

May 5, 2023

***VIA ELECTRONIC FILING***Public Utility Commission of Oregon  
Attn: Filing Center  
201 High Street SE, Suite 100  
Salem, OR 97301-3398**Re: Advice No. 23-011—Schedule 94—Wildfire Mitigation and Vegetation Management  
Cost Recovery Adjustment**

In accordance with ORS 757.205, ORS 757.210, and OAR 860-022-0025 and -0030, PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) submits for filing the following proposed tariff page associated with Tariff P.U.C. OR No. 36 which sets forth all rates, tolls, charges, rules, and regulations applicable to electric service in Oregon. The purpose of this filing is to update Schedule 94—Wildfire Mitigation and Vegetation Management (WMVM) Cost Recovery Adjustment (Schedule 94). The WMVM mechanism was adopted in Order No. 20-473 and implementation of Schedule 94 was subsequently approved in Advice No. 21-015 to recover incremental costs authorized for recovery through the WMVM mechanism. The WMVM was modified by the first partial stipulation (Stipulation) approved in PacifiCorp’s last general rate case in docket UE 399, Order No. 22-491. In accordance with Order No. 20-473, PacifiCorp respectfully requests an effective date of November 5, 2023.

<u>Sheet No.</u>	<u>Tariff</u>	<u>Title</u>
Second Revision of Sheet No. 94	Schedule 94	Wildfire Mitigation and Vegetation Management Cost Recovery Adjustment

To support this filing and meet the requirements of OAR 860-022-0025 and OAR 860-022-0230, Pacific Power submits the tariff sheet listed above along with the following Attachment(s):

1. Exhibit A – Calculation of Proposed Rates
2. Exhibit B – Estimated Effect of Proposed Rate Change
3. Exhibit C – 2022 Earnings Test

**Background**

In Order No. 20-473, the Commission authorized PacifiCorp to recover deferred operations and maintenance (O&M) costs and the revenue requirement for incremental wildfire mitigation capital projects placed in service during the prior year and directed PacifiCorp to include the following information in the annual filing:

1. Vegetation management and wildfire mitigation O&M expenditures associated with the amount recovered in base rates;
2. Total incremental vegetation management O&M expenditures;

3. Total incremental wildfire mitigation O&M expenditures;
4. Total incremental wildfire mitigation capital expenditures; and,
5. Narrative description of the effect, if any, that the earnings test and performance metrics have on the recovery of incremental costs.

PacifiCorp's first WMVM annual filing was made on May 5, 2022. The Commission approved the filing for rates effective November 5, 2022.

In Order No. 22-491 the Commission approved the Stipulation in docket UE 399 that made changes to the annual WMVM filing. The first change eliminates the two-tiered approach, under which the first tier is subject to a more rigorous earnings review than the second tier. The second change extends the WMVM through the end of 2024 unless PacifiCorp files a general rate case with a new forecast for 2024. And finally, the third change modifies the WMVM violation levels for recovery of incremental costs: The Stipulation also stated that the modified WMVM "will apply to requests for recovery under the WMVM filed in 2023 (for 2022 vegetation management and wildfire mitigation costs incremental to the \$30 million in base rates)".

This filing is made in compliance with Order No. 20-473 and Order No. 22-491 adopting the Stipulation and includes O&M expenditures from January 1, 2022 through December 31, 2022. There are no capital costs included in this filing.

#### **Wildfire Mitigation and Vegetation Management O&M**

In Order No. 20-473 PacifiCorp was authorized to recover \$30.0 million in base rates, Oregon allocated, for wildfire mitigation and vegetation management O&M expenditures. As shown in Table 1 below, PacifiCorp incurred incremental total-company actual O&M expenditures of \$30.1 million (\$24.9 million Oregon allocated). These costs represent the base vegetation management program work, such as tree trimming and routine tree removal. The largest portion of the increase reflects the transition from a 4-year cycle to a 3-year cycle, resulting in an increase in the volume of work where the more robust cycle work specification and scope was applied. Increased labor costs have been experienced as the market for vegetation management workers has become more competitive. This has not only increased the base labor costs for the vegetation management program but has also increased costs for labor premiums to attract additional travel crews to the area.

**Table 1**  
**WMVM Deferral Mechanism**  
**Incremental O&M Expense Summary**

	<b>Amount in Base Rates \$(millions)</b>	<b>Total Company Actual Vegetation Spend \$(millions)</b>	<b>Total Company Incremental Vegetation Spend \$(millions)</b>	<b>Oregon Allocated Incremental Vegetation Spend \$(millions)</b>
<b>Vegetation Management O&amp;M</b>				
Program Work – Distribution	30.0	53.1	23.1	23.1
Program Work – Transmission		7.0	7.0	1.8
<b>Total</b>	<b>30.0</b>	<b>60.1</b>	<b>30.1</b>	<b>24.9</b>

**Wildfire Mitigation Capital Investments Placed In-Service**

In Order No. 20-473 PacifiCorp was authorized to include incremental wildfire mitigation capital expenditures in the WMVM mechanism. There are no incremental wildfire mitigation capital expenditures in 2022 to be recovered through the WMVM mechanism. All wildfire mitigation capital expenditures in 2022 are included in the projects identified in the Company’s 2022 Wildfire Mitigation Plan (WPP or WMP) and are recovered through a separate mechanism.

**Review of Performance Metrics**

Per Order No. 20-476, “the performance metrics will be applied using the results of Safety Staff’s audit, available in September or October, just prior to the November rate-effective date.”<sup>1</sup> Because of the results of the earnings test described further below, the performance metrics will have no impact on the overall recovery of incremental costs.

**Earnings Test**

Per Order No. 20-476, as modified by Order No. 22-491, recovery of incremental O&M expenditures over the \$30 million included in base rates plus incremental capital are subject to performance metrics and the corresponding earnings test as set forth below.

---

<sup>1</sup> Order No. 20-476 at page 122.

Performance Metric (Number of Violations)	Earnings Test (Return on Equity (ROE))
0 – 150	None
151 - 225	Authorized ROE minus 100 basis points (8.5%)
226 - 325	Authorized ROE minus 150 basis points (8.0%)
326+	Authorized ROE minus 200 basis points (7.5%)

PacifiCorp has recently completed its December 2022 Oregon Results of Operations, including the earnings test calculation for the Power Cost Adjustment Mechanism. Consistent with the Company's last WMVM filing on May 5, 2021, the Company is using this same earnings test return on equity (ROE) for the WMVM filing as it reflects Type 1 results without weather adjustments. This earnings test provided as Exhibit C, shows PacifiCorp earned a 3.072 percent ROE for 2022, well below the most restrictive earnings test for recovery under the WMVM.

### **Revenue Requirement and Proposed Change to Schedule 94**

As shown in Table 2 below, the overall amount of the Oregon-allocated incremental WMVM costs incurred in 2022 adjusted for Franchise Tax and Bad Debt is \$25.7 million. This is an increase over the WMVM amount currently in rates of \$10.1 million. The proposed change will affect approximately 652,000 customers. The overall rate increase to customers is approximately 0.6 percent. A residential customer using 900 kilowatt-hours per month will see a monthly bill increase of approximately \$1.04 per month as a result of this change.

**Table 2: Revenue Requirement**

	2022 Vegetation Management Expenses Deferred			
	12 ME Dec 2022 Test Period			
	Total Company	Factor	Factor %	Oregon Allocated
Operation & Maintenance				
Transmission	6,995,809	SG	26.0226%	1,820,494
Distribution	23,065,332	OR	100.0000%	23,065,332
Depreciation	-			-
Property Taxes	-			-
Rev. Req. Before Franchise Tax & Bad Debt	30,061,141			24,885,826
Franchise Taxes (2.366%)	734,613			608,142
Bad Debt Expense (0.336%)	104,247			86,300
Resource Suppliers Tax (0.129%)	40,053			33,157
PUC Fee (0.350%)	108,671			89,962
<b>Total Revenue Requirement</b>	<b>31,048,724</b>			<b>25,703,387</b>

Public Utility Commission of Oregon

May 5, 2023

Page 5

The Company requests that all formal information requests regarding this advice filing be addressed to:

By email (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

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

Informal questions regarding this advice filing may be directed to Cathie Allen, Regulatory Affairs Manager, at (503) 813-5934.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matthew McVee', with a stylized flourish at the end.

Matthew McVee  
Vice President, Regulatory Policy and Operations

Enclosures

## PROPOSED TARIFF

**WILDFIRE MITIGATION AND VEGETATION MANAGEMENT COST RECOVERY  
 ADJUSTMENT**
**Purpose**

The purpose of this schedule is to implement the wildfire mitigation and vegetation management cost recovery mechanism consistent with Order No. 20-473.

**Applicable**

To all Residential and Nonresidential Consumers.

**Monthly Billing**

All bills calculated in accordance with Schedules contained in the presently effective Tariff will have applied an amount equal to the product of all kWh multiplied by the following applicable rate as listed by Delivery Service schedule.

Schedule 4	0.259 ¢ per kWh
Schedule 5	0.259 ¢ per kWh
Schedule 15	1.431 ¢ per kWh
Schedule 23, 723	0.291 ¢ per kWh
Schedule 28, 728	0.111 ¢ per kWh
Schedule 30, 730	0.075 ¢ per kWh
Schedule 41, 741	0.307 ¢ per kWh
Schedule 47, 747	0.047 ¢ per kWh
Schedule 48, 748, 848	0.047 ¢ per kWh
Schedule 51, 751	1.390 ¢ per kWh
Schedule 53, 752	0.175 ¢ per kWh
Schedule 54, 754	0.219 ¢ per kWh

(l)

(l)

## Exhibit A – Calculation of Proposed Rates



**PACIFIC POWER**  
**State of Oregon**  
**Proposed Wildfire Mitigation and Vegetation Management Cost Recovery Adjustment - Schedule 94**

**FORECAST 12 MONTHS ENDED DECEMBER 31, 2024**

Line No.	Description	Sch No.	No. of Cust	Distribution MWh*	Present Distribution Revenues	Distribution Rate Spread	Proposed WMVM	
							Rates	Revenues
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b><u>Residential</u></b>								
1	Residential	4	540,041	5,829,081	\$318,437	58.732%	0.259	\$15,097
2	<b>Total Residential</b>		540,041	5,829,081	\$318,437			\$15,097
<b><u>Commercial &amp; Industrial</u></b>								
3	Gen. Svc. < 31 kW	23	85,313	1,166,351	\$71,508	13.189%	0.291	\$3,394
4	Gen. Svc. 31 - 200 kW	28	10,587	2,084,027	\$48,965	9.031%	0.111	\$2,313
5	Gen. Svc. 201 - 999 kW	30	872	1,325,081	\$20,829	3.842%	0.075	\$994
6	Large General Service >= 1,000 kW	48	182	6,123,426	\$61,136	11.791%	0.047	\$2,878
7	Partial Req. Svc. >= 1,000 kW	47	6	32,263	\$1,575		0.047	\$15
8	Dist. Only Lg Gen Svc >= 1,000 kW	848	1	270,182	\$1,219		0.047	\$127
9	Agricultural Pumping Service	41	7,913	237,644	\$15,391	2.839%	0.307	\$730
10	<b>Total Commercial &amp; Industrial</b>		104,874	11,238,974	\$220,622			\$10,451
<b><u>Lighting</u></b>								
11	Outdoor Area Lighting Service	15	5,703	2,054	\$620	0.114%	1.431	\$29
12	Street Lighting Service Comp. Owned	51	1,121	7,381	\$2,163	0.399%	1.390	\$103
13	Street Lighting Service Cust. Owned	53	292	7,519	\$277	0.051%	0.175	\$13
14	Recreational Field Lighting	54	100	1,394	\$64	0.012%	0.219	\$3
15	<b>Total Public Street Lighting</b>		7,215	18,348	\$3,125			\$148
16	<b>Subtotal</b>		652,131	17,086,403	\$542,184	100.000%		\$25,696
17	Employee Discount		975	13,481	(\$177)		(0.065)	(\$9)
18	<b>Total</b>		652,131	17,086,403	\$542,007			\$25,688

\* Includes Distribution Only consumer MWh and lighting tariff MWh.

## Exhibit B – Estimated Effect of Proposed Rate Change

**PACIFIC POWER**  
**ESTIMATED EFFECT OF PROPOSED PRICE CHANGE**  
**ON REVENUES FROM ELECTRIC SALES TO ULTIMATE CONSUMERS**  
**DISTRIBUTED BY RATE SCHEDULES IN OREGON**  
**FORECAST 12 MONTHS ENDED DECEMBER 31, 2024**

Line No.	Description	Sch No.	No. of Cust	MWh	Present Revenues (\$000)			Proposed Revenues (\$000)			Change				Line No.
					Base Rates	Adders <sup>1</sup>	Net Rates	Base Rates	Adders <sup>1</sup>	Net Rates	Base Rates		Net Rates		
					(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(8) - (5)	(11)/(5)	(10) - (7)	(13)/(7)	(15)	
<b>Residential</b>															
1	Residential	4	540,041	5,829,081	\$737,548	\$8,977	\$746,525	\$737,548	\$15,622	\$753,170	\$0	0.0%	\$6,645	0.9%	1
2	<b>Total Residential</b>		540,041	5,829,081	\$737,548	\$8,977	\$746,525	\$737,548	\$15,622	\$753,170	\$0	0.0%	\$6,645	0.9%	2
<b>Commercial &amp; Industrial</b>															
3	Gen. Svc. < 31 kW	23	85,313	1,166,351	\$149,483	\$2,496	\$151,978	\$149,483	\$3,930	\$153,413	\$0	0.0%	\$1,435	0.9%	3
4	Gen. Svc. 31 - 200 kW	28	10,587	2,084,027	\$186,116	\$20,590	\$206,706	\$186,116	\$21,278	\$207,394	\$0	0.0%	\$688	0.3%	4
5	Gen. Svc. 201 - 999 kW	30	872	1,325,081	\$105,890	\$12,417	\$118,307	\$105,890	\$12,669	\$118,559	\$0	0.0%	\$252	0.2%	5
6	Large General Service >= 1,000 kW	48	182	6,123,426	\$435,177	\$16,877	\$452,053	\$435,177	\$17,550	\$452,727	\$0	0.0%	\$674	0.2%	6
7	Partial Req. Svc. >= 1,000 kW	47	6	32,263	\$4,320	\$88	\$4,409	\$4,320	\$92	\$4,412	\$0	0.0%	\$4	0.2%	7
8	Dist. Only Lg Gen Svc >= 1,000 kW	848	1	0	\$1,219	\$111	\$1,329	\$1,219	\$140	\$1,359	\$0	0.0%	\$30	2.2%	8
9	Agricultural Pumping Service	41	7,913	237,644	\$30,384	(\$2,916)	\$27,468	\$30,384	(\$2,616)	\$27,768	\$0	0.0%	\$299	1.1%	9
10	<b>Total Commercial &amp; Industrial</b>		104,874	10,968,792	\$912,589	\$49,663	\$962,251	\$912,589	\$53,043	\$965,632	\$0	0.0%	\$3,380	0.4%	10
<b>Lighting</b>															
11	Outdoor Area Lighting Service	15	5,703	8,050	\$788	\$242	\$1,031	\$788	\$249	\$1,037	\$0	0.0%	\$7	0.6%	11
12	Street Lighting Service Comp. Owned	51	1,121	21,063	\$2,715	\$933	\$3,648	\$2,715	\$957	\$3,672	\$0	0.0%	\$24	0.7%	12
13	Street Lighting Service Cust. Owned	53	292	7,519	\$392	\$221	\$613	\$392	\$224	\$616	\$0	0.0%	\$3	0.5%	13
14	Recreational Field Lighting	54	100	1,394	\$88	\$52	\$140	\$88	\$53	\$140	\$0	0.0%	\$1	0.4%	14
15	<b>Total Public Street Lighting</b>		7,215	38,026	\$3,983	\$1,448	\$5,431	\$3,983	\$1,482	\$5,465	\$0	0.0%	\$34	0.6%	15
16	<b>Subtotal</b>		652,131	16,835,899	\$1,654,120	\$60,087	\$1,714,207	\$1,654,120	\$70,147	\$1,724,267	\$0	0.0%	\$10,060	0.6%	16
17	Employee Discount		975	13,481	(\$419)	(\$5)	(\$424)	(\$419)	(\$9)	(\$428)	\$0		(\$4)		17
17	Paperless Credit				(\$2,072)		(\$2,072)	(\$2,072)		(\$2,072)	\$0		\$0		17
18	AGA Revenue				\$3,521		\$3,521	\$3,521		\$3,521	\$0		\$0		18
19	COOC Amortization				\$1,767		\$1,767	\$1,767		\$1,767	\$0		\$0		19
20	<b>Total Sales with AGA</b>		652,131	16,835,899	\$1,656,916	\$60,082	\$1,716,998	\$1,656,916	\$70,138	\$1,727,054	\$0	0.0%	\$10,056	0.6%	20

<sup>1</sup> Excludes effects of the Low Income Bill Payment Assistance Fund (Sch. 91), Low Income Discount Cost Recovery Adjustment (Sch. 92), BPA Credit (Sch. 98), Public Purpose Charge (Sch. 290) and System Benefits Charge (Sch. 291).

<sup>2</sup> Percentages shown for Schedules 48 and 47 reflect the combined rate change for both schedules

## Exhibit C – 2022 Earnings Test

**PACIFICORP**  
State of Oregon  
**Actual, Adjusted & Normalized Results of Operations - 2020 Protocol**  
**Results of Operations December 2022**  
**EXCLUDING TYPE 1 ADJUSTMENTS FOR NORMALIZING HYDRO & WEATHER**

	(1) Unadjusted Results	(2) Type 1 Adjustments	(3) Total Adjusted Actual Results	(4) Type 1 NPC Adjustments	(5) Total Adjusted Actual Results Less Type 1 NPC Adjustments
<b>1 Operating Revenues:</b>					
2 General Business Revenues	1,264,763,577	(26,726,964)	1,238,036,613	20,583,027	1,258,619,640
3 Interdepartmental	-	-	-	-	-
4 Special Sales	74,869,632	-	74,869,632	-	74,869,632
5 Other Operating Revenues	71,161,380	(4,616,202)	66,545,178	-	66,545,178
6 Total Operating Revenues	1,410,794,589	(31,343,166)	1,379,451,423	20,583,027	1,400,034,450
<b>7 Operating Expenses:</b>					
8 Steam Production	247,001,716	(4,111,766)	242,889,950	-	242,889,950
9 Nuclear Production	-	-	-	-	-
10 Hydro Production	10,407,177	1,972,786	12,379,963	-	12,379,963
11 Other Power Supply	425,225,289	(14,076,049)	411,149,240	13,585,712	424,734,952
12 Transmission	63,680,935	(1,097)	63,679,838	-	63,679,838
13 Distribution	71,415,268	(16,604)	71,398,664	-	71,398,664
14 Customer Accounting	23,182,019	(13,700)	23,168,319	-	23,168,319
15 Customer Service & Info	4,625,118	18,083	4,643,201	-	4,643,201
16 Sales	-	-	-	-	-
17 Administrative & General	72,343,532	(11,015,166)	61,328,366	-	61,328,366
18 Total O&M Expenses	917,881,054	(27,243,512)	890,637,542	13,585,712	904,223,254
19 Depreciation	267,503,516	28,294,891	295,798,407	-	295,798,407
20 Amortization	17,386,956	(6,748,553)	10,638,402	-	10,638,402
21 Taxes Other Than Income	74,678,278	6,057,486	80,735,764	-	80,735,764
22 Income Taxes - Federal	(68,169,123)	(3,387,378)	(71,556,500)	1,402,087	(70,154,413)
23 Income Taxes - State	(4,227,272)	(767,147)	(4,994,419)	317,534	(4,676,885)
24 Income Taxes - Def Net	17,991,807	(645,569)	17,346,238	-	17,346,238
25 Investment Tax Credit Adj.	-	-	-	-	-
26 Misc Revenue & Expense	(104,881)	77,661	(27,220)	-	(27,220)
27 Total Operating Expenses:	1,222,940,335	(4,362,121)	1,218,578,214	15,305,334	1,233,883,547
28 Operating Rev For Return:	187,854,254	(26,981,044)	160,873,209	5,277,693	166,150,903
<b>29 Rate Base:</b>					
30 Electric Plant In Service	8,939,936,630	(39,998,655)	8,899,937,975	-	8,899,937,975
31 Plant Held for Future Use	7,421,371	(7,421,371)	-	-	-
32 Misc Deferred Debits	163,753,435	(82,905,461)	80,847,974	-	80,847,974
33 Elec Plant Acq Adj	816,686	-	816,686	-	816,686
34 Pensions	29,433,483	(29,433,483)	0	-	0
35 Prepayments	19,209,550	-	19,209,550	-	19,209,550
36 Fuel Stock	41,026,467	-	41,026,467	-	41,026,467
37 Material & Supplies	98,686,528	-	98,686,528	-	98,686,528
38 Working Capital	16,060,173	(239,519)	15,820,654	144,666	15,965,320
39 Weatherization Loans	-	-	-	-	-
40 Misc Rate Base	-	-	-	-	-
41 Total Electric Plant:	9,316,344,323	(159,998,489)	9,156,345,833	144,666	9,156,490,499
<b>42 Rate Base Deductions:</b>					
43 Accum Prov For Deprec	(3,035,488,867)	(460,776,046)	(3,496,264,913)	-	(3,496,264,913)
44 Accum Prov For Amort	(214,465,310)	-	(214,465,310)	-	(214,465,310)
45 Accum Def Income Tax	(663,355,959)	24,005,111	(639,350,848)	-	(639,350,848)
46 Unamortized ITC	(48,487)	-	(48,487)	-	(48,487)
47 Customer Adv For Const	(45,078,535)	12,845,546	(32,232,989)	-	(32,232,989)
48 Customer Service Deposits	-	-	-	-	-
49 Misc Rate Base Deductions	(486,139,799)	48,049,621	(438,090,178)	-	(438,090,178)
50 Total Rate Base Deductions	(4,444,576,957)	(375,875,767)	(4,820,452,724)	-	(4,820,452,724)
51 Total Rate Base:	4,871,767,366	(535,874,257)	4,335,893,109	144,666	4,336,037,775
52 Return on Rate Base	3.856%		3.710%		3.832%
53 Return on Equity	3.117%	-0.273%	2.844%		3.072%

- (1) Unadjusted results do not include the impacts of accelerated Oregon Coal-Fired Steam Plant Depreciation and inclusion of Jim Bridger and Trapper Mine rate base additions which are included as Type 1 adjustments.  
(2) Type 1 adjustments involve normalization for out of period historic and unusual items that occur during the test period.  
(3) Type 1 adjustments in column (4) exclude adjustments for weather and hydro normalization

	CAPITAL STRUCTURE	EMBEDDED COST	WEIGHTED COST OF CAPITAL
DEBT	46.69%	4.70%	2.19%
PREFERRED	0.01%	6.75%	0.00%
COMMON	53.30%	9.50%	5.06%
	<u>100.00%</u>		<u>7.26%</u>
Combined tax rate		24.587%	