigned to the Company through the ECAM, back to customers. Thus, customers will receive 100 percent of the benefit of the incremental energy produced by the repowered facilities. The Parties further agree that 100 percent of the full gross-up pre-tax value of all the PTCs generated by each repowered facility will be credited to customers through the existing ECAM, consistent with the current treatment of PTCs. The Parties further agree that there will be no return on any deferred tax assets that may be created as a result of the Company's inability to contemporaneously monetize PTCs to full value. The Company will begin deferring the costs and benefits associated with the wind repowering activity for each repowered wind facility in the first month following its in-service date, until those costs and

benefits are included in base rates through a general rate case. The parties agree that a 10.4 percent pretax rate of return on investment will be utilized in the RTM calculation. This equates to an after tax return on investment of 6.45 percent. Following the next general rate case or federal tax rate change case, the return on the net plant balance will be consistent with the rate of return authorized by the Commission in that case. The parties reserve all rights to challenge the rate of return in future rate cases.

9. The Parties agree that the Company will maintain a cap in the RTM until the next general rate case, and evaluate the need and use of the RTM, including the cap, in the next general rate case. In any event, continuation of a cap would not exceed the eligibility timeframe for PTCs. Additionally, Parties agree that any annual surcharge to customers from the RTM will be matched to the annual credit that results from the benefits derived from wind repowering that flow through the Company's ECAM, and that there will be no incremental surcharge through the RTM beyond any such credited amounts until the re-evaluation in the next general rate case. The evaluation of the continued need and use of the cap for the RTM in the next general rate case will consider whether the Company would recover the prudently-incurred costs of the repowering project.

10. The Parties agree that the Company will bear a) the risks related to any portion of the wind repowering project that does not qualify for PTCs due to completion delays beyond the timelines associated with the five-percent safe harbor, and (b) any unexpected loss of PTC benefits for not qualifying under the 80/20 test requirements, that are within the Company's control.

11. In each ECAM filing until base net power costs are reset either in the next general rate case or in another appropriate proceeding, the Company will report the net power cost and PTC benefits associated with the wind repowering project and Parties' support of this Stipulation

does not waive their right to contest these costs or benefits when the Company seeks recovery of such items in the Company's next ECAM or general rate case.

12. The Parties agree that, at the time the assets replaced by repowering are removed from service, the Company will record the unrecovered investment in replaced wind equipment in accumulated depreciation reserve. The Company's accounting system will be able to report the balance of these assets as they are depreciated. The Parties acknowledge that until the Company performs its next depreciation study and implements the rates from that study, no depreciation will occur on the replaced assets. The Company will track the depreciation expense associated with the new assets and compare that amount to the depreciation expense associated with the replaced assets that is currently recovered through retail rates. The net depreciation expense will be included in the RTM as described in the direct testimony of Jeffrey K. Larsen at pages 9-10 and Exhibit 11. Parties may make proposals regarding the recovery period of these replaced assets in the Company's next depreciation study, but agree not to contest the inclusion of unamortized balances as a component of rate base in the Company's next general rate case.

13. The Parties agree that the Company will file a report on the disposition of the assets replaced by repowering and the salvage value or other customer benefits realized and, if applicable, credited to the accumulated depreciation reserve, at the time of the Company's first general rate case after repowering, or its application for approval of the ECAM filed in 2021, whichever is earlier. As a component of the report, the Company will detail the adjustments recorded to accumulated depreciation reserve for each facility.

14. The Parties agree that the Company must demonstrate in its report, referenced in paragraph 13 above, that it has acted in good faith to timely dispose of the replaced assets and

maximize the salvage value or other customer benefits from the replaced assets. Failure of the Company to act in good faith may affect cost recovery and return on remaining replaced assets. The Company will include and track actual salvage value realized through the sale and disposition of repowered replaced assets in the RTM.

15. The Company will include the actual costs and benefits it incurs for repowering in the RTM, and parties will have the opportunity to verify these costs and benefits as part of the annual audit of the ECAM deferred balance. Although the Parties agree that the Commission should find that the Company's decision to repower its wind facilities is prudent and in the public interest, the Parties agree that a party may challenge the prudence of actual costs and benefits incurred in implementing the wind repowering project when the Company seeks recovery of those costs in a later proceeding. The Parties agree that the Company will include the costs and benefits that are tracked in the RTM in its quarterly ECAM filing updates beginning after the in-service date of the first facility to complete repowering.

16. If there is a material change in circumstance, such as changes to federal tax laws, change in the projected costs or benefits, or for some other reason, the Parties agree that the Company will make a filing with the Commission to allow for additional review and a determination of whether the Company should proceed with the implementation of the wind repowering project under the terms and conditions of this Stipulation.

17. The Parties agree to reconvene and to reconsider and amend the terms and conditions of this Stipulation if the Company executes and obtains approval of a settlement agreement with parties in either Utah Docket No. 17-035-39 or Wyoming Docket 20000-519-EA-17 and those settlement agreements include more favorable terms and conditions for customers,

recognizing that differences exist in current regulatory treatment or mechanisms between the states that will impact any settlement structure achieved in other states, than those set forth in this Stipulation including, without limitation, a lower overall rate of return on the new investment. If after reconvening, the overall the terms of a settlement agreement reached and approved in either Utah or Wyoming is more favorable than the agreement reached herein, the Company will file with the Commission to align the overall outcome of this Stipulation with the other states.

IV. GENERAL PROVISIONS

18. The Parties agree that this Stipulation represents a compromise of the positions of the Parties on all issues in this proceeding. Other than the above-referenced positions and any testimony filed in support of the approval of this Stipulation, and except to the extent necessary for a Party to explain before the Commission its own statements and positions regarding this Stipulation, all negotiations relating to this Stipulation are not admissible as evidence in this or any other proceeding.

19. The Parties submit this Stipulation to the Commission and recommend approval in its entirety under IDAPA 31.01.01.274. The Parties will support this Stipulation before the Commission, and no Party may appeal any portion of this Stipulation or Order approving the same. If this Stipulation is challenged by any person not a party to the Stipulation, the Parties to this Stipulation reserve the right to cross-examine witnesses and present a case as they deem appropriate to respond fully to the issues presented, including the right to raise issues that are incorporated in the settlement embodied in this Stipulation. Notwithstanding this reservation of rights, the Parties to this Stipulation agree that they will continue to support the Commission's adoption of the terms of this Stipulation.

20. If the Commission rejects any part or all of this Stipulation, or imposes any additional material conditions on approval of this Stipulation, each Party reserves the right, upon written notice to the Commission and the other Parties to this proceeding, within 15 days of the date of such action by the Commission, to withdraw from this Stipulation. In such case, no Party will be bound or prejudiced by the terms of this Stipulation, and each Party will be entitled to seek reconsideration of the Commission's order, file testimony as it chooses, cross-examine witnesses, and do all other things necessary to present a case as it deems appropriate.

21. The Parties agree that this Stipulation is in the public interest and that all of its terms and conditions are fair, just and reasonable.

22. No Party will be bound, benefited or prejudiced by any position asserted in the negotiation of this Stipulation, except to the extent expressly stated herein, nor will this Stipulation be construed as a waiver of the rights of any Party unless such rights are expressly waived herein. Execution of this Stipulation will not be deemed to constitute an acknowledgment by any Party of the validity or invalidity of any particular method, theory or principle of regulation or cost recovery. No Party will be deemed to have agreed that any method, theory or principle of regulation or cost recovery employed in arriving at this Stipulation is appropriate for resolving any issues in any other proceeding in the future. No findings of fact or conclusions of law other than those stated herein will be deemed to be implicit in this Stipulation.

23. The obligations of the Parties under this Stipulation are subject to the Commission's approval of this Stipulation in accordance with its terms and conditions and, if judicial review is sought, upon such approval being upheld on appeal by a court of competent jurisdiction.

24. The Parties agree to waive their rights to testify at the technical hearing scheduled for December 7, 2017, and respectfully request that this Application and associated Stipulation be

processed under Modified Procedure, i.e., by written submissions rather than by hearing. RP 201 *et. seq*. In accordance with RP 121(d). If however the Commission determines that a technical hearing is necessary the Parties stand ready to present testimony in support of this Stipulation.

Respectfully submitted this 21st day of November, 2017.

Rocky Mountain Power	**PacifiCorp Idaho Industrial Customers**
By______________________________	By______________________________
Idaho Public Utilities Commission Staff	**Monsanto Company**
By______________________________	By______________________________
Idaho Irrigation Pumpers Association Inc.	
By______________________________	

Respectfully submitted this 21st day of November, 2017.

Rocky Mountain Power	**PacifiCorp Idaho Industrial Customers**
By__________________	By__________________
Idaho Public Utilities Commission Staff	**Monsanto Company**
By__________________	By__________________
Idaho Irrigation Pumpers Association Inc.	
By__________________	

Respectfully submitted this 21st day of November, 2017.

Rocky Mountain Power

By______________________________

PacifiCorp Idaho Industrial Customers

By______________________________

Idaho Public Utilities Commission Staff

By______________________________

Monsanto Company

By______________________________

Idaho Irrigation Pumpers Association Inc.

By______________________________

Respectfully submitted this 21st day of November, 2017.

Rocky Mountain Power

By [signature]

PacifiCorp Idaho Industrial Customers

By________________________

Idaho Public Utilities Commission Staff

By________________________

Monsanto Company

By Randall C. Budge

Idaho Irrigation Pumpers Association Inc.

By________________________

Respectfully submitted this 21st day of November, 2017.

Rocky Mountain Power	**PacifiCorp Idaho Industrial Customers**
By________________________	By________________________
Idaho Public Utilities Commission Staff	**Monsanto Company**
By________________________	By________________________
Idaho Irrigation Pumpers Association Inc.	
By________________________	

CERTIFICATE OF SERVICE

I hereby certify that on this 24th of November, 2017, I caused to be served, via e-mail a true and correct copy of Rocky Mountain Power's Stipulation in Case No. PAC-E-17-06 to the following:

Service List

IDAHO IRRIGATION PUMPERS ASSOCIATION, INC.	
Eric L. Olsen ECHO HAWK & OLSEN, PLLC 505 Pershing Ave., Ste. 100 P.O. Box 6119 Pocatello, Idaho 83205 E-mail: elo@echohawk.com	Anthony Yankel 12700 Lake Avenue, Unit 2505 Lakewood, Ohio 44107 E-mail: tony@yankel.net
MONSANTO COMPANY	
Randall C. Budge Racine, Olson, Nye & Budge, Chartered P.O. Box 1391; 201 E. Center Pocatello, Idaho 83204-1391 E-mail: rcb@racinelaw.net	Brubaker & Associates 16690 Swingley Ridge Rd., #140 Chesterfield, MO 63017 E-mail: bcollins@consultbai.com kiverson@consultbai.com
IDAHO INDUSTRIAL CONSUMERS	
Ronald L. Williams Williams Bradbury, P.C. P.O. Box 388 Boise ID, 83701 E-mail : ron@williamsbradbury.com	Jim Duke Idahoan Foods E-mail: jduke@idahoan.com
Kyle Williams BYU Idaho E-mail : williamsk@byui.edu	Val Steiner Nu-West Industries, Inc. E-mail : val.steiner@agrium.com
Bradley Mullins 333 SW Taylor, Suite 400 Portland, OR 97204 E-mail: brmullins@mwanalytics.com	
COMISSION STAFF	
Brandon Karpen Deputy Attorney General Idaho Public Utilities Commission 472 W. Washington (83702) PO Box 83720 Boise, ID 83720-0074 E-mail: brandon.karpen@puc.idaho.gov	

PACIFICORP, DBA ROCKY MOUNTAIN POWER	
Ted Weston PacifiCorp, dba Rocky Mountain Power 1407 West North Temple Suite 330 Salt Lake City, UT 84116 E-mail: ted.weston@pacificorp.com	Yvonne Hogle PacifiCorp, dba Rocky Mountain Power 1407 West North Temple Suite 320 Salt Lake City, UT 84116 E-mail: yvonne.hog1e@pacificorp.com
Data Request Response Center PacifiCorp 825 NE Multnomah, Suite 2000 Portland, OR 97232 E-mail: datarequest@pacificorp.com	

Dated this 24th day of November, 2017.

Kaley McNay

Kaley McNay
Senior Coordinator, Regulatory Operations

UE 352 / PacifiCorp
February 13, 2019
CUB Data Request 9

CUB Data Request 9

Service Providers

For Washington located safe-harbor equipment purchases, please provide narrative explanation detailing how the Company has stored its Washington safe-harbor purchases since 2016.

Response to CUB Data Request 9

PacifiCorp's Washington wind facilities will be repowered with Vestas-American Wind Technology, Inc., (Vestas) safe harbor equipment. The company took delivery of Vestas safe harbor equipment at the Vestas factory in Brighton, Colorado in late 2016. The equipment was subsequently moved to a Vestas storage facility in Pueblo, Colorado where it will remain until shipped to the Washington facilities.

CUB Data Request 7

Service Providers

For Wyoming located safe-harbor equipment purchases, please provide a narrative explanation detailing how the Company has stored its Wyoming safe-harbor purchases since 2016.

Response to CUB Data Request 7

The Wyoming wind facilities (except for Foote Creek I) will be repowered with General Electric International, Inc., (GE) safe harbor equipment. The company took delivery of GE safe harbor equipment at its storage yard at the Glenrock wind facility in Converse County, Wyoming in late 2016. The equipment has been stored onsite at the Glenrock facility since that time.

UE 352 / PacifiCorp
February 13, 2019
CUB Data Request 10

CUB Data Request 10

Service Providers

For Oregon located safe-harbor equipment purchases, please provide narrative explanation detailing how the Company has stored its Oregon safe-harbor purchases since 2016.

Response to CUB Data Request 10

The Leaning Juniper facility in Oregon will be repowered with General Electric International, Inc., (GE) safe harbor equipment. The company took delivery of GE safe harbor equipment at its storage yard at the Glenrock wind facility in Converse County, Wyoming in late 2016. The equipment has been stored onsite at the Glenrock facility since that time.

PACIFIC POWER
A DIVISION OF PACIFICORP

OREGON
SCHEDULE 202

RENEWABLE ADJUSTMENT CLAUSE
SUPPLY SERVICE ADJUSTMENT

Purpose

This schedule recovers, between rate cases, the costs to construct or otherwise acquire facilities that generate electricity from renewable energy sources and for associated electricity transmission.

This adjustment is to recover the actual and forecasted revenue requirement associated with the prudently incurred costs of resources, including associated transmission, that are eligible under Senate Bill 838 (2007) and in service as of the date of the proposed rate change. The revenue requirement includes the actual return of and grossed up return on capital costs of the renewable energy source and associated transmission at the currently authorized rate of return, forecasted operation and maintenance costs, forecasted property taxes, forecasted energy tax credits, and other forecasted costs not captured in the Transition Adjustment Mechanism (TAM). The adjustment will also include an update on gross revenues, net revenues and total income tax expense for the calculation of "taxes authorized to be collected in rates" pursuant to OAR 860-022-0041. The revenue requirement for Oregon will be calculated using the forecasted inter-jurisdictional allocation factors based on the same 12-month period used in the TAM.

Applicable

To Residential consumers and Nonresidential consumers who take supply service under Schedule 201, 220, 230 and 247.

Energy Charge

The adjustment rate is listed below by Delivery Service Schedule.

Schedule	Charge
4	0.000 cents per kWh
5	0.000 cents per kWh
15	0.000 cents per kWh
23	0.000 cents per kWh
28	0.000 cents per kWh
30	0.000 cents per kWh
41	0.000 cents per kWh
47	0.000 cents per kWh
48	0.000 cents per kWh
50	0.000 cents per kWh
51	0.000 cents per kWh
52	0.000 cents per kWh
53	0.000 cents per kWh
54	0.000 cents per kWh

(continued)

PACIFIC POWER
A DIVISION OF PACIFICORP

OREGON
SCHEDULE 202

RENEWABLE ADJUSTMENT CLAUSE
SUPPLY SERVICE ADJUSTMENT

Special Conditions

1. The Company will file this schedule by April 1 of each year, as necessary, for proposed charges relating to new eligible resources and updating all charges already included on this schedule.

2. The Company will make an update filing within eight (8) months of the date of the initial filing, or by December 1, to reflect then-current, prudently-incurred actual resource costs or forecasted costs where appropriate, if the cost elements of an eligible resource cannot be verified as of the date of the final round of testimony in the proceeding initiated April 1. If the updated costs are lower than the projected costs in the record of the proceeding, the update will contain sufficient information to support a reduction in the proposed charges before the January 1 effective date. The Company will be allowed to defer for later commission review and incorporation into rates the cost differences between the projected costs in the record and the updated prudently incurred cost elements if (a) such cost elements are higher than the projected costs in the record or (b) if actual capital costs cannot be verified until after December 1.

3. Costs recovered in this schedule will be allocated across customer classes using the applicable forecasted energy on the basis of an equal percent of generation revenue applied on a cents per kilowatt-hour to each applicable rate schedule.