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September 2, 2020

VIA ELECTRONIC FILING

Attention: Filing Center
Public Utility Commission of Oregon
P.O. Box 1088
Salem, Oregon 97308-1088

Re: UE 374 – In the Matter of PACIFICORP d/b/a PACIFIC POWER’S Request for a General Rate Revision.

Attention Filing Center:

Attached for filing in the above-referenced docket is PacifiCorp d/b/a Pacific Power’s List of Prefiled and Cross-Examination Exhibits to be Entered into the Record. Confidential material in support of the filing will be provided to qualified parties under Protective Order No. 20-040 via encrypted zip file.

Please contact this office with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Katherine'.

Katherine McDowell

Attachments

CERTIFICATE OF SERVICE

I certify that I delivered a true and correct copy of the confidential pages of PacifiCorp's **Cross Examination Exhibits** on the parties listed below that have signed the protective order via electronic mail and/or or overnight delivery in compliance with OAR 860-001-0180.

Service List UE 374

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Dated this 2nd day of September, 2020.



Alisha Till
Paralegal
McDowell Rackner Gibson PC

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 374

In the Matter of:

PACIFICORP, dba PACIFIC POWER

Request for a General Rate Revision.

**PACIFICORP'S LIST OF EXHIBITS TO
BE ENTERED INTO THE RECORD**

PREFILED EXHIBITS

Exhibits adopted in part by another witness are marked with an asterisk (*).

Exhibits adopted in their entirety by another witness are listed under the adopting witness.

Stefan A. Bird, President and Chief Executive Officer, Pacific Power	
PAC/100	Direct Testimony of Stefan A. Bird, dated February 2020
PAC/101	Map of PacifiCorp's Service Territory
Etta Lockey, Vice President, Regulation	
PAC/200	Direct Testimony of Etta Lockey
PAC/201	PacifiCorp's Oregon Rates Compared to National Averages
*PAC/2000	Adopted Portion of Reply Testimony of Michael G. Wildling (2:7-12, 2:17-51:16)
PAC/3300	CONFIDENTIAL Surrebuttal Testimony of Etta Lockey
Nikki L. Kobliha, Chief Financial Officer	
PAC/300	Direct Testimony of Nikki L. Kobliha
PAC/301	Pro forma Cost of Long-Term Debt
PAC/302	Arizona Public Service Company October 2008 Letter to the Arizona Corporation Commission
PAC/303	New Debt Issue Spreads
PAC/304	CONFIDENTIAL S&P Ratings Direct November 19, 2013
PAC/305	Indicative Forward PCRB Variable Rates
PAC/306	Cost of Preferred Stock
PAC/307	Changes in EDIT Balances
PAC/1500	Supplemental Direct Testimony of Nikki L. Kobliha (Filed as Exhibit PAC/100 in Docket UM 1968)
PAC/2100	Reply Testimony of Nikki L. Kobliha
PAC/2101	CONFIDENTIAL Standard & Poor's Imputed Debt Update
PAC/3400	CONFIDENTIAL Surrebuttal Testimony of Nikki L. Kobliha
PAC/3401	CONFIDENTIAL Regulatory Research Associates' Publication of "Major Rate Case Decisions"

Ann E. Bulkley, Economist and Principal, Concentric Energy Advisors	
PAC/400	Direct Testimony of Ann E. Bulkley
PAC/401	Resume and Testimony Listing of Ann E. Bulkley
PAC/402	Summary of Results
PAC/403	Proxy Group Selection
PAC/404	Constant Growth Discounted Cash Flow Model
PAC/405	Multi-Stage Discounted Cash Flow Model
PAC/406	Gross Domestic Product Growth
PAC/407	Projected Discounted Cash Flow Model
PAC/408	Capital Asset Pricing Model
PAC/409	Risk Premium Approach
PAC/410	Expected Earnings Analysis
PAC/411	Capital Expenditures Analysis
PAC/412	Regulatory Risk Analysis
PAC/413	Capital Structure Analysis
PAC/2200	Reply Testimony of Ann E. Bulkley
PAC/2201	Updated Summary of Results
PAC/2202	Updated Constant Growth DCF Model
PAC/2203	Updated Multi-Stage DCF Model
PAC/2204	Updated GDP Growth
PAC/2205	Updated Capital Asset Pricing Model
PAC/2206	Updated Risk Premium Approach
PAC/2207	Updated Expected Earnings Analysis
PAC/2208	Adjustment to Staff's Constant Growth DCF Model; Adjustment to Staff's Hamada Equation; Adjustment to Staff's Multi-Stage DCF Model Y; Adjustment to Staff's CAPM Analysis; Adjustment to Staff's ROE Analysis
PAC/2209	Adjustments to Gorman's DCF Analysis
PAC/2210	Adjustments to Gorman's CAPM Analysis
PAC/2211	Adjustments to Gorman's Risk Premium Analysis
PAC/2212	Walmart Response to PacifiCorp Data Request 013
PAC/2213	Walmart Response to PacifiCorp Data Request 007
PAC/3500	Surrebuttal Testimony of Ann E. Bulkley
PAC/3501	Updated Summary of Results
PAC/3502	Updated Constant Growth DCF Model
PAC/3503	Updated Multi-State DCF Model
PAC/3504	Updated GDP Growth
PAC/3505	Updated Capital Asset Pricing Model
PAC/3506	Updated Risk Premium Approach

PAC/3507	Updated Expected Earnings Analysis
PAC/3508	Staff Constant Growth DCF Update (Revised)
PAC/3509	Staff Hamada Adjustment (Re-creation) Staff Multi-Stage DCF (Revised)
PAC/3510	Staff Multi-Stage ROE Summary (Revised)
Michael G. Wilding, Director of Net Power Costs and Regulatory Policy	
PAC/500	Direct Testimony of Michael G. Wildling
PAC/501	Proposed Annual Power Cost Adjustment Guidelines
*PAC/2000	CONFIDENTIAL Reply Testimony of Michael G. Wildling Adopted in part by Etta Lockey
PAC/3600	Surrebuttal Testimony of Michael G. Wildling
PAC/3601	Staff Data Request 80
PAC/3602	Updated Annual Power Cost Adjustment Guidelines
Frank C. Graves, Principal, Brattle Group	
PAC/600	CONFIDENTIAL Direct Testimony of Frank C. Graves
PAC/601	Resume
PAC/602	Review of PCAM Implementation in Other States
PAC/3000	CONFIDENTIAL Reply Testimony of Frank C. Graves
PAC/3700	CONFIDENTIAL Surrebuttal Testimony of Frank C. Graves
PAC/3701	CONFIDENTIAL Review of Staff's Regression Analyses
Rick T. Link, Vice President, Resource Planning and Acquisition	
PAC/700	CONFIDENTIAL Direct Testimony of Rick T. Link
PAC/701	CONFIDENTIAL Nominal Henry Hub Natural Gas Price Forecasts
PAC/702	Combined Projects System Optimizer and Planning and Risk PVRR(d) (Benefit)/Cost, February 2018
PAC/703	Combined Projects Nominal Revenue Requirement PVRR(d) (Benefit)/Cost, February 2018
PAC/704	CONFIDENTIAL Summary Planned Capital Investments
PAC/705	CONFIDENTIAL Jim Bridger Plant Coal Costs
PAC/706	CONFIDENTIAL Contributions to Mine Reclamation Trust
PAC/707	CONFIDENTIAL Jim Bridger Coal Company Mine Capital Costs
PAC/708	CONFIDENTIAL Natural Gas Price Assumptions used in the Evaluation of Jim Bridger Units 3 and 4
PAC/709	CONFIDENTIAL Optimizer Model Results for Gas Price Scenarios
PAC/710	CONFIDENTIAL Relationship between Gas Prices and the PVRR
PAC/711	CONFIDENTIAL Relationship between CO ₂ Prices and the PVRR
*PAC/800	Adopted Portion of CONFIDENTIAL Direct Testimony of Chad A. Teply (Economic analysis for resource investments) (27:12-28:2, 29:1-29:8, 31:1-31:5, 33:8-34:4, 41:9-5 42:20)

PAC/832	(Adopted) CONFIDENTIAL Hunter Unit 1 Analysis and Results
PAC/2300	CONFIDENTIAL Reply Testimony of Rick T. Link
PAC/2301	Direct Testimony of Jeremy I. Fisher, Ph.D. on Behalf of Sierra Club in Utah Public Service Commission Docket No. 13-035-184 (May 1, 2014)
PAC/2302	HIGHLY CONFIDENTIAL Solar IE Report
PAC/3800	CONFIDENTIAL Surrebuttal Testimony of Rick T. Link
Chad A. Teply, Senior Vice President of Business Policy and Development	
*PAC/800	CONFIDENTIAL Direct Testimony of Chad A. Teply. Adopted in parts by Rick T. Link, Dana M. Ralston, Timothy J. Hemstreet, James Owen, and Bob Van Engelenhoven.
Timothy J. Hemstreet, Managing Director of Renewable Energy and Business Development	
*PAC/800	Adopted Portion of CONFIDENTIAL Direct Testimony of Chad A. Teply (EV 2020 Projects) (1:18-22, 2:1-14, 4:3-13, 5:1-18:16, 54:1-6)
PAC/801	(Adopted) CONFIDENTIAL Energy Vision 2020 Wind Capital Cost Comparison
PAC/802	(Adopted) Site Plan Ekola Flats
PAC/803	(Adopted) CONFIDENTIAL Ekola Flats Assessment and Wind Resource and Energy Production Estimate
PAC/804	(Adopted) CONFIDENTIAL Ekola Flats Project Schedule
PAC/805	(Adopted) Large Generator Interconnection Agreement Ekola Flats
PAC/806	(Adopted) CONFIDENTIAL Ekola Flats Easements
PAC/807	(Adopted) Permit Status Record Ekola Flats
PAC/808	(Adopted) Site Plan TB Flats
PAC/809	(Adopted) CONFIDENTIAL TB Flats Assessment, Wind Resource and Energy Production Estimate, and Wind Resource Assessment Review
PAC/810	(Adopted) CONFIDENTIAL TB Flats Project Schedule
PAC/811	(Adopted) Large Generator Interconnection Agreement TB Flats
PAC/812	(Adopted) CONFIDENTIAL TB Flats Easements
PAC/813	(Adopted) TB Flats Permit Status Record
PAC/814	(Adopted) Site Plan Cedar Springs
PAC/815	(Adopted) CONFIDENTIAL Cedar Springs Assessment and Wind Energy Analysis
PAC/816	(Adopted) CONFIDENTIAL Cedar Springs Project Schedule
PAC/817	(Adopted) Large Generator Interconnection Agreement Cedar Springs
PAC/818	(Adopted) CONFIDENTIAL Cedar Springs Rights of Way
PAC/819	(Adopted) Permit Status Record Cedar Springs
PAC/900	CONFIDENTIAL Direct Testimony of Timothy J. Hemstreet
PAC/901	Major Components of a Wind Turbine Generator

PAC/902	Foote Creek I Repowering Project
PAC/903	CONFIDENTIAL Foote Creek I Repowering Project Details, Capital Costs, and In-Service Date
PAC/2700	Reply Testimony of Timothy J. Hemstreet
PAC/2701	CONFIDENTIAL Klamath Hydroelectric Project Capital Additions
Richard A. Vail, Vice President of Transmission Services	
PAC/1000	Direct Testimony of Richard A. Vail
PAC/1001	Aeolus to Bridger/Anticline 500 kV Transmission Project
PAC/1002	Wallula to McNary 230 kV New Transmission Line Project
PAC/1003	Snow Goose 500/230 kV New Substation Project
PAC/1004	Vantage to Pomona Heights 230 kV New Transmission Line Project
PAC/1005	Goshen to Sugarmill to Rigby 161 kV Transmission Line Project
PAC/1006	Sigurd to Red Butte 345 kV Transmission Line Project
PAC/1007	Northeast Portland Transmission Upgrade Project
PAC/1008	Southwest Wyoming Silver Creek 138kV Transmission Line Project
PAC/1009	Threemile Canyon Farm Project
PAC/2800	Reply Testimony of Richard A. Vail
PAC/4200	CONFIDENTIAL Surrebuttal Testimony of Richard A. Vail
PAC/4201	Staff Response to PacifiCorp Data Request 62
PAC/4202	CONFIDENTIAL Description of Pro Forma Transmission Plant Additions Over \$500,000 (Total-Company)
PAC/4203	Staff Response to PacifiCorp Data Requests 55 and 63
PAC/4204	Staff Response to PacifiCorp Data Request 53
PAC/4205	Staff Response to PacifiCorp Data Request 71
David M. Lucas, Vice President of Transmission and Distribution Operations	
PAC/1100	Direct Testimony of David M. Lucas
PAC/1101	PacifiCorp Service Territory with FHCA and Wildfire Perimeters
PAC/1102	Delta Fire Damaged Transmission Rebuild Map
PAC/2900	Reply Testimony of David M. Lucas
PAC/2901	PacifiCorp's Fire High Consequence Areas and Wildfire Mitigation Measures
PAC/2902	Southern California Edison's Covered Conductor Presentation—California Public Utilities Commission's February 27, 2019 Workshop
Melissa S. Nottingham, Manager of Customer Advocacy	
PAC/1200	Direct Testimony of Melissa S. Nottingham
PAC/1201	Schedule 300 Charge Review
PAC/1202	Facilities Charge Calculation
PAC/1203	Paperless Bill Credit Calculation

Shelley E. McCoy, Revenue Requirement Manager	
PAC/1300	Direct Testimony of Shelley E. McCoy
PAC/1301	Revenue Requirement Summary
PAC/1302	Oregon Results of Operations – December 2021
PAC/1303	CONFIDENTIAL PacifiCorp’s Property Tax Estimation Procedure
PAC/1304	CONFIDENTIAL Wage and Employee Benefits Wage Escalators
PAC/1305	CONFIDENTIAL Pryor Mountain O&M Adjustment Support
PAC/1306	CONFIDENTIAL IHS Global Insight Escalation Indices
PAC/1307	CONFIDENTIAL Depreciation Expense & Reserves Adjustment Support
PAC/1308	CONFIDENTIAL Other Plant Closure Costs Details Adjustment Support
PAC/1309	CONFIDENTIAL Pro Forma Plant Additions Adjustment Support
PAC/1310	CONFIDENTIAL Repowering Capital Additions Adjustment Support
PAC/1311	CONFIDENTIAL Energy Vision 2020 Wind Project Capital Additions Adjustment Support
PAC/1312	Generation Plant Removal Adjustment, Cholla Unit 4 Amortization Schedule
PAC/1313	Federal Tax Act Adjustment, Tax Cuts & Jobs Act Deferral Balances Amortization Schedule
PAC/3100	Reply Testimony of Shelley E. McCoy
PAC/3101	Revenue Requirement Summary
PAC/3102	Oregon Results of Operations – December 2021
PAC/3103	Wage and Employee Benefits Wage Escalators
PAC/3104	Pryor Mountain O&M Adjustment Support
PAC/3105	IHS Markit Escalation Indices
PAC/3106	Cholla Unit 4 Retirement
PAC/3107	EDIT Gross Up Example
PAC/3108	Federal Tax Act Adjustment, Tax Cuts & Jobs Act Deferral Balances Amortization Schedule
PAC/3109	Bureau of Land Management Letter re: Deer Creek Mine
PAC/4400	CONFIDENTIAL Surrebuttal Testimony of Shelley E. McCoy
PAC/4401	Revenue Requirement Summary
PAC/4402	Oregon Results of Operations – December 2021
PAC/4403	CONFIDENTIAL Depreciation Expense & Reserves Adjustment Support
PAC/4404	CONFIDENTIAL Decommissioning & Other Plant Closure Costs Details Adjustment Support
PAC/4405	CONFIDENTIAL Energy Vision 2020 Wind Project Capital Additions Adjustment Support
PAC/4406	Federal Tax Act Adjustment, Tax Cuts & Jobs Act Deferral Balances Amortization Schedule

PAC/4407	Responses to PacifiCorp Data Requests 97 and 98
PAC/4408	Attachment to Staff Data Request 571
Robert M. Meredith, Director of Pricing and Cost of Service	
PAC/1400	Direct Testimony of Robert M. Meredith
PAC/1401	Proposed Tariffs
PAC/1402	Unbundled Results of Operations - Summary and Detail
PAC/1403	Functionalized Oregon Results of Operations Report
PAC/1404	Functional Factors
PAC/1405	Ancillary Services Revenue Requirement
PAC/1406	Oregon Marginal Cost of Service Study Summary
PAC/1407	Unbundled Revenue Requirement Allocation
PAC/1408	Oregon Marginal Cost of Service Study
PAC/1409	Target Functionalized Revenues and Billing Determinants
PAC/1410	Estimated Effect of Proposed Rates and Proposed Adjustment Schedules
PAC/1411	Residential Basic Charge Calculation
PAC/1412	Proposed Time of Use Period Justification
PAC/1413	Proposed Schedule 6 Residential Time of Use Pilot Program Rates
PAC/1414	Proposed Schedule 41 Agricultural Pumping Service Time of Use Option Rates
PAC/1415	Proposed Schedule 29 General Service Time of Use Pilot Rates
PAC/1416	Proposed Schedule 218 Interruptible Service Pilot
PAC/1417	Proposed Schedule 219 Real-Time Day-Ahead Pricing Pilot
PAC/1418	Street and Area Light Price Re-Design
PAC/3200	Reply Testimony of Robert M. Meredith
PAC/3201	Updated Unbundled Results of Operations - Summary and Detail
PAC/3202	Updated Functionalized Oregon Results of Operations Report
PAC/3203	Updated Oregon Marginal Cost of Service Study Summary
PAC/3204	Updated Unbundled Revenue Requirement Allocation
PAC/3205	Updated Target Functionalized Revenues and Billing Determinants
PAC/3206	Updated Estimated Effect of Proposed Rates and Proposed Adjustment Schedules
PAC/3207	Updated Electric System Line Loss Study
PAC/3208	Financial Analysis for LED Street Light Replacement Scenarios
PAC/3209	Updated Calculation of Time of Use Pilot Rates
John J. Spanos, Senior Vice President, Gannet Fleming Valuation and Rate Consultants, LLC	
PAC/1600	Supplemental Direct Testimony of John J. Spanos (Filed as Exhibit PAC/200 in Docket UM 1968)
PAC/1601	Witness Qualifications

PAC/1602	Depreciation Study
PAC/1603	Oregon Steam Production Plant
PAC/1604	Supplemental Direct Testimony of John J. Spanos (Filed as Exhibit PAC/600 in Docket UM 1968)
PAC/1605	Updated Depreciation Accrual Rates for Steam Generating Facility Assets
Robert Van Engelenhoven, Resource Development Director	
*PAC/800	Adopted Portion of CONFIDENTIAL Direct Testimony of Chad A. Teply (background, scope, and costs identified in Decommissioning Study) (2:15-2:2, 3:18-4:2, 4:14-19, 17-31, 18:17-24:2, 51:15-53:21, 54:1-6, 55:11-18)
PAC/820	(Adopted) CONFIDENTIAL Capital Costs Summary Pryor Mountain
PAC/821	(Adopted) Site Plan Pryor Mountain
PAC/822	(Adopted) CONFIDENTIAL Wind Potential Assessment Pryor Mountain
PAC/823	(Adopted) CONFIDENTIAL Project Schedule Pryor Mountain
PAC/824	(Adopted) Large Generator Interconnection Agreement Pryor Mountain
PAC/825	(Adopted) CONFIDENTIAL Pryor Mountain Rights of Way
PAC/826	(Adopted) Permit Status Record Pryor Mountain
PAC/1700	(Adopted) Supplemental Direct Testimony of Chad A. Teply (Filed as Exhibit PAC/400 in Docket UM 1968)
PAC/1701	(Adopted) PacifiCorp Estimated Plant Retirement Lives—Steam and Gas
PAC/1702	(Adopted) Estimated Decommissioning Costs
PAC/1703	(Adopted) CONFIDENTIAL Supplemental Direct Testimony of Chad A. Teply (Filed as Exhibit PAC/800 in Docket UM 1968)
PAC/1704	(Adopted) CONFIDENTIAL Decommissioning Study Base Estimate
PAC/1705	(Adopted) CONFIDENTIAL Other Costs to Consider
PAC/1706	(Adopted) CONFIDENTIAL Owner Cost and Contractor Indirect Details
PAC/1900	CONFIDENTIAL Decommissioning Study for Hunter, Huntington, Dave Johnston, Jim Bridger, Naughton, Wyodak and Hayden Plants (filed on January 16, 2020 in docket UM 1968).
PAC/1901	CONFIDENTIAL Decommissioning Study Update for Colstrip Plant (filed on March 16, 2020 in docket UM 1968).
PAC/2400	CONFIDENTIAL Reply Testimony of Robert Van Engelenhoven
PAC/2401	CONFIDENTIAL Wind Potential Assessment Pryor Mountain
PAC/3900	Surrebuttal Testimony of Robert Van Engelenhoven
PAC/3901	PacifiCorp's Email Correspondence with Kiewit Representatives
PAC/3902	Letter from Kiewit Regarding Independent Evaluation Report Submitted to Public Utility Commission of Oregon on June 21, 2020

Steven R. McDougal, Director of Revenue Requirements	
PAC/1800	Supplemental Direct Testimony of Steven R. McDougal (Filed as Exhibit PAC/700 in Docket UM 1968)
PAC/1801	Incremental Depreciation Rate Comparison
PAC/1802	Supplemental Depreciation Rate Comparison
James Owen, Director of Environmental	
*PAC/800	Adopted Parts of CONFIDENTIAL Direct Testimony of Chad A. Teply (SCR investments at Jim Bridger, Hunter, Craig, and Hayden plants) (3:3-3:17 (related to the Jim Bridger SCRs and Hunter projects), 4:20-4:26 (related to the Jim Bridger SCRs and Hunter projects), 24:3-24:14, 24:20-27:11, 28:3-28:20, 29:9-30:18, 31:6-33:7, 34:5-43:15, 54:7-54:21, 55:8-55:10, and 55:15-55:18).
PAC/827	(Adopted) CONFIDENTIAL Jim Bridger Unit 3 Cost Comparison
PAC/828	(Adopted) CONFIDENTIAL Jim Bridger Unit 4 Cost Comparison
PAC/829	(Adopted) PacifiCorp Letter to Wyoming Department of Environmental Quality Air Quality Division
PAC/830	(Adopted) Wyoming Department of Environmental Quality Air Quality Division Response to PacifiCorp
PAC/831	(Adopted) Additional Background Regarding the Regional Haze Compliance Obligations Facing Hunter Unit 1
PAC/2500	CONFIDENTIAL Reply Testimony of James Owen
PAC/2501	Sierra Club et al. August 4, 2009 Comments on DEQ Regional Haze BART Determinations for Wyoming Coal-Fired Power Plants
PAC/2502	Wyoming DEQ Air Quality Permit MD-6040
PAC/2503	PacifiCorp Appeal and Petition for Review of BART Permits
PAC/2504	PacifiCorp Letter to Wyoming BART Determinations and Regional Haze SIP
PAC/2505	Sierra Club et al August 2, 2012 Comments in EPA Docket No. EPA-R08-OAR-2012-0026
PAC/2506	Excerpt from June 10, 2013 Federal Register
PAC/2507	Sierra Club et al August 26, 2013 Comments in EPA Docket No. EPA-R08-OAR-2012-0026
PAC/2508	November 4, 2010 Comments on Proposed Title V Permit for Jim Bridger Power Plant to Wyoming DEQ
PAC/2509	Excerpt from January 30, 2014 Federal Register
PAC/2510	BART Appeal Settlement Agreement
PAC/2511	Sierra Club et al August 22, 2019 Comments to Wyoming DEQ re Proposed Changes to Wyoming's Section 309 Regional Haze SIP Resulting from Permit Amendments to the Jim Bridger Power Plant Regional Haze Permit

PAC/2512	Public Service Commission of Utah May 10, 2013 Redacted Report and Order in Docket No. 12-035-92
PAC/2513	Public Service Commission of Wyoming May 29, 2013 Memorandum Opinion, Findings and Order Granting Application for a Certificate of Public Convenience and Necessity in Docket No. 20000-418-EA-12 (Record No. 13314)
PAC/2514	Washington Utilities and Transportation Commission September 1, 2016 Order 12 in Docket UE-152253
PAC/2515	California Public Utilities Commission February 18, 2020 Decision on Test Year 2019 General Rate Case for PacifiCorp in Application 18-04-002 and Investigation 17-04-019 (consolidated)
PAC/2516	Public Service Commission of Wyoming February 4, 2013 Order Denying Motion for a Stay or Continuance Pending Final EPA Action in Docket No. 20000-418-EA-12 (Record No. 13314)
PAC/2517	Excerpt from Direct Testimony of Jeremy Fisher, Ph.D. on Behalf of Sierra Club in Public Service Commission of Wyoming Docket No. 20000-418-EA-12
PAC/4000	CONFIDENTIAL Surrebuttal Testimony of James Owen
PAC/4001	Comments of U.S. Environmental Protection Agency to Wyoming Air Quality Division Regarding Proposed Best Available Retrofit Technology Determinations, Aug. 3, 2009
PAC/4002	PacifiCorp's Comments to U.S. Environmental Protection Agency in EPA Docket No. EPA-R08-OAR-2012-0026, August 26, 2013
PAC/4003	PacifiCorp's Jim Bridger Power Plant Regional Haze Reasonable Progress Determination to Support PacifiCorp's Reasonable Progress Reassessment
PAC/4004	Excerpts from the Environmental Protection Agency Cost Reports and Guidance for Air Pollution Regulations, Chapter 2 - Selective Catalytic Reduction Costs (2000) and (2019).
Dana M. Ralston, Senior Vice President of Thermal Generation and Mining	
*PAC/800	Adopted Parts of CONFIDENTIAL Direct Testimony of Chad A. Teply (3:3-3:17 (related to the Craig and Hayden projects), 4:20-4:26 (related to Craig and Hayden projects), 43:16- 51:14, and 54:22- 55:7)
PAC/2600	CONFIDENTIAL Reply Testimony of Dana M. Ralston
PAC/2601	CONFIDENTIAL Corrected Confidential Response Testimony of Jeremy I. Fisher, Ph.D. Washington Utilities and Transportation Commission Docket UE-152253
PAC/2602	CONFIDENTIAL Rebuttal Testimony of Dana Ralston Washington Utilities and Transportation Commission Docket UE-152253

PAC/2603	CONFIDENTIAL Corrected Coal Cost Comparison Between January 2013 Long-Term Fueling Plan and October 2013 Mine Plan
PAC/2604	Public Utilities Commission of the State of Colorado, Decision No. C10-1328, Docket No. 10M-245E (Dec. 9, 2010)
PAC/2605	Colorado Visibility and Regional Haze State Implementation Plan for the Twelve Mandatory Class I Federal Areas in Colorado (Jan. 7, 2011)
PAC/2606	Public Utilities Commission of the State of Colorado, Decision No. C12-0843, Docket No. 11A-917E (Jul. 18, 2012)
PAC/2607	Excerpt from December 31, 2012 Federal Register
PAC/2608	HIGHLY CONFIDENTIAL Excerpt from Hayden Participation Agreement
PAC/2609	Public Utilities Commission of the State of Colorado, Decision No. R12-0593, Docket No. 11A-917E (Jun. 1, 2012)
PAC/2610	HIGHLY CONFIDENTIAL Excerpt from Hayden Coal Supply Agreement
PAC/2611	Wyoming Public Service Commission, Findings of Fact, Conclusions of Law, Decision and Order, Docket No. 20000-466-ER-14 (Dec. 30, 2014)
PAC/2612	PacifiCorp Reply Brief, California Public Utilities Commission Application 18-04-002 and Investigation 17-04-019 (Consolidated) (Feb. 8, 2019)
PAC/2613	California Public Utilities Commission, Decision 20-02-025, Application 18-04-002 and Investigation 17-04-019 (Consolidated) (Feb. 18, 2020)
PAC/4100	CONFIDENTIAL Surrebuttal Testimony of Dana M. Ralston
PAC/4101	CONFIDENTIAL Bridger Coal Company Costs - 2013 Business Plan versus 2013 Integrated Resource Plan
PAC/4102	CONFIDENTIAL Deer Creek Mine Project Summary
Julie Lewis, Vice President of People	
PAC/4300	CONFIDENTIAL Surrebuttal Testimony of Julie Lewis
PAC/4301	OPUC Staff Response to PacifiCorp Data Request 87
PAC/4302	CONFIDENTIAL PacifiCorp's Full Response to OPUC Staff Data Request 179

CROSS-EXAMINATION EXHIBITS

- Exhibit PAC/4500 Excerpts from PacifiCorp's Open Access Transmission Tariff
- Exhibit PAC/4501 Staff Responses to PacifiCorp Data Requests
- Exhibit PAC/4502 Excerpt from Staff Testimony in Docket No. UM 2031
- Exhibit PAC/4503 CONFIDENTIAL Duff & Phelps Technical Update

Exhibit PAC/4504	CONFIDENTIAL Regulatory Research Associates Regulatory Focus Major Rate Case Decisions January-March 2020
Exhibit PAC/4505	CONFIDENTIAL Workpaper Supporting AWEC Exhibit 603
Exhibit PAC/4506	CONFIDENTIAL Regulatory Research Associates, Major Rate Case Decisions, Tables, April 27, 2020
Exhibit PAC/4507	Order No. 20-024

DATED: September 2, 2020

MCDOWELL RACKNER GIBSON PC



Katherine McDowell
Adam Lowney
Attorneys for PacifiCorp

**PUBLIC UTILITY COMMISSION
OF OREGON**

UE 374

PACIFICORP

PAC/4500

Excerpts from PacifiCorp's Open Access Transmission Tariff

September 2, 2020



OPEN ACCESS TRANSMISSION TARIFF

FERC ELECTRIC TARIFF

VOLUME No. 11

Updated July 10, 2020

Notes:

- Text highlighted in yellow is pending review by the Federal Energy Regulatory Commission in Docket No. ER20-924-003.
- Text highlighted in green is pending review by the Federal Energy Regulatory Commission in Docket No. ER20-2191.

July 10, 2020

Point-To-Point Transmission Service provided under Part II of the Tariff on a firm and non-firm basis.

1.59 Transmission System:

The facilities (for PacifiCorp that are generally operated at a voltage greater than 34.5 kV) that are owned, controlled or operated by the Transmission Provider; that are used to provide Transmission Service under Part II and Part III of the Tariff; and that are included in the Transmission Provider's transmission revenue requirement periodically filed with the Commission.

1.60 Umbrella Service Agreement:

An executed agreement allowing a Transmission Customer to purchase transmission service from the Transmission Provider in amounts and for prices as posted on the Transmission Provider's OASIS for a term up to one year in length.

1.60A Uninstructed Imbalance Energy (UIE):

For Non-Participating Resources in an EIM Entity BAA, the MO shall calculate UIE as either (1) the algebraic difference between the resource's 5-minute meter data and the resource component of the Transmission Customer Base Schedule, or, if applicable, (2) the 5-minute meter data and any Manual Dispatch, EIM Available Balancing Capacity dispatch, or FMM schedules. For Transmission Customers with load in the PacifiCorp EIM Entity's BAAs, the PacifiCorp EIM Entity shall calculate UIE as the algebraic difference between the Transmission Customer's actual hourly load and the Transmission Customer Base Schedule.

1.61 Working Day:

Monday through Friday excluding holidays.

**PUBLIC UTILITY COMMISSION
OF OREGON**

UE 374

PACIFICORP

PAC/4501

Staff Responses to PacifiCorp Data Requests

September 2, 2020

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Page 1

Issued: July 29, 2020 – Response Due By: **August 5, 2020**

TO:
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FROM: Matt Muldoon – UE 374 Case Manager
Program Manager Energy Rates, Finance and Audit Division

Responding Staff: Hanhan, Rashid, and Muldoon

OREGON PUBLIC UTILITY COMMISSION
Docket No. UE 374 - PacifiCorp Data Request filed June 9, 2020

PAC Data Request No 36:

36. Please refer to Staff/2100. Provide references to any and all Commission decisions denying the inclusion of PacifiCorp's transmission assets, i.e. assets of 46 kilovolts and above located in any state, from PacifiCorp's Oregon rate base on which Staff relies.

OPUC Response No 36:

36. Staff objects to this request as unduly burdensome, as it seeks information that is equally available to the Company, and to the extent that it requires creation of a report that the Company has equal capability to prepare. Staff further objects to this request as argumentative, to the extent that it requires adoption of the assumption that transmission assets are any asset that is 46 kV and above located in any state. Without waiving the above-stated objections, Staff responds as follows: Staff has no such documents readily available. Staff has not researched nor does it have information readily available as to decisions in other jurisdictions.

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Responding Staff: Hanhan, Rashid, and Muldoon

OREGON PUBLIC UTILITY COMMISSION
Docket No. UE 374- PacifiCorp Data Request filed July 29, 2020

PAC Data Request No 53:

53. Please refer to Staff/2100, Hanhan-Rashid-Muldoon/13:23-24. Provide any and all references to the definitions of “system benefit” and “local benefit” relied on by Staff. Specifically, identify where the Public Utility of Oregon has adopted such definitions.

OPUC Response No 53:

53. In the context of their testimony in this case, Ms. Hanhan, Mr. Rashid, and Mr. Muldoon generally consider a “system benefit” to be those assets that are appropriately classified as transmission assets under FERC; whereas “local benefit” refers to assets appropriately outside of FERC jurisdiction, which would include distribution assets.

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Responding Staff: Hanhan, Rashid, and Muldoon

OREGON PUBLIC UTILITY COMMISSION
Docket No. UE 374- PacifiCorp Data Request filed July 29, 2020

PAC Data Request No 54:

54. Please refer to Staff/2100, Hanhan-Rashid-Muldoon/16:3-12. Provide references to all prior testimony from Staff that “primary grid” benefits are required to include transmission projects in PacifiCorp’s rate base.

OPUC Response No 54:

54. Staff objects to this request as overly broad and unduly burdensome. All Staff testimony is a matter of public record, and the information sought is equally available to PacifiCorp. This request would require the compilation of information from documents that are equally available to PacifiCorp and would be similarly burdensome for Staff to provide compared to the Company. Without waiving these objections, Staff responds as follows: Responding to this request would require an exhaustive review of documents, many of which are likely not available electronically and may only be available in archives which are not readily accessible to Staff at this time. For PacifiCorp’s two most recent general rate cases, Staff is not aware of testimony that uses the phrase “primary grid” benefits. Please refer to Staff’s response to PacifiCorp Data Request 62. Staff views the “primary grid” as the mechanism that provides reliability to Oregon ratepayers.

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August 7, 2020

TO:
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Program Manager Energy Rates, Finance and Audit Division

Responding Staff: Hanhan, Rashid, and Muldoon

OREGON PUBLIC UTILITY COMMISSION
Docket No. UE 374- PacifiCorp Data Request filed June 9, 2020

PAC Data Request No 56:

56. Please refer to Staff/2100, Hanhan-Rashid-Muldoon/16:3-12. Explain, in detail, how Staff's evaluation aligns with OAR 860-038-0200, specifically OAR 860- 038-0200(5) ("All allocation and functionalization procedures adopted by the Commission for an electric company must be used in subsequent filing until expressly modified by the Commission"), OAR 860-038-0200(7) ("Each electric company must use the allocators and cost functionalization procedures set forth in section (9) of this rule to functionally unbundle its respective costs."), and OAR 860-038-0200(9) ("Transmission Plant is defined as both transmission lines and transmission substation equipment operating at voltages of at least 46 kilovolts, as well as transmission facilities and transmission substation equipment operating at voltages of at least 34.5 kilovolts if such facilities terminate within enclosed substations.").

OPUC Response No 56:

56. Staff objects to this request to the extent that it seeks attorney-client privileged communications, or attorney work product. Without waiving this objection, Staff responds as follows:

The Company appears to be conflating or otherwise confusing issues. Order No. 01-846 generally approves the use of PacifiCorp's OATT as the basis for classification of assets considered to be transmission. However, Staff disagrees that the rule dictates that smaller lines are *automatically* categorized as transmission based on the consideration of size alone. Rather, the function of the line is still relevant in terms of whether it is classified as transmission or distribution, regardless of size. This is evident by FERC's seven factor test. Simply because

PacifiCorp has included an asset in transmission does not mean that the asset is appropriately classified, and is not appropriately considered to be distribution. Please also refer to Order No. 19-400.

OPUC Response Supplemental Response to No 56:

Without waiving the above objections or withdrawing the above response, Staff supplements its response as follows:

Staff's analysis is consistent OAR 860-038-0200(5) in that it is not advocating that an instrument other than the OATT be used to determine whether an asset over which FERC has asserted jurisdiction is appropriately functionalized as transmission, unless and until that asset is reclassified in appropriate proceedings. Per Order No. 01-846, the OATT is used to determine classification of PacifiCorp's transmission assets in order to satisfy unbundling requirements. OAR 860-038-0200(7) sets forth the obligations of a utility seeking to assign, allocate or reclassify costs to the extent that request differs from the functionalization procedures contained in OAR 860-038-0200, and therefore, does not find that to be applicable to Staff's analysis. OAR 860-038-0200(9) provides that costs must be directly assigned to the their appropriate function where information is available, but that the allocation procedures in this subsection are to be used to functionalize costs that cannot otherwise be charged directly to the appropriate function. With regard to transmission, subsection (9)(a)(C), in context, says that rate base transmission plant (FERC Accounts 350-359) must be directly assigned to the Transmission function, *except that some costs may need to be reclassified*, and then sets forth the definition above. In short, when read as a whole, this subsection refers to definition of transmission in a scenario where costs cannot otherwise be charged directly to the appropriate functions as identified in section (2). Staff does not find that to be relevant in this case, and therefore, this subsection of the rule is not relevant to its analysis.

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Program Manager Energy Rates, Finance and Audit Division

Responding Staff: Hanhan, Rashid, and Muldoon

OREGON PUBLIC UTILITY COMMISSION
Docket No. UE 374- PacifiCorp Data Request filed July 29, 2020

PAC Data Request No 61:

61. Please refer to Staff/2100, Hanhan-Rashid-Muldoon/32:5-20 and 33:9-21, regarding the Goshen-Sugarmill-Rigby project and the SW Wyoming project.
- a. Provide references to any Oregon requirement that a load flow analysis or modeling is required to support inclusion of investments in a utility's rate base.
 - b. Did Ms. Hanhan, Mr. Rashid, and Mr. Muldoon conduct a calculation of the appropriate corresponding reductions to PacifiCorp's Open Access Transmission Tariff revenue, credited to Oregon customers?

OPUC Response No 61:

- a. Please refer to Commission Order No. 19-400, in which the Oregon Commission determined that "Whether a facility is local distribution or transmission is determined based on the seven factor test." (p. 6) Assets to be appropriately included in Oregon's rate base are Oregon intrastate distribution, and OATT transmission assets. Asset classification may rely on items such as load flow analysis and modeling to clarify application of a seven-factor functionalization test.
- b. No.

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OREGON PUBLIC UTILITY COMMISSION
Docket No. UE 374- PacifiCorp Data Request filed July 29, 2020

PAC Data Request No 63:

63. Please refer to Staff/2100, Hanhan-Rashid-Muldoon/34:17-20. Does Staff admit that its concern is contrary to current regulatory approach adopted by the Public Utility Commission of Oregon? If the answer is no, explain in detail and provide reference to all supporting Commission decisions, regulations or applicable statutes.

OPUC Response No 63:

63. Staff objects to this request as vague, ambiguous, and argumentative. Without waiving these objections, Staff responds as follows: No, Staff does not admit that its concern is contrary to current regulatory approach adopted by the Public Utility Commission of Oregon. Rather, PacifiCorp's transmission assets are allocated to Oregon customers based on the 2020 Protocol. Whether an asset is a transmission asset is generally defined by the Company's OATT; however, the Commission retains discretion to determine which assets are considered distribution assets, and retains the ability to question or otherwise challenge, through appropriate regulatory proceedings, which assets the Company as classified as transmission and are included in its OATT. Please also refer to Order No. 19-400.

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OREGON PUBLIC UTILITY COMMISSION
Docket No. UE 374- PacifiCorp Data Request filed July 29, 2020

PAC Data Request No 65:

65. Please refer to Staff/2100, Hanhan-Rashid-Muldoon/34:21-22.
- Explain in detail the basis for the testimony that “the Company has been improperly categorizing a particular project as transmission in the OATT....”
 - Please detail the specific experience of Ms. Hanhan, Mr. Rashid, and Mr. Muldoon on Federal Energy Regulatory Commission regulatory issues.
 - Does Staff agree that if the Federal Energy Regulatory Commission has allowed assets to be included in OATT rate base, they are properly included in OATT rates? If not, explain in detail the reasoning behind that position.

OPUC Response No 65:

65. Staff responds to each sub-part as follows:
- In PacifiCorp Data Responses to Staff Data Requests 740 and 741 (Staff Exhibit 2101), PacifiCorp indicated it had not performed a Seven Factor Test on any assets at issue in this case. Based on this admission and based on the July 15, 2020 phone call with PacifiCorp, Staff understands PacifiCorp to be determining whether assets are appropriately included in its OATT based solely on the size of the asset, without regard to its function as would be determined by the seven-factor test. Based on this understanding, Staff maintains its concerns that assets may be inappropriately functionalized, despite inclusion in the Company's OATT.
 - Staff members' experience is detailed in Staff/201, Staff/1401, and Staff/1402.

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Page 2

- c. Staff agrees that FERC retains jurisdiction over what is included in OATT rate base, and therefore, OATT rates. When assets are subject to re-functionalization, Staff understands that FERC's preference is to give deference to states. Re-functionalization may also occur even after an asset is initially included in OATT rates. The Oregon Commission retains jurisdiction over distribution assets, and retains the ability to question or otherwise challenge, through appropriate regulatory proceedings, which assets the Company has appropriately functionalized as transmission subject to PacifiCorp's OATT. Please also refer to Order No. 19-400.

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Responding Staff: Hanhan, Rashid, and Muldoon

OREGON PUBLIC UTILITY COMMISSION
Docket No. UE 374- PacifiCorp Data Request filed July 29, 2020

PAC Data Request No 67:

67. Please refer to Staff/2100, Hanhan-Rashid-Muldoon/36:1-2. Provide the specific analysis supporting Staff's conclusion.

OPUC Response No 67:

67. Staff reviewed the cost overruns provided by the Company but did not find sufficient justification that the cost overruns incurred were prudent. Justification of cost overruns identified by Staff can be addressed in the Company's Surrebuttal testimony.

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OREGON PUBLIC UTILITY COMMISSION
Docket No. UE 374- PacifiCorp Data Request filed July 29, 2020

PAC Data Request No 70:

70. Please refer to Staff/2100, Hanhan-Rashid-Muldoon/46:12-15.

- a. Provide all analysis supporting the testimony of Ms. Hanhan, Mr. Rashid, and Mr. Muldoon that “it confirmed Staff’s deep concerns that the Company is including in its rate base projects that are rated under 100 kV as beneficial to its overall transmission system....”
- b. Provide a detailed narrative explanation regarding how Staff needed this confirmation given that PacifiCorp’s allocations and Oregon rate base has historically included all transmission assets 46 kV and above.

OPUC Response No 70:

70. Staff responds to each sub-part as follows:

- a. Please refer to Staff’s Response to PacifiCorp Data Request 65.
- b. Staff objects to this request as argumentative, to the extent it requires Staff to adopt the assumption that past ratemaking treatment dictates future ratemaking treatment. Without waiving this objection, Staff responds as follows: Staff understands based on a conversation with the Company that “historically” means over thirty years. Through the years, different Staff have worked on various issues in general rate cases. In most instances, Staff assigned to transmission in this case were not working for the Commission during the Company’s last general rate case. Therefore, in this case, Staff sought to understand the basis for the Company’s requests for transmission cost recovery, which is appropriate. At the time of the phone call, Staff was not previously aware (if true) that “PacifiCorp’s allocations and Oregon rate

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Page 2

base has historically included all transmission assets 46 kV and above." Further, as demonstrated through the Commission's recent process with Portland General Electric in UM 2031, historical functionalization of assets between transmission and distribution does not dictate future treatment. An examination of how transmission assets function, regardless of size, may impact whether an asset would be appropriately re-classified, which could in turn impact what is included in the OATT and PacifiCorp's Oregon rate base.

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Program Manager Energy Rates, Finance and Audit Division

Responding Staff: Hanhan, Rashid, and Muldoon

OREGON PUBLIC UTILITY COMMISSION
Docket No. UE 374- PacifiCorp Data Request filed July 29, 2020

PAC Data Request No 71:

71. Was it Staff's understanding when it signed the 2020 PacifiCorp Inter- Jurisdictional Allocation Protocol that transmission assets included assets currently in the Company's Oregon rate base?
- If the answer is yes, was it Staff's intent to modify the approach in a subsequent general rate case while it was negotiating the 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol?
 - If the answer is no, explain how that complies with agreement to extend the terms of the 2017 Inter-Jurisdictional Protocol through the 2020 PacifiCorp Inter-Jurisdictional Allocation Protocol while the additional framework issues are negotiated.

OPUC Response No 71:

71. Yes. Staff understood, as of the date it signed the 2020 Protocol, that PacifiCorp's transmission assets included assets currently in PacifiCorp's Oregon rate base.
- Staff objects to this sub-part as argumentative, as it requires Staff to agree that its position that questioning the classification of assets as transmission is inconsistent with the 2020 Protocol or is otherwise a modification to the 2020 Protocol. Without waiving this objection, Staff responds as follows: Staff negotiated the 2020 Protocol in good faith, and in this case, seeks to implement the 2020 Protocol as agreed. Section 3.1.3 of the 2020 Protocol requires that transmission assets be allocated on a system basis, based on the SG factor. Staff agrees that transmission assets are generally defined in terms of PacifiCorp's OATT. However, this does not mean that Oregon Staff

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Page 2

(or other Oregon parties) have no ability to review and/or otherwise challenge PacifiCorp's classification of an asset as either transmission or distribution in an appropriate proceeding.

With this understanding, Staff modifies its recommendation in this case to remove disallowances for those subset of transmission projects where the prudently-incurred costs at issue in this case are associated with plant already included in the Company's OATT, Staff was able to verify the costs, and where Staff's only objection was that the asset did not appear to be appropriately functionalized as transmission. If PacifiCorp has classified an asset as transmission, but the asset has not yet been included in the OATT, Staff's recommendations remain consistent with its testimony position. Regardless of classification issues, Staff does not withdraw its recommendations regarding the prudence of cost-overruns or any other prudence disallowance unrelated to classification as transmission rather than distribution.

- b. Not applicable.

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OREGON PUBLIC UTILITY COMMISSION
Docket No. UE 374- PacifiCorp Data Request filed July 29, 2020

PAC Data Request No 72:

72. Please refer to Staff/2100, Hanhan-Rashid-Muldoon/50:10-16.
- a. Provide references to any and all jurisdictions outside of an organized market that applies the “110 kV Bright Line Test” for ratemaking purposes.
 - b. Does the “100 kV Bright Line Test” align with the Seven Factor Test?
 - c. If Oregon’s definition of transmission assets differs from transmission assets included in PacifiCorp’s Open Access Transmission Tariff (OATT), what is Staff’s proposal for determining revenue credits from the OATT formula rate?
 - d. Is it Staff’s intent to exclude facilities under 100 kilovolts located in Washington and California from PacifiCorp rate base?

OPUC Response No 72:

72. Staff response follows:
- a. Staff objects to this request as overly broad and unduly burdensome. Without waiving these objections, Staff responds as follows: Staff assumes the Company intended to refer to the 100 kV Bright Line Test. Following this assumption, please refer to Order No. 19-400 in which the Commission, through the FERC Seven Factor test, approved Staff’s analysis which utilized the 100 kV Bright Line Test as one element in determining reclassification of transmission lines. Staff has not undertaken the research to determine treatment in “any and all jurisdictions outside of an organized market.”

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Page 2

- b. Yes. Factor 7 of the Seven Factor Test states that "Local distribution systems will be of reduced voltage." It is here that Staff was informed by the 100 kV "Bright Line" in docket UM 2031.
- c. Staff agrees that, in general, the OATT determines which assets are functionalized as transmission and allocated to Oregon consistent with the 2020 Protocol. However, whether an asset is appropriately allocated does not dictate the prudence of that asset, which remains a determination made by state commissions in appropriate ratemaking proceedings – in this case, the Oregon Commission in this general rate case. With that said, Staff has no proposed modification to the Company's calculation of determining revenue credits from the OATT formula rate.
- d. Staff objects to this question as vague and ambiguous. It is not clear whether from "PacifiCorp's rate base" refers to its Oregon rate base, OATT rate base, or the rate base of another state. Without waiving these objections, responds as follows: Staff assumes that the question refers to PacifiCorp's Oregon rate base. Based on this understanding, Staff's testimony has proposed to exclude, as a bright-line rule in this case, all transmission assets below 100 kV located in other states, including Washington and California. However, as stated above, Staff modifies its recommendation in this case as described in its response to PacifiCorp DR 71(a).

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OREGON PUBLIC UTILITY COMMISSION
Docket No. UE 374- PacifiCorp Data Request filed July 29, 2020

PAC Data Request No 74:

74. Does Staff agree that it was obligated, as part of good faith negotiations during PacifiCorp's Multi-State Process discussions and negotiations, to disclose any intent to change the historical treatment of PacifiCorp's transmission assets by redefining which transmission assets can be included in Oregon rate base? If the answer is no, please provide a detailed explanation why participation in good faith did not require that Staff disclose an intent to change the historical treatment of PacifiCorp's transmission assets in Oregon rate base.

OPUC Response No 74:

74. Staff objects to this request to the extent that it is vague, ambiguous, and argumentative in that it requires the assumption that the removal or exclusion of a transmission asset from Oregon rate base requires a change in the definition of transmission assets generally. Without waiving these objections, Staff responds as follows: Yes, Staff agrees that if its intent was to no longer rely on the OATT to determine which assets are appropriately functionalized as transmission assets, until otherwise reclassified, that it would have been obligated to raise this issue in the Company's Multi-State Process discussions and negotiations. However, the Company appears to conflate or disregard several issues. First, regardless of whether an asset is appropriately allocated to Oregon on the basis of its function as a transmission asset, the Oregon Commission still retains the jurisdiction to determine whether that asset is included in Oregon rate base by virtue of it being used and useful and prudent. Second, the 2020 Protocol (and the 2017 Protocol) contemplate a process for re-functionalization of assets, meaning that the parties contemplated and agreed that it would be possible to reclassify current or future transmission assets included in the OATT. Finally, as Staff has raised concerns in

UE 374 –OPUC Response to PacifiCorp Data Request
Page 2

this case, the Company has conceded that it has not undertaken the analysis to ensure that assets included in its OATT satisfy FERC's Seven-Factor test. Please see Staff's response to PacifiCorp DR 71(a) for an update to Staff's position in this proceeding.

**PUBLIC UTILITY COMMISSION
OF OREGON**

UE 374

PACIFICORP

PAC/4502

Excerpt from Staff Testimony in Docket No. UM 2031

September 2, 2020

CASE: UM 2031

JOINT STAFF WITNESSES: MULDOON-HANHAN-RASHID

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 100

Reply Testimony

October 14, 2019

Docket No: UM 2031

Joint Staff/100
Muldoon-Hanhan-Rashid/1

1 **Q. Please state your names, occupations, educational backgrounds and**
2 **work experience.**

3 A1. My name is Matt Muldoon. I am a Senior Economist employed in the Energy
4 Finance and Audit Division of the Public Utility Commission of Oregon
5 (OPUC). My witness qualification statement appears in Staff Exhibit 101.

6 A2. My name is Nadine Hanhan. I am a Senior Utility Transmission and
7 Distribution Analyst employed in the Energy Resources and Policy Division of
8 the OPUC. My witness qualification statement appears in Staff Exhibit 102.

9 A3. My name is Yassir Rashid. I am an Electrical Engineer and Senior Utility
10 Analyst employed in OPUC's Safety, Reliability and Security Division. My
11 witness qualification statement appears in Staff Exhibit 103.

12 **Q. What is your common business address?**

13 A. Our business address is 201 High Street SE. Suite 100, Salem, Oregon
14 97301.

15 **Q. What is the purpose of your testimony?**

16 A. We address Portland General Electric Company (PGE or Company)'s
17 Application for Support to Reclassify Plant in Service (Application), which
18 seeks the Commission's determination that certain assets currently classified
19 as distribution for ratemaking and other jurisdictional purposes are
20 appropriately reclassified as transmission. Our testimony refutes portions of
21 PGE's Direct Testimony and Exhibits, clarifying the choices before the OPUC
22 and the implications and tradeoffs inherent therein.

23 **Q. How is your testimony organized?**

Docket No: UM 2031

Joint Staff/100
Muldoon-Hanhan-Rashid/2

1 A. Our testimony is organized as follows:

2	Applicable Law.....	2
3	Reclassification of Distribution Assets as Transmission	3
4	The Seven Factor Test	4
5	The 100 kV Bright Line Test	10
6	Sub-Transmission.....	15
7	The Seven Factors and nFront's Analysis	17
8	Staff Performs Seven Factor Test.....	36
9	Other nFront Considerations.....	39
10	Potential Benefits from Reclassification	44
11	Policy Considerations	50
12	Staff Recommendation	57

13 **Q. Did you prepare exhibits in support of your opening testimony?**

14 A. Yes. We prepared the following exhibits:

15	Staff/104	Staff Seven Factor Test Results
16	Staff/105	PGE 2010 Comments to FERC on BES
17	Staff/106	PGE Response to Data Requests
18	Staff/107	Benefits of Reclassification – Res-X Tables
19	Staff/108	Technical Principles for Demonstration of BES Exceptions
20	Staff/109	BES Framework Comments
21	Staff/110	BES Criteria Comment Responses Final

22 APPLICABLE LAW

23 **Q. Please describe the Commission's jurisdiction over the assets at**
24 **issue in this proceeding.**

25 A. Under the Federal Power Act, the Commission has exclusive jurisdiction over
26 facilities used in the local distribution of electricity.¹ Under Oregon statutes,
27 the Commission is charged with regulating the rates and terms of electric
28 service and ensuring safe and adequate electric service.² With respect

¹ 16 U.S.C. § 824(b)(1).

² ORS 757.020.

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Joint Staff/100
Muldoon-Hanhan-Rashid/3

1 ensuring safe distribution service, the Commission is empowered to adopt
2 rules and regulations requiring every person that constructs, maintains or
3 operates power lines in this state do so in such manner as to protect and
4 safeguard the health and safety of all employees, customers and the public.
5 The Commission is authorized to adopt rules prescribing the installation, use,
6 maintenance and operation of appropriate safety or other devices, or
7 appliances, to establish or adopt standards of construction or equipment, and
8 to require the performance of any other act which seems to the commission
9 necessary or proper for the protection of the health or safety of all employees,
10 customers or the public.³

11 **Q. Has the Commission prescribed safety regulations for electricity**
12 **distribution facilities?**

13 A. Yes. The Commission has adopted Service Standards, Safety Standards,
14 and rules governing attachments to utility poles.⁴

15 **RECLASSIFICATION of DISTRIBUTION ASSETS as TRANSMISSION**

16 **Q. What is the usual process to address reclassification of distribution**
17 **assets?**

18 A. When a utility seeks to reclassify distribution assets as transmission assets
19 for rate-making purposes, as is the case here, the utility typically must use a
20 two-step process. First, the utility must confer with the state regulatory entity
21 with current authority over the distribution assets. Second, the utility must

³ ORS 757.035.

⁴ Oregon Administrative Rules ch. 860, divs. 23, 24 and 28.

Docket No: UM 2031

Joint Staff/100
Muldoon-Hanhan-Rashid/4

1 seek reclassification at the Federal Energy Regulatory Commission (FERC)
2 through a declaratory ruling proceeding or a ratemaking proceeding. In this
3 proceeding, FERC will want to know the results of the utility's consultation
4 with the state.⁵

5 If the state commission evaluates the assets at issue using a Seven-
6 Factor Test devised by FERC to determine whether facilities are distribution
7 or transmission, FERC will defer to the state regulator's determination as to
8 the classification of the assets. If the state does not apply the Seven-Factor
9 Test, FERC will not defer to the state, even if the state has made its own
10 determination regarding the appropriate classification.⁶

11 **THE SEVEN FACTOR TEST**

12 **Q. What is the Seven Factor Test?**

13 A. In 1996, FERC issued Order No. 888 requiring all public utilities that own,
14 operate, or control interstate transmission facilities to offer network and point-
15 to-point transmission services (and ancillary services) to all eligible buyers
16 and sellers in wholesale bulk power markets, and to take transmission service
17 for their own uses under the same rates, terms, and conditions offered to
18 others. To facilitate this requirement, FERC developed a Seven Factor Test
19 for distinguishing between transmission distribution facilities.⁷

⁵ *Promoting Wholesale Competition Through Open Access Non-discriminatory Transmission Services by Public Utilities and Transmitting Utilities*, Order No. 888, FERC States. & Regs. ¶ 31,036, 61 Fed. Reg. 21,540 (1996).

⁶ See e.g., *DTE Energy Co. v. FERC*, 394 F. 3d 954, 965 (D. C. Cir. 2005) (holding Commission does not defer to state determination as to classification when the state regulator does not apply seven-factor test for distinguishing between local distribution facilities and FERC-jurisdictional facilities).

⁷ See FERC Order No. 773.

Docket No: UM 2031

Joint Staff/100
Muldoon-Hanhan-Rashid/5

1 **Q. When does FERC defer to state utility commissions regarding the**
2 **classification of utility assets as distribution or transmission?**

3 A. Whether facilities are properly classified as transmission facilities for
4 purposes of ratemaking is ultimately a question for FERC. However, FERC
5 has concluded it will defer to recommendations by state regulatory authorities
6 concerning where to draw the jurisdictional line under the Commission's
7 technical test for local distribution facilities, and how to allocate costs for such
8 facilities to be included in rates, provided that such recommendations are
9 consistent with the essential elements of Order No. 888.⁸

10 **Q. How should state utility commissions proceed?**

11 A. To apply FERC's Seven Factor Test, both the OPUC and FERC must apply
12 the following factors to evaluate and determine whether assets in question
13 are state jurisdictional:

- 14 1. Local distribution facilities are normally in close proximity to retail
15 customers;
- 16 2. Local distribution facilities are primarily radial in character;
- 17 3. Power flows into local distribution systems and rarely, if ever, flows out;
- 18 4. When power enters the local distribution system, it is not re-consigned or
19 transported on to some other market;
- 20 5. Power entering a local distribution system is consumed in a
21 comparatively restricted geographical area;
- 22 6. Meters are located at the transmission/local distribution interface to
23 measure flows; and into the local distribution system; and
- 24 7. Local distribution systems will be of a reduced voltage.

⁸ Order No. 888 at 31,784 and n548.

**PUBLIC UTILITY COMMISSION
OF OREGON**

UE 374

PACIFICORP

PAC/4503

CONFIDENTIAL Duff & Phelps Technical Update

September 2, 2020

**THIS EXHIBIT IS CONFIDENTIAL
PER PROTECTIVE ORDER IN
DOCKET UE 374 AND IS PROVIDED
SEPARATELY**

**PUBLIC UTILITY COMMISSION
OF OREGON**

UE 374

PACIFICORP

PAC/4504

**CONFIDENTIAL Regulatory Research Associates Regulatory Focus
Major Rate Case Decisions January-March 2020**

September 2, 2020

**THIS EXHIBIT IS CONFIDENTIAL
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**PUBLIC UTILITY COMMISSION
OF OREGON**

UE 374

PACIFICORP

PAC/4505

CONFIDENTIAL Workpaper Supporting AWEC Exhibit 603

September 2, 2020

**THIS EXHIBIT IS CONFIDENTIAL
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**PUBLIC UTILITY COMMISSION
OF OREGON**

UE 374

PACIFICORP

PAC/4506

**CONFIDENTIAL Regulatory Research Associates,
Major Rate Case Decisions, Tables, April 27, 2020**

September 2, 2020

**THIS EXHIBIT IS CONFIDENTIAL
PER PROTECTIVE ORDER IN
DOCKET UE 374 AND IS PROVIDED
SEPARATELY**

**PUBLIC UTILITY COMMISSION
OF OREGON**

UE 374

PACIFICORP

PAC/4507

Order No. 20-024

September 2, 2020

ORDER NO. 20-024

ENTERED Jan 23, 2020

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1050

In the Matter of

PACIFICORP, dba PACIFIC POWER,

ORDER

Request to Initiate an Investigation of Multi-Jurisdictional Issues and Approve an Inter-Jurisdictional Cost Allocation Protocol.

DISPOSITION: 2020 PROTOCOL ADOPTED

I. INTRODUCTION

PacifiCorp, dba Pacific Power, seeks approval of its 2020 Inter-Jurisdictional Allocation Protocol (2020 Protocol) to update the company's inter-jurisdictional allocation methodology. The Oregon signatories to the 2020 Protocol—PacifiCorp, Commission Staff, the Oregon Citizens' Utility Board (CUB), the Alliance of Western Energy Consumers (AWEC), and the Sierra Club (the Oregon Stipulating Parties)—filed a stipulation and joint testimony requesting we adopt the stipulation and approve the 2020 Protocol, specifically sections 3 and 4.¹ Small Business Utility Advocates (SBUA) filed an objection to the Oregon Stipulation on January 14, 2020. On January 21, 2020 the Oregon Stipulating Parties moved for leave to respond to the SBUA objection, and filed a response. In this order, we adopt the stipulation, approve Sections 3 and 4 of the 2020 Protocol as filed, reject SBUA's objection, and grant the Oregon Stipulating Parties' request for leave to respond to the objection.

II. BACKGROUND

This docket is our long-standing and ongoing proceeding for PacifiCorp's multi-state allocation methodology.² PacifiCorp's allocation protocols are used in regulatory proceedings to determine how PacifiCorp's system costs are allocated among the utility's

¹ We refer to the "Oregon Stipulation" and "Oregon Stipulating Parties" to avoid confusion with the larger 2020 Protocol document and 2020 Protocol signatories.

² Order No. 02-193 (Mar 26, 2002) (the order initiating this docket identified three goals for the MSP: (1) allow PacifiCorp an opportunity to recover its prudently incurred costs, (2) ensure that Oregon's share of costs is equitable, and (3) meet the public interest standard).

service territories in six states (Utah, Oregon, Idaho, Wyoming, Washington, and California). The protocols allocate PacifiCorp's costs, which are then subject to our review.

On December 3, 2019, PacifiCorp filed the 2020 Protocol with supporting testimony. The 2020 Protocol is PacifiCorp's fifth multi-state allocation agreement.³ The 2020 Protocol prescribes an allocation methodology for all components of PacifiCorp's service. It has been signed by PacifiCorp and 22 other parties from five states, and is subject to review by state commissions in each of PacifiCorp's six states. The agreement contains a calculation methodology to determine what percentage of PacifiCorp's system costs are assigned to individual states and subject to state commission review in regulatory proceedings such as general rate cases and net power cost cases.

Seven Oregon stakeholders have intervened in this proceeding over the last decade. For this cycle of PacifiCorp's allocation agreement, four Oregon parties signed the 2020 Protocol itself, and these parties and PacifiCorp separately memorialized their agreement in a stipulation with supporting testimony.

The Oregon Stipulation states that the parties support approval of the 2020 Protocol as the basis for allocating all components of PacifiCorp's regulated service for the purpose of establishing just and reasonable rates in Oregon during the term of the 2020 Protocol.⁴ The Oregon Stipulation further states that the 2020 Protocol governs inter-jurisdictional allocation issues only, and that we remain responsible for establishing just and reasonable rates for PacifiCorp's Oregon customers. The Oregon Stipulating Parties request that we approve the Oregon Stipulation and 2020 Protocol as filed.

SBUA argues that the Commission should not issue an order approving the Oregon Stipulation at this time and suggests an evidentiary hearing may be appropriate prior to consideration of the 2020 Protocol and the Oregon Stipulation. The Oregon Stipulating Parties request an opportunity to respond to SBUA's objection. They argue that the objection fails to identify any substantive deficiency in the 2020 Protocol, and mischaracterizes the Oregon Stipulation.

III. DISCUSSION

We review the terms of any stipulation for reasonableness and accord with the public interest.⁵ The Oregon Stipulating Parties request that we adopt the Oregon Stipulation

³ See Orders No. Order No. 05-021 (Jan 12, 2005); Order No. 11-244 (Jul 5, 2011); Order No. 16-319 (Aug 23, 2016); Order No. 17-124 (Mar 29, 2017) (all in Docket UM 1050).

⁴ Oregon Stipulation at 2 (Dec 30, 2019).

⁵ *In re PacifiCorp, Transition Adjustment, Five-Year Cost of Service Opt-out*, Docket UE 267, Order No. 15-060 at 4 (Feb 24, 2015) ("we clarify that we do not defer to, and are not bound by the terms of *any* stipulation. Although we encourage parties to resolve disputes informally, we must review the terms of any

and approve sections 3 and 4 of the 2020 Protocol for use in PacifiCorp regulatory proceedings through 2023.⁶ In this order, we adopt the Oregon Stipulation as filed, approve sections 3 and 4 of the 2020 Protocol, and explain our overall approach to reviewing the 2020 Protocol.

We reject SBUA's objection. Our approval represents that the Company's general allocation framework, supported by the Oregon Stipulating Parties, is reasonable. Our approval does not set rates, determine prudence, or bind future Commissions. We agree with SBUA that a much more substantial and thorough evidentiary review will be necessary to examine whether or not application of the 2020 Protocol is appropriate in any particular circumstance, and we intend to pursue such an examination in future dockets whenever application of the protocol will produce rate impacts for customers.

SBUA's objection does not substantively analyze the proposal or raise any specific disagreement with its provisions. We would expect an objection to identify some substantive elements in the filing or testimony as the focus of more process. Instead, SBUA raises no substantive issues and presents concerns that are wholly based on the process we should use to set rates. These process concerns are not sufficient grounds for rejecting the Oregon Stipulation in this instance, because adopting the Oregon Stipulation and approving the 2020 Protocol does not set rates. As the Oregon Stipulating Parties note, "...the 2020 Protocol does not bind and cannot be used to prohibit arguments that the 2020 Protocol no longer produces results that are just, reasonable, or in the public interest."⁷ With no other substantive grounds presented for rejecting the Oregon Stipulation or the framework presented in the 2020 Protocol, we reject SBUA's objection.

We approach the 2020 Protocol with the foundational principle that we value agreement among PacifiCorp's states in the context of an allocation agreement. We first stated this principle fifteen years ago,⁸ and have relied on the parties' consensus in approving previous protocols. In this proceeding, the parties emphasize that the 2020 Protocol is a negotiated agreement, resulting from nearly three years of discussions in PacifiCorp's multi-state process (MSP). The document itself is signed by diverse and varied stakeholders from Oregon, Utah, Wyoming, Idaho, and Washington. The Oregon

stipulation for reasonableness and accord with the public interest. We also affirm that, as set out in OAR 860-001-0350, we may adopt or reject a stipulation in its entirety, or adopt it with modifications to its terms.").

⁶ Oregon Stipulating Parties/100, Lockey, Storm, Jenks, Mullings, Hausman/9, 11.

⁷ Oregon Stipulating Parties Motion for Leave to Respond and Response to the Small Business Utility Advocates' Objection to the Stipulation at 6 (Jan 21, 2020).

⁸ Order No. 05-021 at 7 ("We believe that there are benefits to an agreement among all of the states.").

Stipulating Parties state that throughout the negotiations, PacifiCorp provided studies, analysis and other information in response to requests for information.

The 2020 Protocol makes limited changes to the currently-effective 2017 Protocol which we have used for PacifiCorp's regulatory filings in Oregon for the last three years.⁹ Below we analyze some specific modifications to the 2017 Protocol, referred to as "Implemented Issues."

The remainder of this order focuses on our approval of the "Implemented Issues" in sections 3 and 4 of the 2020 Protocol. Our record for evaluating the Implemented Issues consists only of the 2020 Protocol itself, the Oregon Stipulation, and the two sets of narrative supporting testimony. We focus on sections 3 and 4 of the 2020 Protocol because these are the sections that will be implemented in the near term and which can be evaluated based on the narrative testimony in our record.

The 2020 Protocol contains significant detail on numerous other issues, with signatory agreement on parts of a future allocation framework (Resolved Issues) and a framework for stakeholders to have future discussions on more difficult, unresolved issues (Framework Issues). We comment briefly on certain of these issues in order to inform future discussion among the Oregon Parties and the signatories. However, we do not reach a decision on these issues in this order, either because we have no record to evaluate them, or because they are merely identified in the 2020 Protocol as issues that will be addressed in a future agreement,¹⁰ and consequently will be reviewed by a future Commission.¹¹

A. Section 3 of the 2020 Protocol

1. Description of Key Terms

Section 3 contains the allocation method for the interim period, effective immediately and terminating no later than December 31, 2023.¹² The Oregon Stipulating Parties

⁹ Oregon Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Hausman/10 ("The 2020 Protocol includes substantially similar terms as the 2017 Protocol.").

¹⁰ Oregon Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Hausman/8-9 ("The resolved issues are part of a future post-interim period method agreement. No party to the 2020 Protocol is committed to such an agreement until all aspects can be reviewed in their entirety. Only if and when a post-interim period method is reached, will the parties to such a future agreement seek Commission approval. Nothing in this filing, or the 2020 Protocol, prejudices that subsequent filing.").

¹¹ See e.g., *In the Matter of Public Utility Commission of Oregon, Investigation of the Oregon Universal Service Fund*, Docket No. UM 1481, Order No. 15-365 (Nov 12, 2015) (The Commission declined to adopt portions of a stipulation with specific disbursement levels that would apply six years later, stating "as a quasi-legislative body, we have no authority to bind this Commission on such future decisions.").

¹² Oregon Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Hausman/6, n.7.

characterize this section as largely extending the 2017 Protocol, subject to the modifications listed.

The 2020 Protocol modifies two financial terms from the 2017 Protocol. First, it discontinues a charge from the 2017 Protocol referred to as the “equalization adjustment.”¹³ Second, it removes the “floor” or minimum on Oregon’s dynamic embedded cost differential (ECD or hydro endowment), which is a credit to Oregon, and includes a cap of \$11 million.¹⁴

The 2020 Protocol also changes the treatment of Qualifying Facilities (QFs) so that future QF contracts are the responsibility of the state approving them. The treatment is outlined in Section 4.4 of the protocol.

Otherwise, the 2020 Protocol maintains the status quo allocation, with existing and new generation and transmission resources (online before 2024) treated as system resources and allocated to Oregon based on our use of the PacifiCorp system. Oregon’s use will continue to be measured with the System Generation (SG) factor.¹⁵ PacifiCorp explains the SG factor is comprised of 75 percent demand or capacity use, and 25 percent energy use. The 75 percent demand, or capacity use, reflects the relative capacity requirements of each state based on 12 monthly coincident peaks. The 25 percent system energy use is based on weather-normalized energy for each jurisdiction.

2. *Commission Resolution*

We find section 3 is in the public interest as it largely maintains our current allocation methodology with the SG factor. We accept PacifiCorp’s justification that continuation of the SG factor is well-grounded in past protocols and produces an overall cost allocation result that is acceptable to all states.¹⁶

We emphasize that the 2020 Protocol does not prejudge the prudence of any cost. The Oregon Stipulating Parties explain that the 2020 Protocol does not alter our authority to

¹³ Order No. 17-124 at 2 (Equalization adjustment was a \$9.07 million annual charge (\$2.6 million for Oregon) representing approximately two-tenths of one percent of each state’s annual revenue requirement. The equalization adjustment was intended to reduce the shortfall the company experienced under the 2010 Protocol.).

¹⁴ The ECD or hydro endowment is calculated based on the difference between the total cost of the company’s northwest hydro facilities and the cost of all other company resources in service prior to 2005. The calculation is more fully explained at PAC/200, McDougal/4.

¹⁵ PAC/100, Lockey/13.

¹⁶ See PAC/200, McDougal/10 (Explaining that a wide range of demand and energy classification methods could be supported on a technical basis, but the 75 percent demand / 25 percent energy method continues to be selected because it produces an overall cost allocation result that is acceptable to all the states.); PAC/101, Lockey/121 (2020 Protocol, Appendix F, stating that Washington accepts the SG allocation for its rate case for certain system transmission and non-emitting resources).

determine fair, just, and reasonable rates.¹⁷ The 2020 Protocol also does not alter our authority, or the rights of the Oregon Stipulating Parties,¹⁸ to address changed or unforeseen circumstances when we evaluate PacifiCorp's rates. In its objection, SBUA suggests that a hearing could be conducted to examine the 2020 Protocol because "setting rates which are just and reasonable [is] a crucial part of the function of the Commission."¹⁹ Our order approving the 2020 Protocol does not establish or change rates for customers. The Oregon Stipulating Parties correctly explain that, when rates are set in future proceedings, the 2020 Protocol does not change our ability and responsibility to approve just and reasonable rates supported by evidence. Indeed, we note that in these future proceedings we expect parties to develop robust records that the Commission will carefully examine.

B. Section 4 of the 2020 Protocol

1. Description of Key Terms

Section 4 contains the "Implemented Issues" with provisions that include states' decisions to exit coal-fueled resources, reassignment of coal-fueled resources, decommissioning costs, and treatment of QFs. PacifiCorp describes the first three issues as setting forth a process that will be used to allow states to set a date-certain for ending their participation in the costs or benefits from existing coal-fueled resources, and to allow other states to review whether to take on an additional share of the costs and benefits of coal-fueled generation.²⁰

Regarding QFs, PacifiCorp explains that the 2020 Protocol sets forth a transitional approach for allocating the costs of QFs to the state where the QFs are approved, with full situs-allocation of QFs beginning in 2029. During the transitional period, QFs with executed contracts or legally enforceable obligations as of December 31, 2019, will continue to be system allocated.²¹ For QFs that have executed contracts or legally enforceable obligations that arise after December 31, 2019, their costs will be system allocated based on a forecasted reasonable energy price, and any costs above that reasonable energy price will be situs assigned to the state approving the QF contract.

¹⁷ PAC/101, Lockey/6 (2020 Protocol at Section 1 states "The proposed allocation of a particular expense or investment to a State under the 2020 Protocol is not intended to and will not prejudice the prudence of that cost or the extent to which any particular cost may be reflected in rates.").

¹⁸ *Id.* (2020 Protocol at Section 1 states "Parties support the 2020 Protocol, but their support will not, in any manner, affect or negate their right to address changed or unforeseen circumstances, including changes in laws or regulations.").

¹⁹ SBUA Objection to the Stipulation (Jan 14, 2020).

²⁰ PAC/100, Lockey/15.

²¹ The 2020 Protocol calls for the costs of these projects to then be situs assigned after the end of 2029.

2. *Commission Resolution*

We noted in approving the 2017 Protocol that “Oregon will be facing new and unique allocation issues due to the passage of SB 1547 which, in part, requires the removal of coal resources from Oregon rates by 2030.”²² The 2020 Protocol provides a reasonable path for us to meet the 2030 deadline established in SB 1547.²³ We approve the general concept in the 2020 Protocol whereby we will issue an “exit order” that will set an end-date for Oregon’s allocation of the costs and benefits of each coal-fueled plant. We believe the process set out in the 2020 Protocol gives PacifiCorp sufficient notice regarding exits, to ensure that appropriate ratemaking treatment can be accomplished in Oregon and other states.

We have some uncertainty about the specific sequence and dates listed in the 2020 Protocol because we do not have a record in this proceeding to evaluate those specific dates, and will need to engage in detailed review in a separate proceeding to establish appropriate Oregon exit dates. We similarly will evaluate the years for depreciable lives when PacifiCorp presents a record for those dates in a separate proceeding. We recognize that the Oregon Stipulating Parties have committed among themselves to support the exit dates listed in the 2020 Protocol. We will require an evidentiary record that makes a strong case for the exit dates we ultimately adopt, and we expect that such a record will need to at least evaluate why the dates established in the 2020 Protocol are more appropriate than other Oregon exit dates.

Accordingly, we clarify that we expect the development of a record in future proceedings that supports the exit dates detailed, and we expect that the Oregon Stipulating Parties (and other parties to our proceedings) will work with the Commission to develop that record so that our decisions are informed by robust analysis and calculated to result in just and reasonable rates. We again emphasize that approval of the 2020 Protocol does not pre-determine prudence or reasonableness of costs in ratemaking, or pre-determine closure dates for coal-fueled resources.²⁴

We approve the 2020 Protocol’s provision that will transition above-market QF costs to the state responsible for those rates. We approved a similar concept in the 2017 Protocol, which allowed for situs assignment of costs above what the company would have otherwise incurred for a comparable resource.²⁵ We similarly approve the 2020 Protocol, which contains a more explicit description of the generic energy price that new QFs will

²² Order No. 16-319 at 6.

²³ ORS 757.518(2) (2019) (“On or before January 1, 2030, an electric company shall eliminate coal-fired resources from its allocation of electricity.”).

²⁴ Oregon Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Hausman/8.

²⁵ PacifiCorp’s Direct Testimony in Support of the 2017 Protocol, PAC/100, Dalley/14 (Dec 30, 2015).

be compared to (describing it as a market price with a weighting applied for each market hub by month, and heavy and light load hours).²⁶

C. Discussion of Framework and Resolved Issues

There are many important concepts in the Framework and Resolved Issues that we do not address in this order, but we briefly touch on the Nodal Pricing Model (NPM) to emphasize the high level of transparency we expect to see with a nodal pricing proposal. The 2020 Protocol contains the parties' Memorandum of Understanding supporting the company's pursuit of a NPM. The NPM is described as a method for pricing electricity that is based on the marginal cost (\$/MWh) of serving the next increment of demand at a given pricing node consistent with existing transmission constraints and the performance characteristics of resources.²⁷ PacifiCorp explains the purpose of pursuing this pricing regime is to allow states to pursue and be allocated the costs and benefits of different portfolios, while maintaining the benefits of system dispatch as much as practicable. PacifiCorp also concedes this is a complex issue.²⁸

When PacifiCorp presents nodal pricing for our review, we will seek to understand how bidding, congestion and other parameters impact the cost of a resource and the "credits" applied. We ask PacifiCorp to aim for extensive transparency around how the day ahead nodal pricing is designed, with explanations of how resources will be bid into the model, how resources will win awards to run, descriptions of what conditions or decisions impact clearing prices, and how congestion occurs and can be mitigated.

We also comment briefly on how the Resolved Issues, which represent areas in which the signatories to the 2020 Protocol reached agreement on issues for future implementation, may be impacted by continuing negotiation of the Framework Issues. The manner in which the parties resolve the significant open questions represented by the Framework Issues may impact our view of the appropriate resolution of the Resolved Issues. An important example is allocation of transmission. The 2020 Protocol identifies, as a Resolved Issue, application of the 75 percent demand / 25 percent energy method for system allocation of all transmission costs. We note, however, that the Framework Issues include implementation of the NPM and discussion of state-specific resource selection in integrated resource planning (IRP), both of which could have an impact on how transmission should be allocated in a new agreement. While we acknowledge the effort that the signatories to the 2020 Protocol and the Oregon Stipulating Parties have dedicated to resolving some future issues, we encourage revisiting the Resolved Issues following resolution of the Framework Issues in order to ensure that the rationale for the agreed resolution remains robust.

²⁶ PAC/300, Wilding/5.

²⁷ PAC/101, Lockey/74 (2020 Protocol, Appendix A, Definitions).

²⁸ PAC/100, Lockey/26.

D. Conclusion

We adopt the Oregon Stipulation and approve sections 3 and 4 of the 2020 Protocol. We find the Oregon Stipulation to be reasonable and consistent with the public interest. We emphasize that this determination does not bind future Commissions, particularly if circumstances change, or if evidence is later presented that leads to different conclusions. Similarly, we do not set or establish rates through approval of the 2020 Protocol. For these reasons, we grant the Oregon Stipulating Parties' motion to respond to SBUA's objection, reject SBUA's objection to the Oregon Stipulation, and decline to conduct a hearing in this docket.

IV. ORDER

IT IS ORDERED that:

1. The January 21, 2020 motion of the Oregon Stipulating Parties is granted.
2. The Oregon Stipulation, attached as Appendix A, is adopted.
3. Sections 3 and 4 of the 2020 Protocol, attached as Appendix B, are approved.

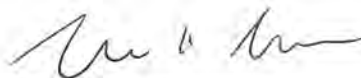
Made, entered, and effective Jan 23 2020.



Megan W. Decker
Chair



Letha Tawney
Commissioner



Mark R. Thompson
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON****UM 1050**

In the Matter of
PACIFICORP, d/b/a PACIFIC POWER,
Petition for Approval of the 2020 Inter-
Jurisdictional Allocation Protocol.

STIPULATION

1 This Stipulation addresses all the issues among PacifiCorp d/b/a Pacific Power
2 (PacifiCorp), Public Utility Commission of Oregon (Commission) Staff, the Oregon
3 Citizens' Utility Board (CUB), the Alliance of Western Energy Consumers (AWEC),
4 and Sierra Club (collectively the Stipulating Parties) regarding the 2020 PacifiCorp
5 Inter-Jurisdictional Allocation Protocol (2020 Protocol) filed in Docket No. UM 1050
6 on December 3, 2019.

PARTIES

7
8 1. The parties to this Stipulation are PacifiCorp, Staff, CUB, AWEC, and Sierra
9 Club. All of the Stipulating Parties are signatories to the 2020 Protocol. Other Parties
10 to this proceeding are Calpine Energy Solutions, LLC (Calpine), Northwest &
11 Intermountain Power Producers Coalition (NIPPC), NW Energy Coalition (NVEC),
12 Portland General Electric (PGE), and the Renewable Energy Coalition. This Stipulation
13 is a full settlement of the issues by the Stipulating Parties.

BACKGROUND

14
15 2. On December 3, 2019, PacifiCorp filed the 2020 Protocol, with direct
16 testimony and exhibits from Etta Lockey, Michael G. Wilding, and Steven E.

1 McDougal. The 2020 Protocol was the result of multi-year negotiations through
2 PacifiCorp's Multi-State Process (MSP). Docket No. UM 1050 is an ongoing
3 investigation in which PacifiCorp submits its allocation method for Commission
4 approval following the MSP stakeholder process.

5 3. On April 4, 2002, CUB filed its notice of intervention. On March 13, 2002,
6 AWEC (fka Industrial Customers of Northwest Utilities) filed its petition to intervene.

7 4. On May 9, 2002, PGE filed its petition to intervene.

8 5. On October 10, 2003, NWEA filed its petition to intervene

9 6. On March 3, 2016, Calpine (fka Noble Americas Energy Solutions LLC)
10 filed its petition to intervene.

11 7. On March 31, 2016, NIPPC filed its petition to intervene.

12 8. On February 21, 2017, Sierra Club filed its petition to intervene.

13 9. On December 10, 2019, Administrative Law Judge Nolan Moser issued a
14 prehearing conference memorandum adopting a procedural schedule for this proceeding.

15 10. On December 16, 2019, Small Business Utility Advocates filed its petition to
16 intervene.

17 **AGREEMENT**

18 11. The Stipulating Parties support Commission approval of the 2020 Protocol as
19 the basis for allocating all components of PacifiCorp's regulated service for the purpose
20 of establishing just and reasonable rates in Oregon during the term of the 2020 Protocol.

21 12. The Stipulating Parties agree that the 2020 Protocol governs inter-
22 jurisdictional allocation issues only, and that the Commission alone remains responsible
23 for establishing just and reasonable rates for PacifiCorp's Oregon customers.

1 13. The Stipulating Parties agree to submit this Stipulation to the Commission
2 and request that the Commission approve the Stipulation and 2020 Protocol as filed.
3 The Stipulating Parties agree that this Stipulation and the 2020 Protocol are in the public
4 interest and that the allocation methodology in the 2020 Protocol will result in rates that
5 are fair, just, and reasonable, as required by ORS 756.040.

6 14. This Stipulation will be offered into the record of this proceeding as evidence
7 pursuant to OAR 860-001-0350(7). The Stipulating Parties agree to support this
8 Stipulation throughout this proceeding and any appeal, provide witnesses to sponsor this
9 Stipulation at any hearing before the Commission, and recommend that the Commission
10 issue an order adopting the settlements contained herein. The Stipulating Parties also
11 agree to cooperate in drafting and submitting joint testimony or a brief in support of the
12 Stipulation in accordance with OAR 860-001-0350(7).

13 15. If this Stipulation is challenged, the Stipulating Parties agree that they will
14 continue to support the Commission's adoption of the terms of this Stipulation. The
15 Stipulating Parties agree to cooperate in cross-examination and put on such a case as
16 they deem appropriate to respond fully to the issues presented, which may include
17 raising issues that are incorporated in the settlements embodied in this Stipulation.

18 16. The Stipulating Parties have negotiated this Stipulation as an integrated
19 document. If the Commission rejects all or any material part of this Stipulation or adds
20 any material condition to any final order that is not consistent with this Stipulation, each
21 Stipulating Party reserves its right, pursuant to OAR 860-001-0350(9), to present
22 evidence and argument on the record in support of the Stipulation or to withdraw from
23 the Stipulation. To withdraw from the Stipulation, a Stipulating Party must provide

1 written notice to the Commission and other Stipulating Parties within five days of
2 service of the final order rejecting, modifying, or conditioning this Stipulation.
3 Stipulating Parties shall be entitled to seek rehearing or reconsideration pursuant to
4 OAR 860-001-0720 in any manner that is consistent with the agreement embodied in
5 this Stipulation.

6 17. By entering into this Stipulation, no Stipulating Party shall be deemed to
7 have approved, admitted, or consented to the facts, principles, methods, or theories
8 employed by any other Stipulating Party in arriving at the terms of this Stipulation, other
9 than those specifically identified in the body of this Stipulation. No Stipulating Party
10 shall be deemed to have agreed that any provision of this Stipulation is appropriate for
11 resolving issues in any other proceeding, except as specifically identified in this
12 Stipulation.

13 18. The Stipulating Parties agree that this Stipulation represents a compromise in
14 the positions of the Stipulating Parties. Without the written consent of each Stipulating
15 Party, evidence of conduct or statements, including but not limited to term sheets or
16 other documents created solely for use in settlement conferences in this docket, are
17 confidential and not admissible in the instant or any subsequent proceeding, unless
18 independently discoverable or offered for other purposes allowed under ORS 40.190.

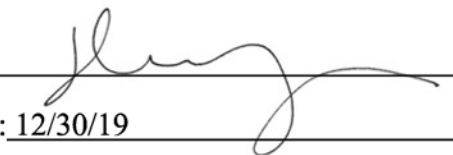
19 19. This Stipulation is not enforceable by any Stipulating Party unless and until
20 adopted by the Commission in a final order. Each signatory to this Stipulation
21 acknowledges that they are signing this Stipulation in good faith and that they intend to
22 abide by the terms of this Stipulation unless and until the Stipulation is rejected or

1 adopted only in part by the Commission. The Stipulating Parties agree that the
2 Commission has exclusive jurisdiction to enforce or modify the Stipulation.

3 20. This Stipulation may be executed in counterparts and each signed counterpart
4 shall constitute an original document.

5 21. This Stipulation is entered into by each Stipulating Party on the date entered
6 below such Stipulating Party's signature.

PACIFICORP

By: 
Date: 12/30/19

**STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON**

By: _____
Date: _____

**OREGON CITIZENS' UTILITY
BOARD (CUB)**

By: _____
Date: _____

**ALLIANCE OF WESTERN ENERGY
CONSUMERS (AWEC)**

By: _____
Date: _____

SIERRA CLUB

By: _____
Date: _____

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COMMISSION OF OREGON**By:  _____Date: 12/30/19 _____**OREGON CITIZENS' UTILITY
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Date: _____

**STAFF OF THE PUBLIC UTILITY
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By: _____

Date: _____

**OREGON CITIZENS' UTILITY
BOARD (CUB)**By: Date: 12-30-19**ALLIANCE OF WESTERN ENERGY
CONSUMERS (AWEC)**

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By: _____

Date: _____

**OREGON CITIZENS' UTILITY
BOARD (CUB)**

By: _____

Date: _____

**ALLIANCE OF WESTERN ENERGY
CONSUMERS (AWEC)**By:  _____

Date: 12/30/19 _____

SIERRA CLUB

By: _____

Date: _____

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PACIFICORP

By: _____

Date: _____

**STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON**

By: _____

Date: _____

**OREGON CITIZENS' UTILITY
BOARD (CUB)**

By: _____

Date: _____

**ALLIANCE OF WESTERN ENERGY
CONSUMERS (AWEC)**

By: _____

Date: _____

SIERRA CLUBBy: Date: 12.30.19

PacifiCorp's proposal, including proposing alternative allocation methodologies, filing a complaint, or requesting an investigation of PacifiCorp's proposal.

2.2.3. Post-Interim Period Method Agreement Not Reached

If the Company determines that it is unlikely that a Post-Interim Period Method agreement will be reached before the end of the Interim Period, then the Company will propose an allocation method for the Post-Interim Period for consideration by the Commissions. Parties are free to take any position regarding PacifiCorp's proposal, including proposing alternative allocation methodologies, or initiating a complaint or investigation of PacifiCorp's proposal.

2.2.4. Early Commission Approvals of Post-Interim Period Method

If a Post-Interim Period Method agreement is reached on or before December 31, 2022, any Post-Interim Period Method agreement will address whether and the degree to which the Company will use the Post-Interim Period Method in regulatory proceedings or filings commenced after December 31, 2022.

2.2.5. Regulatory Filings to Implement Post-Interim Period Method

Any Post-Interim Period Method agreement will address whether and the degree to which the Company may use the Post-Interim Period Method in regulatory proceedings or filings commenced during the Interim Period while Commission approvals of the Post-Interim Period Method agreement are pending but to be effective after the end of the Interim Period.

3. Interim Period Allocation Method

The 2017 Protocol expires December 31, 2019.⁴ The Parties representing interests in the States of California, Idaho, Oregon, Utah, and Wyoming (collectively referred to as the "Five State Parties" and the "Five States") agree that the methodology outlined in the 2017 Protocol being

⁴ As proposed in PacifiCorp's 2019 California general rate case filing, the 2017 Protocol does not expire in California on December 31, 2019.

used by the Company in 2019 should continue, as outlined and modified in Section 3, during the Interim Period while the Parties continue to negotiate the Framework Issues necessary to develop the Post-Interim Period Method. The Washington Parties agree that the methodology outlined in the WCA being used in 2019 should, subject to the terms included in Appendix F, continue during the Interim Period while the Parties continue to negotiate the Framework Issues necessary to develop the Post-Interim Period Method.

For the Five States, the terms of the 2017 Protocol that will be used during the Interim Period under the 2020 Protocol are provided in Section 3.1. The 2017 Protocol terms that are being modified by this Agreement are provided in Section 3.2.

3.1. Continuing Terms of the 2017 Protocol for the Five States Interim Period Allocation Methodology⁵

Items included in the Company's results of operations will be allocated on the factors set forth below. The FERC account and allocation factor combinations are included in Appendix B. The algebraic derivation and factor definitions are included in Appendix C.

3.1.1. Classification of Interim Period Resources

All Fixed Costs of Interim Period Resources will be classified as 75 percent Demand-Related and 25 percent Energy-Related. All Non-Firm Purchases and Sales will be classified as 100 percent Energy-Related.

3.1.2. Allocation of Interim Period Resource Costs and Wholesale Revenues

Interim Period Resources will be allocated to one of two categories for inter-jurisdictional allocation purposes: State Resources or System Resources. A complete description of allocation factors to be used is set forth in Appendix B.

⁵ Terminology in Section 3.1 has been modified from the language in the 2017 Protocol to maintain consistency in the use of terms within the 2020 Protocol.

There are three types of State Resources. The remaining types of Interim Period Resources are System Resources, which constitute the substantial majority of PacifiCorp's Resources. Benefits and costs associated with each category and type of Interim Period Resource will be assigned or allocated to States on the following basis.

3.1.2.1. Interim Period State Resources

Benefits and costs associated with the three types of State Resources will be assigned or allocated as follows:

- Demand-Side Management ("DSM") Programs: Costs associated with DSM Programs, including Class 1 DSM Programs, will be allocated on a situs basis to the State in which the investment is made. Benefits from these programs, in the form of reduced consumption and contribution to Coincident Peak, will be reflected in the Load-Based Dynamic Allocation Factors.
- Portfolio Standards: The portion of costs associated with Interim Period Resources acquired to comply with a State's Portfolio Standard adopted, either through legislative enactment or by a State's Commission, that exceed the costs PacifiCorp would have otherwise incurred, will be allocated on a situs basis to the Jurisdiction adopting the Portfolio Standard.
- State-Specific Initiatives: Costs and benefits associated with Interim Period Resources acquired in accordance with a State-specific initiative will be allocated and assigned on a situs basis to the State adopting the initiative. State-specific initiatives include, but are not limited to, the costs and benefits of incentive programs, net-metering tariffs, feed-in tariffs, capacity standard programs, solar

subscription programs, electric vehicle programs, and the acquisition of renewable energy certificates.

3.1.2.2. Interim Period System Resources

All Interim Period Resources that are not State Resources are System Resources and will be allocated as follows:

- Generally, all Fixed Costs associated with System Resources and all costs incurred under Wholesale Contracts will be allocated based upon the System Generation (“SG”) Factor.
- Generally, all Variable Costs associated with System Resources will be allocated based upon the System Energy (“SE”) Factor.
- Revenues received by PacifiCorp under Wholesale Contracts will be allocated based upon the SG Factor.

3.1.3. Re-functionalization and Allocation of Transmission Costs and Revenues

Before filing any request to approve a reclassification of facilities as transmission or distribution with FERC, PacifiCorp will submit filings seeking review and authorization of any such reclassification with the Commissions. The cost responsibility for any assets reclassified under FERC policy will be assigned or allocated consistent with other assets in the relevant function.

Costs associated with transmission assets, and firm wheeling expenses and revenues, will be classified as 75 percent Demand-Related, 25 percent Energy-Related, and allocated based upon the SG Factor. Non-firm wheeling expenses and revenues will be allocated based upon the SE Factor. In the event that PacifiCorp joins a regional independent system operator, the allocation of transmission costs and revenues may be reevaluated and revised as provided for in Section 8.4.

3.1.4. Allocation of Distribution Costs

All distribution-related expenses and investment that can be directly allocated will be directly allocated to the State where they are located. Those costs that cannot be directly allocated will be allocated consistent with the factors set forth in Appendix B.

3.1.5. Allocation of Administrative and General Costs

Administrative and General Costs, General Plant costs, and Intangible Plant costs will be allocated consistent with the factors set forth in Appendix B.

3.1.6. Allocation of Special Contracts

Revenues associated with Special Contracts will be included in State revenues, and loads of Special Contract customers will be included in Load-Based Dynamic Allocation Factors as appropriate (see Appendix G). Special Contracts may or may not include Customer Ancillary Service Contract attributes. Load curtailments and buy-through arrangements will be handled as appropriate (see Appendix G).

3.1.7 Miscellaneous Costs and Taxes

Miscellaneous costs described below will be allocated as follows:

- Generation-related dispatch costs and associated plant will be allocated on the SG Factor.
- Miscellaneous regulatory assets and liabilities, and miscellaneous deferred debits will be allocated with the appropriate allocation factor depending on the related assets or underlying costs.

Taxes and fees will be allocated as follows:

- Income taxes will be calculated using the federal tax rate and PacifiCorp's combined State effective tax rate. State-specific Schedule M and deferred income tax amounts will be allocated using the Company's tax software system. Consistent

with prior system allocation methods, the Washington Public Utility Tax is allocated using the SO Factor in lieu of a Washington income tax.

- Franchise taxes, revenue related taxes, Commission assessments and fees, and usage related taxes are situs or a pass through.
- Property taxes are system allocated based on gross plant and allocated on a Gross Plant System ("GPS") Factor.
- Generation and fuel-related taxes will be allocated using the SG Factor.
- Other taxes such as payroll taxes are embedded in expenses or capital costs.

Balances associated with the Trojan Decommissioning will be allocated using the Trojan Decommissioning ("TROJD") Factor. This will not impact State-specific treatment of this item.

3.1.8. State Programs Regarding Access to Alternative Electricity Suppliers

3.1.8.1. Treatment of Oregon Direct Access Programs

This Section describes treatment of loads lost to Oregon Direct Access Programs during the term of the 2020 Protocol.

3.1.8.1.1. Customers Electing PacifiCorp's One- and Three-Year Oregon Direct Access Programs

Customer loads electing to be served on PacifiCorp's one- and three-year Oregon Direct Access Programs will be included in the Load-Based Dynamic Allocation Factors for all Interim Period Resources, and the transition cost payments from these customers will be situs assigned and allocated to Oregon.

3.1.8.1.2. Customers Electing PacifiCorp's Five Year Opt-Out Program Under the Oregon Direct Access Program

The treatment will be consistent with Order No. 15-060, as clarified through Order No. 15-067, of the Oregon Public Utility Commission in Docket UE 267, and Oregon Schedule 296, which

allow Oregon Direct Access Consumers to permanently opt-out of cost-of-service rates after payment of ten years of transition costs in Oregon. If an Oregon Direct Access Consumer is paying transition costs during the Interim Period, the Oregon Direct Access Consumer's load(s) will be included in Load-Based Dynamic Allocation Factors, and the transition cost payments from these consumers will be situs-assigned to Oregon. If any Oregon Direct Access Consumer reaches the end of the 10-year period covered by the transition cost payments during the Interim Period, the load(s) for that Oregon Direct Access Consumer will be excluded from Load-Based Dynamic Allocation Factors. Thereafter, if an Oregon Direct Access Consumer elects to return to Oregon cost-of-service rates by providing four-years notice under Schedule 296, its load will be treated as new load and incorporated in PacifiCorp's Resource planning process.

3.1.8.1.3. New Laws or Regulations

To the extent Oregon adopts new laws or regulations regarding Oregon Direct Access Programs, Oregon's treatment of loads lost to Oregon Direct Access Programs may be re-determined in a manner consistent with the new laws and regulations. In the event Oregon adopts such new laws or regulations, the Company will inform the Commissions and the Parties of the same.

3.1.8.2. Utah Eligible Customer Program

If, pursuant to Utah Code Annotated Section 54-3-32, an eligible customer in Utah transfers service to a non-utility energy supplier, the Public Service Commission of Utah will make determinations under Utah law as contemplated therein. The Company will inform the Commissions and the Parties of the Public Service Commission of Utah's determinations.

3.1.8.3. Other State Actions

In the event any State adopts laws or regulations governing customer access to alternative electricity suppliers, the Company will inform the Commissions and the Parties of the same.

3.1.9. Loss or Increase in Load

Any loss or increase in retail load occurring as a result of condemnation or municipalization, sale or acquisition of new service territory that involves less than five percent of system load, realignment of service territories, changes in economic conditions, or gain or loss of large customers will be reflected in changes in the Load-Based Dynamic Allocation Factors. The allocation or assignment of costs and benefits arising from merger, sale, or acquisition transaction proposed by the Company involving more than five percent of system load will be considered on a case-by-case basis in the course of Commission approval proceedings.

3.1.10. Commission Regulation of Interim Period Resources

PacifiCorp will plan and acquire new Interim Period Resources on a system-wide risk-adjusted, least-cost basis. Prudently incurred investments in Interim Period Resources will be reflected in rates consistent with the laws and regulations in each State, as approved by individual Commissions.

3.2. Modifications to the 2017 Protocol During the Interim Period

3.2.1. Net Power Costs Filings

For Net Power Costs (“NPC”) filings, Parties agree to support use of the allocation methodology in place when the NPC were or will be incurred, to align the timing of the actual costs incurred with the applicable allocation method for cost recovery for that period. The table below summarizes the transition from the 2017 Protocol to the 2020 Protocol for NPC filings. If a Post-Interim Period Method agreement is reached between the Parties, a similar table will be included to summarize the transition for NPC filings from the 2020 Protocol to the subsequent agreement.

Allocation Methodology Used for NPC Filings			
Filing	2017 Protocol	2020 Protocol	Notes
California ECAC (Balancing Rate)	2021 ECAC for the CY2020 Deferral Period	2022 ECAC for the CY2021 Deferral Period	1
California ECAC (Offset Rate)	2020 ECAC for the CY2020 Forecast Period	2021 ECAC for the CY2021 Forecast Period	1
Idaho ECAM	2020 ECAM for the CY2019 Deferral Period	2021 ECAM for the CY2020 Deferral Period	
Oregon TAM	2020 TAM for the CY2019 Forecast Period	2021 TAM for the CY2020 Forecast Period	
Oregon PCAM	2020 PCAM for the CY2019 Deferral Period	2021 PCAM for the CY2020 Deferral Period	
Utah EBA	2020 EBA for the CY2019 Deferral Period	2021 EBA for the CY2020 Deferral Period	
Washington PCAM	2019 PCAM for the CY2019 Deferral Period	2020 PCAM for the CY2020 Deferral Period	2
Wyoming ECAM	2020 ECAM for the CY2019 Deferral Period	2021 ECAM for the CY2020 Deferral Period	
Net Power Costs included in General Rate Cases (GRC) - All States		GRC with rate effective date on or after January 1, 2020	3
Notes:			
1. The 2020 Protocol will not be implemented in California until approved by the Commission in a general rate case. The dates included in the table are subject to change based on the California general rate case schedule, the next general rate case is currently scheduled to use a 2022 test period.			
2. Washington will use the modified WCA allocation methodology per Appendix F of the 2020 Protocol.			
3. This also applies to any other NPC filing that resets base NPC rates.			

3.3.2. Embedded Cost Differential (“ECD”) and Equalization Adjustment

3.3.2.1. ECD

The Fixed ECD will continue for Idaho through the end of the Interim Period. The Dynamic ECD for Oregon will continue through the end of the Interim Period, capped at \$11,000,000. No ECD adjustment exists for Utah or California.

The Wyoming ECD will terminate December 31, 2020. Beginning January 1, 2021, for purposes of the Wyoming energy cost adjustment mechanism (“ECAM”), actual ECD will be zero and the true-up of the Wyoming ECD will not be subject to sharing bands in the Wyoming ECAM. This treatment will continue until the ECD is removed from base rates.

3.3.2.2. Equalization Adjustment

The Equalization Adjustment addressed in Section XIV of the 2017 Protocol will terminate on December 31, 2019, and no additional Equalization Adjustment amounts will be deferred after that date. The method PacifiCorp will use to collect deferred Equalization Adjustment balances and any related carrying charges has been or will be addressed in appropriate State regulatory proceedings.

3.3.3. Costs and Benefits of Qualifying Facilities

Costs and benefits of Qualifying Facilities will be treated consistent with the provisions specified in Section 4.4.

3.3.4. Allocation of Gain or Loss from Sale of Assets

The allocation of any gain or loss from the Company's sale of assets will be treated consistent with the provisions specified in Section 7.

3.3.5. Interpretation and Governance

This Agreement will be interpreted and PacifiCorp's Multi-State Process ("MSP") will be governed by the provisions specified in Section 8.

4. Implemented Issues

The Parties agree that the following items, described later in this Section 4, will be implemented and effective during the Interim Period:

- The process and timing for States' decisions to exit coal-fueled Interim Period Resources;
- The process for potential Reassignment of coal-fueled Interim Period Resources among States without Exit Orders;
- The process for the allocation of Decommissioning Costs; and
- The allocation and assignment of Qualifying Facility Power Purchase Agreements

("QF PPAs").

These issues are more thoroughly explained below.

4.1. States' Decisions to Exit Coal-Fueled Interim Period Resources

PacifiCorp will continue to conduct operational and economic analyses in accordance with applicable regulatory requirements and good utility practice to maintain reliable service on a risk-adjusted, least-cost basis for its customers. PacifiCorp anticipates continuing to conduct integrated resource planning, at least biennially. PacifiCorp also anticipates continuing to undertake depreciation studies on a five-year cycle. If these analyses affect the depreciable lives or operational lives of Interim Period Resources in the future, Parties may address such effects through appropriate regulatory proceedings before the Commissions. Nothing in this Agreement affects PacifiCorp's rights and obligations to make prudent decisions regarding operation of its assets and system in accordance with applicable law. The Parties further agree that PacifiCorp's coal-fueled Interim Period Resource Closure dates may be informed by new information that becomes available as a result of other regulatory filings or actions, including integrated resource plans or State and federal energy policies. Nothing in this Agreement affects or limits any Party's ability to raise any prudence issues with regards to PacifiCorp's decisions regarding Closure of an Interim Period Resource.

Subject to the possible effects of Limited Realignment, the Parties agree to the following procedures for the Company's coal-fueled Interim Period Resources.

4.1.1. Allocation of Costs at Closure

Upon Closure of a coal-fueled Interim Period Resource, each State that is receiving benefits and is allocated costs associated with the coal-fueled Interim Period Resource at the time of Closure shall continue to be allocated its share of the remaining costs of the coal-fueled Interim

Period Resource in accordance with this 2020 Protocol, which may include the remaining net book value and Commission-approved Decommissioning Costs. The existence of an Exit Order does not change this allocation, and all States assigned benefits and allocated costs from the coal-fueled Interim Period Resource at the time of Closure will be allocated actual costs. Therefore, if every State is being assigned benefits and allocated costs from a coal-fueled Interim Period Resource at the time of Closure, every State will be allocated, in accordance with the method set forth in this Agreement, all the actual costs associated with that coal-fueled Interim Period Resource and its Closure. This can occur, for example, if every State (excepting Washington as discussed in Section 4.1.4) issues an Exit Order with the same Exit Date for a particular coal-fueled Interim Period Resource. This can also occur, for example, if PacifiCorp pursues Closure of a coal-fueled Interim Period Resource prior to a State Exit Date. No Party, by virtue of this Agreement, waives its right to investigate and analyze whether the Company's decision to continue operation or continue an ownership interest is prudent, regardless of the anticipated Closure dates in the tables in Section 4.1.3.

4.1.2 Exit Orders

The Parties, representing diverse and varied interests, have worked in good faith to create a process that allows for States to pursue differing resource portfolios in the future, including decisions to transition out of coal-fueled Interim Period Resources while mitigating resulting effects to the Company and other States. A Commission may issue an Exit Order specifying an Exit Date in a proceeding for approval of this Agreement, a depreciation docket, a rate case, or any other appropriate proceeding.⁶ A Commission Order or other determination that a coal-fueled Interim Period Resource will reach the end of its depreciable life without a specific determination

⁶ An Exit Order is not required from a Commission if a coal-fueled Interim Period Resource is not included in PacifiCorp's rates in that State.

that the State will exit the Interim Period Resource shall not constitute an Exit Order. Provided PacifiCorp secures all applicable approvals, a Company decision to close a coal-fueled Interim Period Resource earlier than previously anticipated does not require the issuance of an Exit Order. An Exit Order does not, by itself, result in Reassignment of shares of a coal-fueled Interim Period Resource to other States or affect an Exiting State's responsibility for its share of the then-remaining net book value of the Interim Period Resource that is being exited.

To provide the Company and States without Exit Orders time to consider the options and address the potential Reassignment of the coal-fueled Interim Period Resource, as set forth in Section 4.2, under this Agreement an Exit Order should provide at least four-years of notice⁷ from the date of the Exit Order to the Exit Date. After an Exit Date, the Exiting State will no longer be allocated any new costs⁸ and will no longer be assigned any benefits associated with that coal-fueled Interim Period Resource, and no other State will be allocated the Exiting State's share of costs nor receive the Exiting State's assigned benefits associated with that coal-fueled Interim Period Resource, unless the costs and benefits are accepted through a Commission Order on Reassignment. Until the Exit Date, an Exiting State shall continue to be assigned the benefits of that coal-fueled Interim Period Resource and shall be allocated costs associated with that coal-fueled Interim Period Resource in accordance with this 2020 Protocol or as determined through the Framework process, which may include costs associated with any remaining net book value, prudently incurred capital additions, prudently incurred Operations and Maintenance ("O&M") expense, and prudently incurred or reasonably estimated Decommissioning Costs.

⁷ Subject to the provisions in Sections 4.1.3 and 4.1.4.

⁸ New costs are costs incurred after the Exit Date to maintain or operate the coal-fueled Interim Period Resource beyond that date. Any costs associated with the operation of a coal-fueled Interim Period Resource and incurred prior to the Exit Date that are allocated to the Exiting State as determined through the 2020 Protocol and that have not yet been collected from customers in that State are still that State's responsibility.

An Exit Order establishes the Exit Date that PacifiCorp will use to propose the allocation of Decommissioning Costs, allocation of capital additions costs, and any other associated costs related to the exit from a coal-fueled Interim Period Resource as outlined in the 2020 Protocol. PacifiCorp will timely propose to Parties from an Exiting State a method to address the treatment of these costs for ratemaking, such that costs and benefits remain matched in customer rates.

Following receipt of an Exit Order, the Company will file in accordance with Section 4.2 to allow States without Exit Orders the opportunity to evaluate the potential Reassignment of the coal-fueled Interim Period Resource. For regulatory efficiency, Section 4.1.3 establishes timeframes for addressing Exit Orders from coal-fueled Interim Period Resources by Oregon and the potential Reassignment of those resources to other States.

4.1.3 Oregon Exit Dates

The Oregon Parties and the Company agree to recommend that the dates shown in the tables in this Section 4.1.3 be used in Oregon for service and depreciable lives, and for establishing Oregon's Exit Dates for all coal-fueled Interim Period Resources.

4.1.3.1 Coal-Fueled Interim Period Resources Not Operated by PacifiCorp Subject to Common Closure Dates, Oregon Exit 2023-2027

PacifiCorp anticipates that Cholla Unit 4, Craig Unit 1, Craig Unit 2, Colstrip Unit 3, and Colstrip Unit 4 will have common Closure dates for all States. If PacifiCorp effectuates Closure at Cholla Unit 4, Craig Unit 1, Craig Unit 2, Colstrip Unit 3, or Colstrip Unit 4 on or before the applicable dates identified in the table below, each State will be allocated its share of the costs and benefits of that coal-fueled Interim Period Resource with no transfer of cost responsibility or decommissioning liability among States, in accordance with Section 4.1.1.

PacifiCorp and the Oregon Parties agree to recommend to the Oregon Commission that the dates shown in the table below be used for establishing Oregon's Exit Dates and Oregon

depreciable lives for Cholla Unit 4, Craig Unit 1, Craig Unit 2, Colstrip Unit 3, and Colstrip Unit 4.

Coal-Fueled Interim Period Resource Name	Anticipated Closure Date
Cholla Unit 4	January 1, 2023
Craig Unit 1	December 31, 2025
Craig Unit 2	December 31, 2026
Colstrip Unit 3	December 31, 2027
Colstrip Unit 4	December 31, 2027

PacifiCorp and the Oregon Parties agree that PacifiCorp will make best efforts to effectuate Closure of the units identified above by the anticipated Closure dates, but the Company may need additional time for Closure of Craig Units 1 and 2 and Colstrip Units 3 and 4 due to its joint-owner agreements, and Cholla Unit 4 due to other contractual requirements.

If PacifiCorp has received an Exit Order from Oregon for Craig Unit 1, Craig Unit 2, Colstrip Unit 3, or Colstrip Unit 4 with the same Exit Date as the date set forth in the table above and PacifiCorp does not effectuate Closure by such date, Oregon may elect, at its option, to:

- Continue to take an allocation and assignment of the costs and benefits of such unit for one additional year following the specified Exit Date; or
- Discontinue taking an allocation and assignment of the costs and benefits of such unit as of the specified Exit Date.

Under either election, Oregon will continue to be subject to an allocation of actual Decommissioning Costs if Closure of the unit is effectuated within such one-year period. If Closure of the unit is not effectuated within such one-year period, Oregon will be allocated Decommissioning Costs based on the estimates established pursuant to Section 4.3.

Oregon will be allocated actual Decommissioning Costs if Closure of Cholla Unit 4 occurs on or before January 1, 2023. If Cholla Unit 4 operates beyond January 1, 2023, Oregon will be allocated only estimated Decommissioning Costs as of January 1, 2023.

4.1.3.2. Coal-Fueled Interim Period Resources Operated by PacifiCorp, Oregon Exit Through 2027

The Oregon Parties and the Company agree to recommend to the Oregon Commission that the Exit Date for each coal-fueled Interim Period Resource shown in the following table should be used in Oregon for establishing Oregon's Exit Dates and Oregon depreciable lives for these coal-fueled Interim Period Resources, subject to the other provisions of this Section 4.1.

Coal-Fueled Interim Period Resource	Recommended Oregon Exit Date
Jim Bridger 1	December 31, 2023
Jim Bridger 2	December 31, 2025
Jim Bridger 3	December 31, 2025
Jim Bridger 4	December 31, 2025
Naughton 1	December 31, 2025
Naughton 2	December 31, 2025
Dave Johnston 1	December 31, 2027
Dave Johnston 2	December 31, 2027
Dave Johnston 3	December 31, 2027
Dave Johnston 4	December 31, 2027

Oregon Parties and the Company will strive to have Exit Orders issued on or before December 15, 2020, for the coal-fueled Interim Period Resources reflected in the table above to allow the Company to make filings in the other States in accordance with Section 4.2. If PacifiCorp effectuates Closure for any of the units no later than the dates in the table above, then the provisions of 4.1.1 will apply.

**4.1.3.3. Coal-Fueled Interim Period Resources, Oregon Exit
Date 2028 - 2029**

The Oregon Parties and the Company agree that the recommended Exit Dates for the coal-fueled Interim Period Resources shown in the following table should be used in Oregon for establishing Oregon's Exit Dates and Oregon depreciable lives for these coal-fueled Interim Period Resources for purposes of this Agreement, subject to the other provisions of this Section 4.1.

Coal-Fueled Interim Period Resource Name	Recommended Oregon Exit Date
Hunter 1	December 31, 2029
Hunter 2	December 31, 2029
Hunter 3	December 31, 2029
Huntington 1	December 31, 2029
Huntington 2	December 31, 2029
Wyodak	December 31, 2029

Oregon Parties and the Company will strive to have Exit Orders issued by the Oregon Commission issued by December 31, 2023, for the coal-fueled Interim Period Resources reflected in the table above to allow the Company to make the necessary filings in other States in accordance with Section 4.2. If PacifiCorp effectuates Closure for any of the units no later than the dates in the table above, then the provisions of 4.1.1 will apply.

4.1.4. Washington Exit Orders

The Washington Clean Energy Transformation Act ("CETA") requires coal-fueled Interim Period Resources to be out of Washington rates by December 31, 2025. Section 6.4 of the Framework Issues addressing Limited Realignment is intended to facilitate the removal of coal-fueled Interim Period Resources from Washington rates and address the Washington-allocated share, per the System Generation-Fixed ("SGF") Factor, as defined in Appendix C, of all coal-fueled Interim Period Resources whether or not those resources are included in Washington rates.

Washington Commission approval of the 2020 Protocol will constitute an Exit Order for

Washington, unless modified by Reassignment or Limited Realignment, with an Exit Date of December 31, 2023, for Jim Bridger Unit 1, and December 31, 2025, for Jim Bridger Units 2-4 and Colstrip Unit 4. PacifiCorp and the Washington Parties agree that an Exit Order is not required from the Washington Utilities and Transportation Commission for any coal-fueled Interim Period Resources not currently in Washington rates, and PacifiCorp can evaluate seeking Reassignment upon approval of the 2020 Protocol by the Washington Commission.

4.1.5. Establishment of Exit Dates for Hayden Units 1 and 2

On or before February 1, 2021, the Company will make State-specific recommendations to Commissions for the treatment of Hayden Units 1 and 2. If PacifiCorp effectuates Closure for Hayden Units 1 and 2, then the provisions of 4.1.1 will apply, subject to applicable legal requirements.

4.2. Reassignment of Coal-Fueled Interim Period Resources

4.2.1 Company Proposals for Reassignment

After receipt of any Exit Order, PacifiCorp shall analyze whether it is reasonable to continue to operate the affected coal-fueled Interim Period Resource for customers in one or more of the States without Exit Orders. PacifiCorp may propose Reassignment of a greater share of the coal-fueled Interim Period Resource to such State(s) to match State load and resource balance, or request issuance of an Exit Order.⁹ PacifiCorp shall provide its analysis to Parties in each applicable State and may make a filing with the Commission in each State that, as yet, has not entered an Exit Order for such coal-fueled Interim Period Resource consistent with the timeframes set forth in Sections 4.1 and this Section. If PacifiCorp seeks Reassignment, the analysis shall be accompanied by recommendations as to an anticipated Closure date if Reassignment is accepted

⁹ Provided PacifiCorp secures all applicable approvals, PacifiCorp may effectuate Closure of a Resource without requesting issuance of any Exit Order.

for such coal-fueled Interim Period Resource. Recommended Reassignments, if proposed, should include a range of options, including fallback options based on the potential that one Commission may reject PacifiCorp's recommendation while another Commission may accept the primary recommendation. Notwithstanding this Section 4.2.1, realignment of certain Interim Period Resources serving Washington will be determined subject to resolution of the Limited Realignment Framework Issue or Section 4.1.4 as applicable.

4.2.2 Process and Timing

Consistent with Section 4.1, for those coal-fueled Interim Period Resources, with an Exit Date on or before December 31, 2027, the filings including the Company's analysis and recommendations are targeted to occur by February 1, 2021. For those coal-fueled Interim Period Resources with an Exit Date after December 31, 2027, and on or before December 31, 2029, the filings including the Company's analysis and recommendations are targeted to occur by June 30, 2024, for Exit Orders that are received by December 31, 2023. Where possible, PacifiCorp will make such filings concurrently in each State without an Exit Order so that each unit or plant can be analyzed as a whole. To the extent a delay to these targeted filing dates is necessary, the Company will provide notice to the Parties and Commissions explaining the reason and expected filing dates. For coal-fueled Interim Period Resources with Exit Orders with different Exit Dates, the Company will provide its analysis to the States without Exit Orders within six months after the date any Exit Order is issued by any Commission, subject to the provisions of Section 4.1.4 for the Washington Exit Orders.

If PacifiCorp makes filings pursuant to this Section in multiple States without Exit Orders, then within 60 days from the date the last Commission issues an order pertaining to such filings, PacifiCorp will submit a supplemental filing with each Commission in the State(s) without Exit

Orders summarizing the decisions made by each Commission and PacifiCorp's recommendations regarding the implications.

4.2.3 Effects of Commission Decisions Regarding Assignment

If one or more Commissions have entered orders accepting, collectively, one-hundred percent¹⁰ of the cost allocation of a coal-fueled Interim Period Resource beyond any Exit Date, the costs and benefits of the coal-fueled Interim Period Resource after such Exit Date shall be Reassigned to the States in accordance with the approved Reassignment as specified in the applicable Commission Orders. Supplemental filings will reflect the final Reassignment of each coal-fueled Interim Period Resource as a result of the Reassignment process and Commission Orders.

If two or more Commissions have entered orders requesting, collectively, more than one-hundred percent¹¹ of the cost allocation and associated benefits of a coal-fueled Interim Period Resource beyond any Exit Date, the Company will recommend a pro-rata Reassignment up to one hundred percent in accordance with the approved Reassignment as specified in the applicable Commission Orders. Supplemental filings will reflect this pro-rata treatment of each coal-fueled Interim Period Resource as a result of the pro-rata Reassignment process for further review and approval by the Commissions.

If Commissions do not agree to accept one-hundred percent cost allocation, collectively, of a coal-fueled Interim Period Resource beyond an Exit Date, as part of its supplemental filings, the Company will provide its recommendations on the treatment of any shortfall in the Reassignment

¹⁰ Based on PacifiCorp's ownership interest in the coal-fueled Interim Resource, whether wholly-owned or jointly-owned.

¹¹ Based on PacifiCorp's ownership interest in the coal-fueled Interim Resource, whether wholly-owned or jointly-owned.

of a coal-fueled Interim Period Resource or recommendations on capacity reductions through Closures for further Commission consideration.

In the event of either common Exit Dates for all States or Closure as a result of the Reassignment process or other appropriate regulatory proceedings, the provisions of Section 4.1.1 will apply.

4.3. Decommissioning Costs

4.3.1. Process for Determining Decommissioning Cost Allocation

4.3.1.1. Decommissioning Studies

The Company intends to undertake a contractor-assisted engineering study of decommissioning costs and to make best efforts to complete the study by January 15, 2020, to estimate appropriate Decommissioning Cost reserve requirements for the Jim Bridger, Dave Johnston, Hunter, Huntington, Naughton, Wyodak, and Hayden coal-fueled Interim Period Resources. Colstrip will also be included in the contractor-assisted engineering study of decommissioning costs, and the Company will make best efforts to complete that portion of the study by March 15, 2020. The Company will provide the information from the study to the States as a supplemental filing in all applicable depreciation dockets. The study results will be used to inform the Company's recommendation on the amount of Decommissioning Cost responsibility to be allocated to States for coal-fueled Interim Period Resources that States exit at different times. The Company will retain and make available the Decommissioning Studies in future regulatory proceedings.

4.3.1.2. Decommissioning Studies Update

The Company intends to undertake the same process to complete an update to the Decommissioning Studies by no later than June 30, 2024, to estimate appropriate Decommissioning Cost reserve requirements for the Craig, Hunter, Huntington, and Wyodak coal-

fueled Interim Period Resources (collectively with the studies discussed in the paragraph above constituting the Decommissioning Studies), which will be incorporated into a Company-sponsored depreciation study. The Company will retain and make available the Decommissioning Studies update in future regulatory proceedings.

4.3.1.3. Commission Determination of Decommissioning Costs

No Party will be bound by the Decommissioning Cost estimates in the Decommissioning Studies undertaken pursuant to Paragraphs 4.3.1.1 and 4.3.1.2, and final determination of each State's just and reasonable Decommissioning Cost allocation for each coal-fueled Interim Period Resource will remain exclusively with each Commission and will be determined in the depreciation dockets in which the Decommissioning Costs are included.¹²

4.3.1.4. Decommissioning Costs Allocation

For coal-fueled Interim Period Resources having a common operating life across all States, each State shall be allocated its share of actual Decommissioning Costs based on either an SG Factor (if closed during the Interim Period) or an Assigned Production ("AP") Factor, adjusted for any Reassignment or Limited Realignment effects (if closed after the Interim Period). For coal-fueled Interim Period Resources that do not have a common operating life across all States, each Exiting State shall be allocated, using either an SG Factor (if closed during the Interim Period) or an AP Factor, adjusted for any Reassignment or Limited Realignment effects (if closed after the Interim Period), that State's share of estimated Decommissioning Costs based on the Decommissioning Studies described in Sections 4.3.1.1 and 4.3.1.2. If the Decommissioning Costs ordered to be included in the reserve balance established for an Exiting State are less than the estimated Decommissioning Costs allocated to that Exiting State as specified above, such

¹² For California, Decommissioning Costs will be addressed in PacifiCorp's next general rate case.

difference shall not be allocated to any other State under any circumstance. If PacifiCorp effectuates Closure of a coal-fueled Interim Period Resource after one or more States have exited from the Resource, the Company may, with the burden of proof and subject to PacifiCorp supporting its proposal in testimony,¹³ propose to allocate to and collect from each State that is participating in that Resource at the time of Closure that State's share, based on either an SG Factor (if closed during the Interim Period) or an AP Factor, adjusted for any Reassignment or Limited Realignment effects (if closed after the Interim Period), of actual Decommissioning Costs less the regulatory liabilities for Exiting States including interest as described in Section 4.3.2 and less any difference between the reserve balance established for each Exiting State and the estimated costs allocated to each Exiting State as described above. Parties in such State(s) may take any position regarding a Company request to recover Decommissioning Costs.

4.3.2. Accounting for Decommissioning Costs Reserve Balances when All States Do Not Exit a Unit

After an Exit Date by some but not all States, the estimated Decommissioning Costs reserves allocated to the Exiting State(s) associated with a coal-fueled Interim Period Resource unit, from which that State is exiting, will be accounted for as a regulatory liability that is excluded from rate base. Interest will be accrued on that regulatory liability at the Company's then-authorized weighted average cost of capital¹⁴ for each State that continues to participate in that coal-fueled Interim Period Resource after an Exit Date until the decommissioning work on that unit is completed.

¹³ PacifiCorp's testimony will identify and explain the variances between estimated and actual Decommissioning Costs.

¹⁴ Not to exceed the maximum carrying charge allowed by applicable law or Commission Order.

4.3.3. Accounting for Interim and Final Retirements

Before any State exits a coal-fueled Interim Period Resource, but no later than December 31, 2021, the Company shall propose to the Parties a process for separately accounting for removal costs associated with interim retirements and final Decommissioning Costs in its accounting system. Each State may determine the regulatory treatment for such removal costs in appropriate proceedings.

4.3.4. Individual State Review Process

Any Party, at its discretion and cost, may pursue actions it deems necessary or appropriate to review and evaluate the Decommissioning Studies or Decommissioning Costs and may take any positions based on its review and findings. If a Commission issues an order identifying an independent evaluator for the Decommission Studies, and the Commission Order provides for the deferral and later recovery in rates of the cost of the independent evaluator, the Company agrees to initially pay for this independent evaluation.

4.4. Qualifying Facilities

The allocation of QF PPAs shall be treated in accordance with Sections 4.4.1 and 4.4.2 of this 2020 Protocol, superseding Section (IV)(A)(3) of the 2017 Protocol. For Washington, QF PPAs will be assigned and allocated consistent with the terms of Appendix F during the Interim Period. Other than addressing the allocation of the costs and assignment of benefits of QF PPAs among the States, this 2020 Protocol does not restrict or affect any Commission's jurisdiction over any agreement or interaction between QFs and the Company. QF PPAs shall be treated in the following manner for allocation and assignment purposes.

4.4.1. Existing QF PPAs

QF PPAs fully executed¹⁵ or as to which a legally enforceable obligation exists¹⁶ on or before December 31, 2019 ("Existing QF PPAs") will remain system assigned and allocated, subject to any Limited Realignment in Section 6.4, until the end of 2029, after which time they will be situs assigned and allocated to the State having jurisdiction over the QF PPA for avoided cost pricing ("State of Origin").

4.4.1.1. Wyoming QF Adjustment

The Company agrees to include: (1) a \$5 million adjustment, annually, to reduce Net Power Costs in Wyoming customer rates¹⁷ beginning January 1, 2021, until December 31, 2022; and (2) a \$7.175 million adjustment, annually, to reduce Net Power Costs in Wyoming customer rates from January 1, 2023, until December 31, 2029.¹⁸ This adjustment will terminate on or before December 31, 2029, or upon issuance of any order by the Wyoming Commission that changes Wyoming's treatment of the Implemented Issues or the Resolved Issues from the terms of the 2020 Protocol. The adjustment shall be made solely at the Company's expense and not allocated to any other States.

4.4.2. New QF PPAs

QF PPAs fully executed or as to which a legally enforceable obligation exists after December 31, 2019, ("New QF PPAs") will be situs assigned and allocated for ratemaking proceedings pertaining to periods beginning on or after January 1, 2020, to the State of Origin.

¹⁵ Fully executed means executed and delivered by each party to the other party.

¹⁶ Any such legally enforceable obligation date must be confirmed by an order from the applicable Commission issued prior to the end of the Interim Period.

¹⁷ The Wyoming QF adjustment will be included in the base ECAM costs forecasted in a general rate case with rates effective on or after January 1, 2021. The Wyoming QF adjustment will be trued up in the ECAM at 100% (sharing-bands do not apply).

¹⁸ The Wyoming QF adjustment shall be removed from base ECAM costs on December 31, 2029, or as otherwise specified in Section 4.4.1.1, so that no adjustment flows through to customers in rates after that date unless it was deferred in the ECAM prior to December 31, 2029.

4.4.2.1. Interim Period Treatment – Pre-Nodal Pricing Model

For the Interim Period, the energy output of New QF PPAs will be dynamically allocated per this agreement using the SG Factor, priced at a forecasted reasonable energy price defined below, and any cost of a New QF PPA above the forecasted reasonable energy price will be situs assigned and allocated to the State of Origin. The forecasted reasonable energy price is a single blended market price derived from the Company's Official Forward Price Curve ("OFPC"), scaled for hourly prices, that was used for setting QF pricing for the New QF PPA. The single blended market price is calculated by applying the appropriate weighting to the hourly scaled prices from the OFPC for each market hub. The weightings per market hub are identified in the table below. The weighting will be applied by month and by heavy load hours ("HLH") and light load hours ("LLH"). The forecasted reasonable energy price, used for allocation purposes, shall be established at the time a QF PPA is fully executed.

Market Hub Weighting by Month - HLH												
Market	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
COB	0.00%	0.55%	1.34%	0.82%	3.45%	4.01%	8.41%	3.69%	8.58%	0.97%	1.79%	1.20%
Mid Columbia	24.42%	30.21%	55.74%	63.22%	70.84%	87.39%	81.05%	83.85%	75.88%	42.27%	34.30%	40.74%
Palo Verde	1.52%	2.53%	1.07%	0.66%	0.54%	0.03%	0.76%	1.89%	1.85%	2.55%	3.45%	0.30%
Four Corners	64.72%	58.68%	35.94%	27.40%	16.15%	5.75%	4.12%	2.17%	3.82%	45.79%	52.88%	44.47%
Mead	0.18%	0.13%	1.23%	1.46%	1.52%	1.74%	1.95%	3.30%	6.64%	0.33%	0.12%	0.57%
Mona	9.16%	7.90%	2.94%	2.03%	1.79%	0.74%	0.01%	0.18%	1.82%	7.82%	7.46%	2.18%
NOB	0.00%	0.00%	1.75%	4.40%	5.72%	0.33%	3.70%	4.92%	1.41%	0.27%	0.00%	10.54%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Market Hub Weighting by Month - LLH												
Market	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
COB	0.00%	0.99%	5.17%	3.53%	15.50%	15.16%	5.97%	1.21%	0.31%	2.43%	3.44%	1.16%
Mid Columbia	58.74%	60.10%	76.58%	66.36%	71.82%	80.41%	85.52%	92.26%	83.27%	62.78%	66.30%	59.09%
Palo Verde	0.00%	1.12%	0.42%	0.04%	0.39%	0.40%	2.71%	3.04%	0.00%	0.92%	1.91%	2.30%
Four Corners	33.45%	34.66%	13.63%	26.49%	10.44%	3.30%	5.35%	2.39%	11.60%	27.69%	26.36%	29.65%
Mead	0.00%	0.06%	0.94%	0.44%	0.93%	0.47%	0.25%	0.00%	0.00%	0.57%	0.00%	0.00%
Mona	7.81%	3.07%	1.54%	2.41%	0.92%	0.27%	0.00%	1.11%	4.82%	5.61%	1.99%	7.80%
NOB	0.00%	0.00%	1.71%	0.73%	0.00%	0.00%	0.20%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

4.4.2.2. Post-Interim Period Treatment

After the conclusion of the Interim Period, assuming resolution and Commission approval of all Framework Issues, the Parties agree that New QF PPAs will be situs assigned and the costs

and benefits will be allocated and assigned per the methodology developed through the Framework process in Section 6.2.

5. Resolved Issues - Post-Interim Period Implementation

The Parties agree, conditioned upon reaching agreement on a Post-Interim Period Method on the future allocation treatment described in this Section 5 for certain benefits, revenues, costs, and investments. As stated in Section 2, these Resolved Issues of the 2020 Protocol are intended to take effect with the implementation of the Post-Interim Period Method. Parties acknowledge that conditions may change materially in unforeseen ways during the Interim Period and that it may be necessary to re-evaluate Resolved Issues as part of the Post-Interim Period Method. The Resolved Issues are identified below.

5.1. Generation Costs

Following the Interim Period, a fixed share of the Interim Period Resources will be assigned to serve load in each State. The costs and benefits, including environmental attributes, associated with each Interim Period Resource will be allocated and assigned in accordance with the Interim Period Resources fixed allocation provisions (Section 5.1.1), Reassignment of coal-fueled Interim Period Resources (Section 4.2), and Limited Realignment (Section 6.4).

5.1.1. Interim Period Resources Fixed Allocation

Interim Period Resources will be assigned and allocated to States based on the SGF Factor for each State as defined in Appendix C. The load information used to determine the SGF Factor is subject to modification for the inclusion or exclusion of Special Contract loads as determined through the Framework process for resolution of issues addressed in Section 6.3. The SGF Factor is used to develop the AP Factor for each unit. Additionally, Interim Period Resources will be subject to the Limited Realignment as outlined in Section 6.4 and the Reassignment of Interim