

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UE 352

In the Matter of

PACIFICORP, dba PACIFIC POWER,

2019 Renewable Adjustment Clause.

ORDER

DISPOSITION: ALL PARTY STIPULATION ADOPTED

**I. INTRODUCTION**

In this order, we adopt a stipulation of all parties and authorize PacifiCorp, dba Pacific Power to recover, effective October 1, 2019, and December 1, 2019, the revenue requirements corresponding with anticipated in-service dates for repowered wind facilities.<sup>1</sup> The repowered wind facilities are Leaning Juniper, Seven Mile Hill I, Seven Mile Hill II, Glenrock I, Goodnoe Hills, High Plains, McFadden Ridge, Marengo I, and Marengo II. PacifiCorp will recover these costs through its Renewable Adjustment Clause Supply Service Adjustment (RAC), Schedule 202. PacifiCorp will implement its RAC rates with two separate Schedule 202 compliance filings, with revised tariff sheets effective October 1, 2019, and December 1, 2019, respectively.

**II. BACKGROUND**

**A. Procedural Background**

On December 28, 2018, PacifiCorp filed revised tariff sheets for Schedule 202, to become effective October 1, 2019. In its filing, PacifiCorp proposes to implement RAC rates providing for the recovery of the revenue requirement associated with repowering nine existing wind resources. Oregon Public Utility Commission Staff, the Oregon Citizens' Utility Board (CUB), the Alliance of Western Energy Consumers (AWEC), Small Business Utility Advocates (SBUA), and Calpine Energy Solutions (Calpine Solutions) participated as parties in the proceeding. The company submitted direct testimony with its initial filing. On March 7, 2019, PacifiCorp submitted corrections to its initial testimony. Staff, CUB, AWEC, and Calpine Solutions filed opening testimony

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<sup>1</sup> In PacifiCorp's 2017 Integrated Resource Plan, the Commission acknowledged with conditions the company's Energy Vision 2020 projects, which included repowering projects. *In the Matter of PacifiCorp, dba Pacific Power, 2017 Integrated Resource Plan*, Docket No. LC 67, Order No. 18-138 (Apr 27, 2018).

on April 2, 2019. PacifiCorp submitted reply testimony on May 8, 2019. On June 3, 2019, Staff, CUB, AWEC, and Calpine Solutions filed rebuttal testimony. The administrative law judges granted PacifiCorp's motions seeking modification, and subsequently, suspension of the procedural schedule on June 21, 2019 and June 26, 2019, respectively.

On August 1, 2019, PacifiCorp, Staff, CUB, AWEC, SBUA, and Calpine Solutions filed a stipulation intended to resolve all of the issues in this docket. The stipulation attached as Appendix A is supported by the joint testimony of the stipulating parties.<sup>2</sup> PacifiCorp responded to bench requests on behalf of the stipulating parties on August 20, 2019. The administrative law judge issued a ruling closing the record on August 30, 2019. On September 6, 2019, the administrative law judge granted the company's motion to supplement the record and admit Exhibit PAC/1100, the final cost update contemplated by the stipulation in advance of the October 1, 2019 effective date for RAC rates.<sup>3</sup>

## **B. Company's Filing**

In its RAC filing, the company proposes recovery of the costs associated with the Oregon-allocated incremental operating expenses and capital revenue requirement associated with repowering nine existing wind resources.<sup>4</sup> Repowering is the upgrade of an existing, operating wind facility with new wind-turbine-generator equipment in order to increase generating capacity and the amount of generation produced from the facility. The repowering projects involve replacing the nacelle,<sup>5</sup> and rotor (blades and hub) of the facilities.<sup>6</sup> The company states that repowering will increase output of the wind resources by 26.7 percent on average, extend the operating lives of the facilities, and allow the facilities to requalify for federal production tax credits (PTCs) for an additional ten years.<sup>7</sup>

PacifiCorp proposed a revenue requirement of \$14.0 million (or 1.1 percent) on October 1, 2019, for repowering projects at Leaning Juniper, Seven Mile Hill I, Seven Mile Hill II, and Glenrock I.<sup>8</sup> The company proposed an incremental revenue requirement increase of \$18.2 million (or 1.4 percent) on December 1, 2019, for

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<sup>2</sup> A witness for each PacifiCorp, Staff, CUB, AWEC, and Calpine Solutions sponsored the joint testimony. Counsel for SBUA participated; SBUA did not present a witness.

<sup>3</sup> Also on September 6, 2019, the administrative law judge granted PacifiCorp's motion to amend the stipulation to correct typographical errors referencing Exhibit PAC/204 rather than Attachment A, Settlement PAC/401.

<sup>4</sup> PAC/400, McDougal/2.

<sup>5</sup> The nacelle is the housing located on top of the tower containing the gear box, low and high speed shafts, generator, controller, and brake. PAC/100, Lockey/7.

<sup>6</sup> PAC/200, Hemstreet/3. The company will not replace the existing foundations, towers, and energy collection systems as part of repowering.

<sup>7</sup> PAC/100, Lockey/7-8, 11.

<sup>8</sup> PAC/100, Lockey/4, 10.

repowering projects at Goodnoe Hills, High Plains, McFadden Ridge, Marengo I, and Marengo II. PacifiCorp proposes RAC adjustment rate effective dates of October 1, 2019, and December 1, 2019, to correspond with anticipated in service dates of the turbines. PacifiCorp proposes adding a special condition to Schedule 202 to allow for a timeline different than the April 1 filing date in the current tariff to accommodate this application without modifying the existing language for future RAC filings.

Also in this filing, PacifiCorp proposes to update the applicability of the company's RAC rate schedule to include direct access customers. Finally, the company proposes revisions to Schedule 202 to remove outdated references to repealed rule OAR 860-022-0041.<sup>9</sup>

### III. INTERVENOR TESTIMONY

Staff, AWEC, Calpine Solutions, and CUB filed testimony in response to PacifiCorp's proposal. Staff determined that PacifiCorp's investment in the nine repowering projects was prudent, contingent on the projects qualifying for PTCs.<sup>10</sup> Staff, AWEC, and CUB each proposed adjustments related to the recovery of the return of the plant, currently in base rates, that will be replaced as a result of repowering.<sup>11</sup> Staff, AWEC, and CUB each proposed recovery of the return of the undepreciated net book value of the replaced plant through a regulatory asset.<sup>12</sup> Additionally, Staff, AWEC, and CUB argued that the company should no longer earn a return on the replaced plant and proposed adjustments to account for the return on the replaced plant currently included in base rates.<sup>13</sup> AWEC proposed an adjustment to the RAC revenue requirement based on updating the rate base balances associated with the nine wind resources to actual plant balances as of October 1, 2019, and December 1, 2019, to account for accumulated depreciation since the company's last rate case.<sup>14</sup> Staff proposed additional adjustments to exclude costs associated with repowering investments occurring after the effective dates of the RAC rates.<sup>15</sup>

In response to PacifiCorp's proposal to revise the RAC rate schedule to apply to direct access customers, Calpine Solutions argued that RAC rates should not apply to direct access customers who began participating in the five-year opt-out program prior to January 1, 2019, or to new direct access customers in the five-year opt-out program once they reach the end of their five-year transition period.<sup>16</sup> Calpine Solutions agreed with PacifiCorp's proposal to use a tariff rider to ensure that the costs of future RAC resources

<sup>9</sup> *In the Matter of Rule Changes Related to Utility Tax Information (SB 967) and Confidential Information*, Docket No. AR 553, Order No. 12-130 (Apr 11, 2012).

<sup>10</sup> Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/4-5.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> Staff/200, Storm/20, 28-29; CUB/200, Jenks-Gehrke/16; AWEC/200, Mullins/10.

<sup>14</sup> AWEC/200, Mullins/6-10; Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/4.

<sup>15</sup> Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/4.

<sup>16</sup> Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/5.

are matched with PTC benefits for direct access customers in the five-year opt-out program.<sup>17</sup>

#### IV. STANDARD OF REVIEW

ORS 469A.050 establishes a renewable portfolio standard that requires electric utilities to meet specified percentages of their Oregon load with electricity generated by eligible renewable resources by specified dates. All prudently incurred costs, including interconnection costs, associated with compliance with a renewable portfolio standard are recoverable in an electric utility's rates.<sup>18</sup> Under ORS 469A.120(2), the Commission established PacifiCorp's RAC to provide for recovery of the costs to construct or acquire renewable generation facilities and associated transmission between rate cases.<sup>19</sup>

The RAC enables PacifiCorp to recover the actual and forecasted revenue requirement for eligible plant that is in service as of the date of the proposed rate change. The RAC revenue requirement includes the return of capital costs of the renewable energy resource, grossed up return on capital costs of the renewable energy resource at the company's current return on equity, forecasted operations and maintenance expense, forecasted property tax, forecasted energy tax credits,<sup>20</sup> and other forecasted costs not captured in the transition adjustment mechanism (TAM).<sup>21</sup> In evaluating whether renewable generation facilities or associated transmission are eligible for recovery under the RAC, the Commission reviews whether the plant investments were prudently incurred and will be in service as of the date of the rate change.<sup>22</sup>

#### V. STIPULATION

The stipulating parties agree that repowering the nine wind facilities was prudent and in the public interest based on the company's analysis and projections of ratepayer benefits, including PacifiCorp's qualification for PTCs.<sup>23</sup> The stipulation provides that in the event any repowered facility fails to qualify for PTCs, any party may propose an appropriate remedy in a future proceeding.<sup>24</sup> The stipulating parties agree that this stipulation does not substantively resolve any PTC issues raised during the course of this

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<sup>17</sup> Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/5; Calpine Solutions/200, Higgins/2-3.

<sup>18</sup> ORS 469A.120.

<sup>19</sup> *In the Matter of Public Utility Commission of Oregon, Investigation of Automatic Adjustment Clause Pursuant to SB 838*, Docket No. UM 1330, Order No. 07-572 (Dec 19, 2007).

<sup>20</sup> Under Senate Bill (SB) 1547(2016), Section 18b, projected state and federal production tax credits are now included in rates established in the utilities' variable power costs proceedings.

<sup>21</sup> *In the Matter of Public Utility Commission of Oregon Investigation of Automatic Adjustment Clause Pursuant to SB 838*, Docket No. UM 1330, Order No. 07-572 at 5-6 (Dec 19, 2007).

<sup>22</sup> *In the Matter of PacifiCorp, dba Pacific Power 2009 Renewable Adjustment Clause Schedule 202*, Docket No. UE 200, Order No. 08-548 at 18 (Nov 14, 2008); *In the Matter of PacifiCorp, dba Pacific Power, Request for a General Rate Revision*, Docket No. UE 246, Order No. 12-493 at 1-3 (Dec 20, 2012).

<sup>23</sup> Stipulation at 3; Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/6.

<sup>24</sup> Stipulation at 3.

proceeding, and that such issues are more appropriately considered in other proceedings.<sup>25</sup> The parties agree that the stipulation is in the public interest and results in rates that are fair, just, and reasonable, as required by ORS 756.040.<sup>26</sup>

The stipulating parties agree that the revenue requirement associated with the repowered wind resources anticipated to be in service as of October 1, 2019, is \$10.587 million with an incremental revenue requirement of \$13.003 million associated with wind resources in service as of December 1, 2019, for a total of \$23.6 million.<sup>27</sup> This represents a total rate increase of 1.8 percent, comprised of an increase of 0.8 percent on October 1, 2019, and 1.0 percent on December 1, 2019.<sup>28</sup> Under the stipulation, PacifiCorp will file final cost updates one month prior to the October 1 and December 1 effective dates.<sup>29</sup> In the event the updated costs are lower than those set forth in Attachment A, Settlement PAC/401, the updated costs shall be used to set RAC rates.<sup>30</sup> If final costs are equal to or above those in Attachment A, Settlement PAC/401, RAC rates will be based on the costs in Attachment A, Settlement PAC/401.<sup>31</sup> On September 3, 2019, PacifiCorp filed a cost update, resulting in a revenue requirement of \$9,218,000 for October 1, 2019.<sup>32</sup> PacifiCorp indicates that because these costs are lower than those in the stipulation, the company will use the updated costs to set rates in a compliance filing to a Commission order.

For any wind facility associated with the rates to be effective October 1, 2019, that is not in service prior to that date, the company may either delay the effective date of rates or move that wind facility to the December 1, 2019 effective date.<sup>33</sup> For any wind facility delayed beyond December 1, 2019, the company may seek to modify the effective date, or make an additional tariff filing once the facility is in service.<sup>34</sup>

The revenue requirements under the stipulation include adjustments to remove certain capital additions anticipated to be incurred after the effective dates for rates.<sup>35</sup> These adjustments reduce the Oregon allocated average rate base by \$26,000 for October 1, 2019, and \$103,000 for December 1, 2019, resulting in decreases to the revenue

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<sup>25</sup> *Id.* at 7.

<sup>26</sup> *Id.* at 3.

<sup>27</sup> Stipulation at 3; Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/7.

<sup>28</sup> Stipulation at 3; Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/7.

<sup>29</sup> Stipulation at 5; Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/10.

<sup>30</sup> Stipulation at 5; Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/10.

<sup>31</sup> Stipulation at 5. PacifiCorp reserves the right to seek recovery of any costs above those in Attachment A, Settlement PAC/401 in a future rate case or RAC filing, and any stipulating party may challenge such a request.

<sup>32</sup> PAC/1100.

<sup>33</sup> Stipulation at 5-6. The company will provide a signed affidavit attesting that each wind facility is in service and in commercial operation prior to the effective date of the associated rate. *Id.* at 6.

<sup>34</sup> *Id.* at 6; Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/11.

<sup>35</sup> Stipulation at 6.

requirement of \$3,000 for October 1, 2019, and \$13,000 for December 1, 2019.<sup>36</sup> The stipulation also includes a correction associated with the calculation of the PUC fee identified by Staff.<sup>37</sup>

The stipulating parties agree that the Oregon-allocated net book value of the undepreciated equipment that is replaced as a result of repowering, which is approximately \$157 million as of September 30, 2019, will be depreciated and offset with non-protected excess accumulated deferred income taxes (EDIT) resulting from the Tax Cut and Jobs Act.<sup>38</sup> In the event the benefits of non-protected EDIT are not sufficient to offset the amount depreciated, the company will use a portion of the forecast 2020 protected EDIT benefits.<sup>39</sup> Under the stipulation, PacifiCorp will determine the final calculation of any EDIT.<sup>40</sup> The stipulation provides that any remaining EDIT balance or deferral balance after the offset will be addressed, consistent with Order No. 19-028, in the company's next rate case.<sup>41</sup> Further, the stipulating parties agree that the return on the undepreciated replaced plant has been effectively offset from customer rates, regardless of whether this treatment is otherwise required under Oregon law.<sup>42</sup> The stipulating parties explain that this is accomplished by offsetting the value of the return on the replaced, undepreciated equipment with the return on the EDIT value that PacifiCorp would have earned had the EDIT balance remained in base rates.<sup>43</sup> Additionally, the stipulation includes an adjustment to the RAC revenue requirement to remove \$8.453 million in depreciation expense associated with the replaced components of the wind facilities.<sup>44</sup> The stipulating parties state that they anticipate that in the company's next rate case, RAC investments will be included in base rates, the RAC rate

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<sup>36</sup> *Id.* at 6 & Att. A at 1.

<sup>37</sup> *Id.*, Att. A at 1, 3.

<sup>38</sup> *Id.* at 4 (citing Pub. L. No. 115-97 (Dec 22, 2017); Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/6; Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/8. PacifiCorp estimates that the non-protected EDIT benefits will be sufficient to offset the Oregon-allocated net book value of the undepreciated replaced equipment.

<sup>40</sup> Stipulation at 4 n.3 (providing any residual differences between the EDIT amounts and methodology underlying *In the Matter of PacifiCorp, dba Pacific Power, Application for Approval of Deferred Accounting Related to the Federal Tax Act*, Docket UM 1917, Order No. 19-017 (Jan 18, 2019) will be addressed in a future rate proceeding).

<sup>41</sup> Stipulation at 4.

<sup>42</sup> Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/9.

<sup>43</sup> In docket UM 1985 we adopted a settlement under which the ratemaking treatment of EDIT would be deferred until PacifiCorp's next rate case, rather than applying those benefits to offset the book value of PacifiCorp's coal plants. However, within that docket, no rate base adjustment occurred for ratemaking purposes. As a result, EDIT amounts are still excluded from rate base in the company's current base rates. *In the Matter of PacifiCorp, dba Pacific Power, Application for an Accounting Order and Request for Amortization Related to the Federal Tax Act*, Docket No. UM 1985, Order No. 19-028, Appendix A at 6 (Jan 15, 2019).

<sup>44</sup> Stipulation at 5 & Att. A at 3; Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/8.

schedules will be reset to zero, and the replaced wind equipment currently included in base rates will be removed.<sup>45</sup>

The stipulating parties explain that because of the difference in the interclass allocation between the EDIT (functionalized as distribution, transmission, and generation), and the value of undepreciated replaced plant (functionalized as generation only), residential and distribution only customers would not receive approximately \$5.275 million in benefits.<sup>46</sup> The stipulation provides for a revenue neutral rate spread balancing adjustment crediting \$2.5 million to residential customers, and an agreement to account for the remaining difference via an adjustment in the company's next rate proceeding.<sup>47</sup> Specifically, PacifiCorp will include a revenue neutral rate spread adjustment crediting \$2.5 million to residential customers and a \$275,000 cost of service adjustment to ensure that direct access customers in the five-year opt-out program who began taking service prior to January 1, 2019, are not harmed by the difference in the interclass allocation. The stipulating parties reserve their right to address the appropriate allocation of these adjustments across the company's rate classes in PacifiCorp's next rate case.<sup>48</sup>

Under the stipulation, RAC charges will not apply to direct access customers in the five-year opt-out program who began taking service prior to January 1, 2019, nor to customers who have reached the end of the five-year transition period.<sup>49</sup> The stipulating parties agree that direct access customers under the one-year, three-year, or five-year opt-out programs, not addressed above, will be subject to the RAC rates approved in the proceeding and any RAC rates subsequently approved by the Commission.<sup>50</sup> Additionally, PacifiCorp will implement a tariff rider for any five-year opt-out program direct access customers who are subject to RAC charges to credit the incremental benefits of PTCs back to those customers if necessary to ensure that costs and benefits are matched.<sup>51</sup> Under the stipulation the tariff rider is only required to the extent that PTC benefits are not otherwise included in the rates paid by those customers.<sup>52</sup>

The stipulating parties state that PacifiCorp will file revised tariff sheets for Schedule 202, to become effective October 1, 2019, and December 1, 2019, in two compliance filings in this proceeding, including the undisputed tariff changes proposed in the company's initial filing and the adjustments set forth in the stipulation.<sup>53</sup> The

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<sup>45</sup> Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/9.

<sup>46</sup> Stipulation at 4; Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/9.

<sup>47</sup> Stipulation at 4 & Att. B.

<sup>48</sup> Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/10.

<sup>49</sup> Stipulation at 6-7.

<sup>50</sup> *Id.* at 7.

<sup>51</sup> Stipulation at 7; Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/12.

<sup>52</sup> Stipulation at 7; Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/12.

<sup>53</sup> Stipulating Parties/100, Lockey, Storm, Jenks, Mullins, Higgins/13.

stipulating parties further agree that PacifiCorp will file an annual update to its RAC by October 1, 2020, consistent with the requirements of Order No. 07-572.<sup>54</sup>

## VI. RESOLUTION

The Commission encourages parties to voluntarily resolve issues in proceedings to the extent that settlement is in the public interest. We have reviewed the stipulation and supporting testimony submitted by the parties. We find the terms of the stipulation are supported by sufficient evidence, appropriately resolve the issues in this case, and result in fair, just, and reasonable rates. Therefore we accept the stipulation in its entirety.

Additionally, we approve PacifiCorp's proposed tariff revisions to add a special condition to Schedule 202 to allow for a timeline different than the April 1 filing date in the current tariff to accommodate this application without modifying the existing language for future RAC filings, and we approve the removal of references to repealed rule OAR 860-022-0041.<sup>55</sup>

In its initial filing in this proceeding, PacifiCorp filed monthly billing comparisons of its proposed RAC rates.<sup>56</sup> In response to a bench request, the company provided revised billing comparisons based on the RAC rates under the stipulation.<sup>57</sup> Monthly billing comparisons for each rate class are important to ensuring a complete understanding of the rate impact on customers. Accordingly, any stipulation that includes a change in rates should include monthly billing comparisons for each rate class.

On November 1, 2019, PacifiCorp will file final cost updates for its December 1, 2019 rates. We direct that the November 1, 2019 filing include monthly billing comparisons for each rate class of the RAC rates to become effective December 1, 2019. Similarly, we also direct the company to include in its October 1, 2020 filing monthly billing comparisons for each rate class, for any RAC rates proposed to become effective November 1, 2020.

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<sup>54</sup> Stipulation at 6.

<sup>55</sup> We note that Schedule 202 also provides that PacifiCorp may defer the difference between projected and actual costs for RAC projects for later Commission review. In UM 1909, we determined that we do not have authority to order deferrals of costs related to capital investments. *In the Matter of Investigation of the Scope of the Commission's Authority to Defer Capital Costs*, Docket No. UM 1909, Order No. 18-423 (Oct 29, 2018). We have opened an investigation, docketed as UM 2004, to explore the implications of that decision and address options to address recovery of capital costs consistent with our legal authority and the public interest. Pending the results of that investigation, in the event that this provision of Schedule 202 is implicated, PacifiCorp and the intervenors may need to review any costs included in such a deferral to ensure that capital costs are not included. See *In the Matter of PacifiCorp, dba Pacific Power, 2017 Power Cost Adjustment Mechanism*, Docket No. UE 344, Order No. 18-449 (Nov 30, 2018).

<sup>56</sup> PAC/504, PAC/505.

<sup>57</sup> Bench Request 1.



**VII. ORDER**

IT IS ORDERED that:

1. The stipulation submitted by PacifiCorp, dba Pacific Power, Oregon Public Utility Commission Staff, the Oregon Citizens' Utility Board, the Alliance of Western Energy Consumers, Small Business Utility Advocates, and Calpine Energy Solutions LLC, attached as Appendix A, is adopted.
2. Advice No. 18-011 filed by PacifiCorp, dba Pacific Power, is permanently suspended.
3. PacifiCorp, dba Pacific Power, shall file an affidavit attesting that each wind facility is in service and in commercial operation prior to the effective date of the associated rate.
4. PacifiCorp, dba Pacific Power, shall file revised tariff sheets consistent with the directives in this order, to become effective October 1, 2019.
5. PacifiCorp, dba Pacific Power, shall file final cost updates for its December 1, 2019 repowered projects on November 1, 2019.
6. PacifiCorp, dba Pacific Power, shall file revised tariff sheets consistent with the directives in this order, to become effective December 1, 2019.

Made, entered, and effective Sep 16 2019.


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**Megan W. Decker**  
Chair




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**Stephen M. Bloom**  
Commissioner




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**Letha Tawney**  
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**

**UE 352**

In the Matter of  
PACIFICORP, d/b/a PACIFIC POWER,  
2019 Renewable Adjustment Clause

**STIPULATION**

1           This Stipulation addresses all the issues among all parties to the 2019 Renewable  
2   Adjustment Clause (RAC). The RAC is an automatic adjustment clause filed by PacifiCorp  
3   d/b/a Pacific Power (PacifiCorp) that allows for “timely recovery of costs prudently incurred  
4   ... to construct or otherwise acquire facilities that generate electricity from renewable energy  
5   sources ....”<sup>1</sup>

**PARTIES**

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7           1. The parties to this Stipulation are PacifiCorp, Staff of the Public Utility  
8   Commission of Oregon (Staff), the Oregon Citizens’ Utility Board (CUB), the Alliance of  
9   Western Energy Consumers (AWEC), Calpine Energy Solutions, LLC (Calpine Solutions),  
10   and Small Business Utility Advocates (SBUA) (collectively, the Stipulating Parties). No other  
11   party intervened in the 2019 RAC. This Stipulation is a full settlement of the issues in the  
12   case raised by all parties, either explicitly in this proceeding or through agreement to address  
13   certain issues in PacifiCorp’s annual power cost proceedings.<sup>2</sup>

**BACKGROUND**

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<sup>1</sup> ORS 469A.120(2).

<sup>2</sup> SBUA filed a Motion for Reconsideration of the Commission’s Denial of the Petition of SBUA for Case Certification. The Motion for Reconsideration is pending.

1           2. On December 28, 2018, PacifiCorp filed its 2019 RAC, with direct testimony and  
2 exhibits from Etta Lockey, Tim Hemstreet, Rick Link, Steve McDougal, and Judith Ridenour.  
3 PacifiCorp also filed revised tariff sheets for Schedule 202 to implement the 2019 RAC and  
4 proposed that new rates become effective on October 1, 2019, followed by a second rate  
5 effective date of December 1, 2019.

6           3. On January 2, 2019, CUB filed its notice of intervention. On January 4, 2019,  
7 AWEC filed a petition to intervene. On January 23, 2019, Administrative Law Judge Sarah  
8 Rowe held a prehearing conference and subsequently issued a Prehearing Conference  
9 Memorandum granting the requested interventions and adopting a procedural schedule.

10          4. On February 4, 2019 Calpine Solutions filed a petition to intervene.

11          5. On February 14, 2019 SBUA filed a petition to intervene.

12          6. On March 7, 2019, PacifiCorp filed an errata to correct certain errors in its direct  
13 testimony.

14          7. On April 2, 2019, Staff, AWEC, CUB, and Calpine Solutions filed opening  
15 testimony.

16          8. On April 11, 2019, the Stipulating Parties convened a settlement conference.

17          9. On May 8, 2019, PacifiCorp filed reply testimony.

18          10. On May 29, 2019, the Stipulating Parties convened a second settlement  
19 conference.

20          11. On June 3, 2019, Staff, AWEC, CUB, and Calpine Solutions filed rebuttal  
21 testimony.

22          12. After the filing of rebuttal testimony, the Stipulating Parties continued to  
23 communicate about possible settlement options and an additional settlement conference was  
24 convened on June 20, 2019.

25          13. To continue settlement negotiations, PacifiCorp first requested modification of the  
26 procedural schedule on June 21, 2019, and then sought suspension of the procedural schedule

on June 25, 2019. Both motions were granted by Administrative Law Judges Sarah Rowe and Alison Lackey on June 21, 2019 and June 26, 2019, respectively.

14. Through additional discussions, parties were able to reach an all-party settlement in principle on July 1, 2019, which is now embodied in this Stipulation.

### AGREEMENT

15. Overall Agreement: The Stipulating Parties agree to submit this Stipulation to the Public Utility Commission of Oregon (Commission) and request that the Commission approve the Stipulation as presented. The Stipulating Parties agree that this Stipulation is in the public interest and the rate changes covered by this Stipulation result in rates that are fair, just, and reasonable, as required by ORS 756.040.

16. Prudence of Wind Repowering: The Stipulating Parties agree that PacifiCorp's decision to repower the nine wind facilities described in PacifiCorp's initial filing was prudent and in the public interest, based on the analysis and projections of ratepayer benefits provided by PacifiCorp, including the Company's qualification for production tax credits (PTCs). The repowered wind facilities are Leaning Juniper, Seven Mile Hill I, Seven Mile Hill II, Glenrock I, Goodnoe Hills, High Plains, McFadden Ridge, Marengo I, and Marengo II. If any repowered wind facility fails to qualify for PTCs, any Stipulating Party may propose an appropriate remedy in a future docket, including an annual power cost update docket.

17. RAC Revenue Requirement: The Stipulating Parties agree that the revenue requirement for the plants anticipated to be in-service as of October 1, 2019 is \$10.587 million and for the plants anticipated to be in-service as of December 1, 2019, \$13.003 million, for a total of \$23.6 million. This constitutes a total overall rate increase of 1.8 percent, with an overall increase of 0.8 percent on October 1, 2019, and 1.0 percent on December 1, 2019, assuming plant is used and useful as attested to in accordance with Stipulation paragraphs 22, 23 and 26.

1           18. Accelerated Depreciation of replaced components for wind facilities: The  
 2       Stipulating Parties agree that the Oregon-allocated net book value of the undepreciated  
 3       equipment of approximately \$157 million (as of September 30, 2019) that has been replaced  
 4       as a result of repowering these nine wind facilities will be depreciated and offset with non-  
 5       protected excess deferred income taxes (EDIT) benefits that resulted from the passage of the  
 6       Tax Cut and Jobs Act.<sup>3</sup> PacifiCorp estimates that the benefits described above will be  
 7       sufficient to offset the Oregon-allocated net book value of the undepreciated equipment. In  
 8       the event that these benefits are not sufficient, PacifiCorp will also use a portion of the forecast  
 9       2020 EDIT benefits to offset the Oregon-allocated net book value of the undepreciated  
 10      equipment. Any remaining EDIT balance or deferral balance after this offset will be  
 11      addressed by PacifiCorp in its next general rate case consistent with Order No. 19-028. This  
 12      revenue requirement treatment is shown in Attachment A to the Stipulation.

13           19. Rate Spread: There is a difference in the interclass allocation between the EDIT  
 14      and the net book value of the undepreciated equipment that has been replaced as a result of  
 15      repowering. As a result, without an adjustment, residential (Schedule 4) and distribution only  
 16      customers do not receive approximately \$5.275 million in EDIT benefits.

17           a.     The Stipulating Parties agree that the rate design and rate spread included  
 18      as Attachment B is reasonable and recommend it for Commission approval. This rate spread  
 19      includes a revenue neutral rate spread balancing adjustment for this proceeding that provides  
 20      a \$2.5 million credit to residential (Schedule 4) customers.

21           b.     To account for the remaining difference in the interclass allocation, the  
 22      Stipulating Parties agree that PacifiCorp will include and the Stipulating Parties will support  
 23      a revenue neutral rate spread balancing adjustment in PacifiCorp's next general rate case that

---

<sup>3</sup> See Pub. L. No. 115-97 (Dec. 22, 2017). Stipulating Parties do not take a position on the EDIT amounts available as estimated by PacifiCorp and specified in this section; final calculation of PacifiCorp's EDIT resulting from the Tax Cut and Jobs Act will be determined solely by PacifiCorp, with any residual differences from the EDIT amounts and methodology underlying Appendix A of Order No. 19-017 to be resolved in a future rate proceeding.

1 will provide a \$2.5 million credit to residential (Schedule 4) customers, and a \$275,000 cost-  
2 of-service adjustment to ensure direct access customers in the 5-year opt-out program who  
3 took service prior to January 1, 2019 are not harmed by the difference in interclass allocation.  
4 The appropriate allocation of these adjustments among PacifiCorp's rate schedules also will  
5 be addressed in the general rate case.

6 20. Compliance with ORS 757.355 and 757.140(2)(b): The Stipulating Parties agree  
7 that PacifiCorp's RAC filing as modified and recommended to the Commission for approval  
8 in this Stipulation complies with the requirements of ORS 757.355 and ORS 757.140(2)(b),  
9 to the extent these statutes are applicable.

10 21. Depreciation Expense: PacifiCorp will remove from its incremental revenue  
11 requirement request \$8.453 million associated with depreciation expenses for the replaced  
12 components of the wind facilities. This adjustment to the RAC revenue requirement is shown  
13 in Attachment A to the Stipulation.

14 22. Updated Costs: PacifiCorp intends to file final cost updates one month in advance  
15 of the October 1 and December 1 rate effective dates (i.e., on September 1 and November 1,  
16 respectively). If the updated costs in a specific facility are lower than those reflected in  
17 Confidential Exhibit PAC/204, the updated costs will be used to set rates. If the updated costs  
18 have not changed or are higher, rates will be set using the costs in Confidential Exhibit  
19 PAC/204. If the updated costs are higher, PacifiCorp reserves its rights to seek recovery of  
20 the cost increase in its next general rate case or RAC filing, as authorized by ORS  
21 469A.120(2), and all other Stipulating Parties may challenge any such request.

22 23. In-Service Delays: The Stipulating Parties agree that in the event of a delay in  
23 completion of a wind facility identified with the October 1, 2019 rate effective date,  
24 PacifiCorp may choose to delay the October 1, 2019 rate effective date or the facility's rate  
25 effective date will be moved to December 1, 2019. If a wind facility's completion is delayed  
26 beyond December 1, 2019, consistent with the State's policy to ensure timely recovery of

capital costs incurred for RPS compliance<sup>4</sup> and the intent of the stipulating parties' in the 2019 TAM,<sup>5</sup> the Stipulating Parties agree that PacifiCorp may seek to modify the rate effective date or make an additional tariff filing with an additional rate effective date to include the resource in rates once it goes into service, as authorized by ORS 469A.120(2).

24. Additional Adjustments: PacifiCorp agrees to an additional adjustment to remove certain disputed capital additions anticipated to be incurred after the corresponding rate effective date. This reduces the average Oregon allocated capital investment by \$26,000 for the October 1 rate effective date and \$103,000 for the December 1 rate effective date. The combined impact of the change in rate base and associated depreciation expense reduces the rate increase by \$3,000 for the October 1, 2019 rate effective date revenue requirement, and an adjustment of \$13,000 for the December 1, 2019 rate effective date revenue requirement. These adjustments are reflected in the stipulated RAC revenue requirement and shown in Attachment A.

25. Annual RAC Update: PacifiCorp agrees to file an annual update to this RAC filing by October 1, 2020 that incorporates elements required in Order No. 07-572. The filing would support a November 1, 2020 rate effective date.

26. Affidavit for wind repowering facilities being placed in service: PacifiCorp agrees to provide a signed affidavit from the Chief Executive Officer of Pacific Power or Rocky Mountain Power attesting to each wind repowering facility having been placed in service and in commercial operation prior to its respective rate effective date.

27. Direct Access Charge: The Stipulating Parties agree that RAC charges will not apply to those customers who began taking direct access service in the five-year opt-out program prior to January 1, 2019, and that RAC charges will no longer apply once a customer

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<sup>4</sup> See ORS 469A.120.

<sup>5</sup> See In the Matter of PacifiCorp, dba Pacific Power, 2019 Transition Adjustment Mechanism, Docket No. UE 339, Order No. 18-421 at 4 (Oct. 26, 2018) (allowing the wind facilities to come into rates when they enter service).

1 has reached the end of its five-year transition period. Any customer taking direct access  
2 service under the one-year, three-year, or five-year opt-out program and not subject to the  
3 limitations above will be subject to the RAC rates approved in this proceeding and any  
4 subsequent increases to RAC rates approved by the Commission.

5 28. Direct Access Tariff Rider: In the event that a customer has taken direct access  
6 service under the five-year opt-out program and is subject to charges under a RAC, PacifiCorp  
7 will implement a tariff rider for these five-year direct access customers that will allow the  
8 incremental benefits of the production tax credits (PTCs) to be credited back to ensure that  
9 costs and benefits are matched. PacifiCorp is required to implement such a tariff rider only  
10 to the extent that the PTC benefits of the RAC resource are not included in the rates paid by  
11 such customers. The Stipulating Parties expressly agree that this tariff rider is a non-  
12 precedential resolution of this issue until PacifiCorp's next general rate case.

13 29. Production Tax Credits: The Stipulating Parties agree that the Production Tax  
14 Credit issues raised in this proceeding are more appropriately considered in other proceedings.  
15 This Stipulation does not constitute substantive resolution of those issues.

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

23 31. If this Stipulation is challenged, the Stipulating Parties agree that they will  
24 continue to support the Commission's adoption of the terms of this Stipulation. The  
25 Stipulating Parties agree to cooperate in cross-examination and put on such a case as they



1 deem appropriate to respond fully to the issues presented, which may include raising issues  
2 that are incorporated in the settlements embodied in this Stipulation.

3 32. The Stipulating Parties have negotiated this Stipulation as an integrated document.  
4 If the Commission rejects all or any material part of this Stipulation or adds any material  
5 condition to any final order that is not consistent with this Stipulation, each Stipulating Party  
6 reserves its right, pursuant to OAR 860-001-0350(9), to present evidence and argument on  
7 the record in support of the Stipulation or to withdraw from the Stipulation. To withdraw  
8 from the Stipulation, a Stipulating Party must provide written notice to the Commission and  
9 other Stipulating Parties within five days of service of the final order rejecting, modifying, or  
10 conditioning this Stipulation. Stipulating Parties shall be entitled to seek rehearing or  
11 reconsideration pursuant to OAR 860-001-0720 in any manner that is consistent with the  
12 agreement embodied in this Stipulation.

13 33. By entering into this Stipulation, no Stipulating Party shall be deemed to have  
14 approved, admitted, or consented to the facts, principles, methods, or theories employed by  
15 any other Stipulating Party in arriving at the terms of this Stipulation, other than those  
16 specifically identified in the body of this Stipulation. No Stipulating Party shall be deemed  
17 to have agreed that any provision of this Stipulation is appropriate for resolving issues in any  
18 other proceeding, except as specifically identified in this Stipulation.

19 34. The Stipulating Parties agree that this Stipulation represents a compromise in the  
20 positions of the Stipulating Parties. Without the written consent of all of the Stipulating  
21 Parties, evidence of conduct or statements, including but not limited to term sheets or other  
22 documents created solely for use in settlement conferences in this docket, are confidential and  
23 not admissible in the instant or any subsequent proceeding, unless independently discoverable  
24 or offered for other purposes allowed under ORS 40.190.


25 35. This Stipulation is not enforceable by any Stipulating Party unless and until  
26 adopted by the Commission in a final order. Each signatory to this Stipulation acknowledges

1 that they are signing this Stipulation in good faith and that they intend to abide by the terms  
2 of this Stipulation unless and until the Stipulation is rejected or adopted only in part by the  
3 Commission. The Stipulating Parties agree that the Commission has exclusive jurisdiction to  
4 enforce or modify the Stipulation.

5 36. This Stipulation may be executed in counterparts and each signed counterpart shall  
6 constitute an original document.

7 37. This Stipulation is entered into by each Stipulating Party on the date entered below  
8 such Stipulating Party's signature.

**PACIFICORP**

By:   
Date: 8/1/19

**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: \_\_\_\_\_

**CALPINE ENERGY SOLUTIONS LLC**

By: \_\_\_\_\_  
Date: \_\_\_\_\_

**SMALL BUSINESS UTILITY  
ADVOCATES (SBUA)**

By: \_\_\_\_\_  
Date: \_\_\_\_\_

1 that they are signing this Stipulation in good faith and that they intend to abide by the terms  
2 of this Stipulation unless and until the Stipulation is rejected or adopted only in part by the  
3 Commission. The Stipulating Parties agree that the Commission has exclusive jurisdiction to  
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8 such Stipulating Party's signature.

**PACIFICORP**

By: \_\_\_\_\_

Date: \_\_\_\_\_

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

By: Kaylee Klein o/b/o Sommer Moser

Date: 8/1/19

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

By: \_\_\_\_\_

Date: \_\_\_\_\_

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

By: \_\_\_\_\_

Date: \_\_\_\_\_

**CALPINE ENERGY SOLUTIONS LLC**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**SMALL BUSINESS UTILITY  
ADVOCATES (SBUA)**

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: 8/1/19 \_\_\_\_\_

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

By: \_\_\_\_\_

Date: \_\_\_\_\_

**CALPINE ENERGY SOLUTIONS LLC**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**SMALL BUSINESS UTILITY  
ADVOCATES (SBUA)**

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: 8/1/19 \_\_\_\_\_

**CALPINE ENERGY SOLUTIONS LLC**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**SMALL BUSINESS UTILITY  
ADVOCATES (SBUA)**

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: \_\_\_\_\_

**CALPINE ENERGY SOLUTIONS LLC**

By:  \_\_\_\_\_

Date: August 1, 2019

**SMALL BUSINESS UTILITY  
ADVOCATES (SBUA)**

By: \_\_\_\_\_

Date: \_\_\_\_\_

1 that they are signing this Stipulation in good faith and that they intend to abide by the terms  
2 of this Stipulation unless and until the Stipulation is rejected or adopted only in part by the  
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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: \_\_\_\_\_

**CALPINE ENERGY SOLUTIONS LLC**

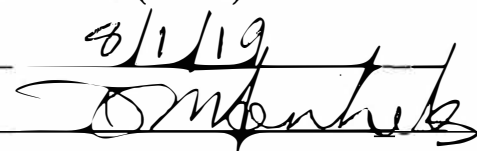
By: \_\_\_\_\_

Date: \_\_\_\_\_

**SMALL BUSINESS UTILITY  
ADVOCATES (SBUA)**

By: \_\_\_\_\_

Date: \_\_\_\_\_

8/1/19  


ORDER NO. 19-304

UE 352

Stipulation

Attachment A



**RAC Settlement Reconciliation**

		<b>1-Oct</b>	<b>1-Dec</b>	<b>Total</b>
		<u>\$,000</u>	<u>\$,000</u>	<u>\$,000</u>
<b>Original</b>				
	Before Gross-up	13,623	17,669	31,292
	Franchise, Bad Debt, PUC			
	Fee, Resource Supplier Tax	416	539	955
	<b>Total</b>	<b><u>14,039</u></b>	<b><u>18,208</u></b>	<b><u>32,247</u></b>
<b>Settlement</b>				
	Before Gross-up	10,243	12,580	22,823
	Franchise, Bad Debt, PUC			
	Fee, Resource Supplier Tax	344	423	767
	<b>Total</b>	<b><u>10,587</u></b>	<b><u>13,003</u></b>	<b><u>23,590</u></b>

<b>Recon.</b>	<b>Original</b>	<b>14,039</b>	<b>18,208</b>	<b>32,247</b>
	Remove Depr	(3,377)	(5,076)	(8,453)
	Remove Interim Additions	(3)	(13)	(17)
	Franchise, Bad Debt, PUC			
	Fee, Resource Supplier Tax	(72)	(116)	(188)
	<b>New Total</b>	<b><u>10,587</u></b>	<b><u>13,003</u></b>	<b><u>23,590</u></b>

**Note:** Settlement includes the formula correction associated with the PUC fee noted by Staff

Change in Average Capital Investment	(26)	(103)
--------------------------------------	------	-------

**PacifiCorp**  
**Oregon**  
Renewable Adjustment Clause  
Revenue Requirement  
**Franchise, Bad Debt, PUC Fee, Resource**  
**Supplier Tax**

			RAC Effective Date October 1, 2019				RAC Effective Date December 1, 2019			
Line No.		Reference	Total Company	Factor	Factor %	Oregon Allocated	Total Company	Factor	Factor %	Oregon Allocated
<b>Plant Revenue Requirement</b>										
1	Capital Investment	Footnote 1	358,157	12,580	26.7248%	95,717	469,155	SG	26.7248%	125,381
<b>Franchise, Bad Debt, PUC Fee, Resource</b>										
2	<b>Supplier Tax</b>	Footnote 1	(7,503)	SG	26.7248%	(2,005)	(9,702)	SG	26.7248%	(2,593)
3	Accumulated DIT Balance	Footnote 1	(22,293)	SG	26.7248%	(5,958)	(34,474)	SG	26.7248%	(9,213)
4	Net Rate Base	sum of lines 1-3	328,361			87,754	424,979			113,575
5	Pre-Tax Rate of Return	line 20	9.244%			9.244%	9.244%			9.244%
6		line 4 * line 5	30,354			8,112	39,285			10,499
<b>Franchise, Bad Debt, PUC Fee, Resource</b>										
7	<b>Supplier Tax</b>	Footnote 2	4,994	SG	26.7248%	1,335	6,481	SG	26.7248%	1,732
8	Depreciation	Footnote 3 and 4	12,342	SG	26.7248%	3,298	16,132	SG	26.7248%	4,311
9	Property Taxes	Footnote 2	3,081	GPS	27.1069%	835	4,058	GPS	27.1069%	1,100
10	Wind Tax	Footnote 2	160	SG	26.7248%	43	100	SG	26.7248%	27
11	<b>Rev. Req't. Before Revenue Gross-up</b>	sum of lines 6-11	<b>50,931</b>			<b>13,623</b>	<b>66,056</b>			<b>17,669</b>
12	Franchise Taxes	PAC/404, line 17				329				427
13	Bad Debt Expense	PAC/404, line 18				67				87
14	Resource Supplier Tax	PAC/404, line 19				19				24
15	PUC Fee	PAC/404, line 20				42				55
16	<b>Total Revenue Requirement</b>	sum of lines 11-15				<b>14,039</b>				<b>18,208</b>
17	Federal/State Combined Tax Rate	PAC/404, line 5	24.587%							
18	Net to Gross Bump up Factor = (1/(1-tax rate))	PAC/404, line 6	1.3260							
19	Pretax Return	PAC/404, line 4	9.244%							
20	Property Tax Rate	PAC/404, line 14	0.87%							
21	Oregon SG Factor	PAC/404, line 15	26.7248%							
22	Oregon GPS Factor	PAC/404, line 16	27.1069%							

## Footnotes:

- 1) Capital balances equal the 13-month average of the monthly balances in PAC/402 or PAC/403.
- 2) Equals the annual cost of the first full year subsequent to the rate effective date. See PAC/402 or PAC/403.
- 3) Equals the 12 consecutive months beginning with the rate effective date. See PAC/402 or PAC/403.
- 4) As stated in testimony, actual depreciation expense will be adjusted by the impact of the retired assets until the next depreciation study.

**PacifiCorp**  
**Oregon**  
Renewable Adjustment Clause  
Revenue Requirement

Settlement PAC 401

RAC Effective Date October 1, 2019

RAC Effective Date December 1, 2019

Line No.	\$-Thousands	Reference	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
			Oct. 2019 - Sept. 2020				Dec. 2019 - Nov. 2020			
			Total Company	Factor	Factor %	Oregon Allocated	Total Company	Factor	Factor %	Oregon Allocated
	<b>Plant Revenue Requirement</b>									
1	Capital Investment	Footnote 1	358,060	SG	26.7248%	95,691	468,772	SG	26.7248%	125,278
2	Depreciation Reserve	Footnote 1	(7,502)	SG	26.7248%	(2,005)	(9,699)	SG	26.7248%	(2,592)
3	Accumulated DIT Balance	Footnote 1	(22,293)	SG	26.7248%	(5,958)	(34,474)	SG	26.7248%	(9,213)
4	Net Rate Base	sum of lines 1-3	328,264			87,728	424,600			113,473
5	Pre-Tax Rate of Return	line 20	9.244%			9.244%	9.244%			9.244%
6	Pre-Tax Return on Rate Base	line 4 * line 5	30,345			8,110	39,250			10,490
7	Operation & Maintenance	Footnote 2	4,994	SG	26.7248%	1,335	6,481	SG	26.7248%	1,732
8	Depreciation	Footnote 3 and 4	12,338	SG	26.7248%	3,297	16,118	SG	26.7248%	4,307
9	Property Taxes	Footnote 2	3,081	GPS	27.1069%	835	4,058	GPS	27.1069%	1,100
10	Wind Tax	Footnote 2	160	SG	26.7248%	43	100	SG	26.7248%	27
11	Depreciation Expense Adjustment	Footnote 5	(12,635)	SG	26.7248%	(3,377)	(18,993)	SG	26.7248%	(5,076)
12	<b>Rev. Req't. Before Revenue Gross-up</b>	sum of lines 6-11	<b>38,284</b>			<b>10,243</b>	<b>47,014</b>			<b>12,580</b>
13	Franchise Taxes	PAC/404, line 17				248				304
14	Bad Debt Expense	PAC/404, line 18				51				62
15	Resource Supplier Tax	PAC/404, line 19				14				17
16	PUC Fee	PAC/404, line 20				32				39
17	<b>Total Revenue Requirement</b>	sum of lines 12-16				<b>10,587</b>				<b>13,003</b>
18	Federal/State Combined Tax Rate	PAC/404, line 5	24.587%							
19	Net to Gross Bump up Factor = (1/(1-tax rate))	PAC/404, line 6	1.3260							
20	Pretax Return	PAC/404, line 4	9.244%							
21	Property Tax Rate	PAC/404, line 14	0.87%							
22	Oregon SG Factor	PAC/404, line 15	26.7248%							
23	Oregon GPS Factor	PAC/404, line 16	27.1069%							

## Footnotes:

- Capital balances equal the 13-month average of the monthly balances in PAC/402 or PAC/403.
- Equals the annual cost of the first full year subsequent to the rate effective date. See PAC/402 or PAC/403
- Equals the 12 consecutive months beginning with the rate effective date. See PAC/402 or PAC/403.
- As stated in testimony, actual depreciation expense will not be adjusted by the impact of the retired assets until the next depreciation study
- Depreciation expense for the replaced equipment currently in rates is removed as an incremental revenue requirement savings.  
Reference OPUC 22, excluding Dunlap and Glenrock 3.

ORDER NO. 19-304

UE 352

Stipulation

Attachment B

PACIFIC POWER  
STATE OF OREGON  
RENEWABLE ADJUSTMENT CLAUSE - RATE SPREAD AND RATE CALCULATION  
FORECAST 12 MONTHS ENDING DECEMBER 31, 2019

					October 1	Proposed Schedule 202							
Line No.	Description	Sch No.	No. of Cust	MWh	Present Generation Rate Spread	RAC Adjustment	Rate Spread	October 1					
						\$	Balancing Adjustment	Revenues	Rates				
										\$	Balancing Adjustment	Revenues	Rates
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)					
								(6)+(7)	(8)/(4)				
<b><u>Residential</u></b>													
1	Residential	4	506,345	5,401,764	43.7638%	\$4,618,922	(\$2,500,000)	\$2,118,922	0.039				
2	<b>Total Residential</b>		506,345	5,401,764		\$4,618,922	(\$2,500,000)	\$2,118,922					
<b><u>Commercial &amp; Industrial</u></b>													
3	Gen. Svc. < 31 kW	23	80,663	1,139,223	8.8255%	\$931,464.95	\$290,471	\$1,221,936	0.107				
4	Gen. Svc. 31 - 200 kW	28	10,452	1,972,036	15.6673%	\$1,653,557	\$650,000	\$2,303,558	0.117				
5	Gen. Svc. 201 - 999 kW	30	866	1,328,571	10.0707%	\$1,062,877	\$450,000	\$1,512,877	0.114				
6	Large General Service >= 1,000 kW	48	194	2,824,435	19.6391%	\$2,072,754	\$995,000	\$3,067,754	0.109				
7	Partial Req. Svc. >= 1,000 kW	47	6	49,859		\$36,590	\$17,564	\$54,154	0.109				
8	Agricultural Pumping Service	41	7,982	222,624	1.7448%	\$184,153	\$80,000	\$264,153	0.119				
9	<b>Total Commercial &amp; Industrial</b>		100,163	7,536,748		\$5,941,396	\$2,483,036	\$8,424,432					
<b><u>Lighting</u></b>													
10	Outdoor Area Lighting Service	15	6,305	9,058	0.0558%	\$5,892	\$2,823	\$8,715	0.096				
11	Street Lighting Service	50	225	7,713	0.0392%	\$4,140	\$2,403	\$6,543	0.085				
12	Street Lighting Service HPS	51	815	19,940	0.1598%	\$16,864	\$6,213	\$23,077	0.116				
13	Street Lighting Service	52	35	404	0.0025%	\$262	\$126	\$388	0.096				
14	Street Lighting Service	53	273	9,678	0.0253%	\$2,671	\$3,016	\$5,686	0.059				
15	Recreational Field Lighting	54	104	1,345	0.0061%	\$641	\$419	\$1,060	0.079				
16	<b>Total Public Street Lighting</b>		7,757	48,138		\$30,469	\$15,000	\$45,469					
17	Employee Discount			16,976		(\$3,629)	\$1,964	(\$1,665)					
18	<b>Total</b>		614,265	12,986,650		\$10,587,158	\$0	\$10,587,158					

PACIFIC POWER  
STATE OF OREGON  
RENEWABLE ADJUSTMENT CLAUSE - RATE SPREAD AND RATE CALCULATION  
FORECAST 12 MONTHS ENDING DECEMBER 31, 2019

Proposed Schedule 202									
Line No.	Description	Sch No.	No. of Cust	MWh	October 1 Rates	Present Generation Rate Spread	December 1 Adder		Total Dec 1
					Rates		Rates	Revenues	Rates
					¢/kWh		¢/kWh	\$	¢/kWh
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
							(4)*(8)	(5)+(8)	
<b>Residential</b>									
1	Residential	4	506,345	5,401,764	0.039	43.7638%	0.105	\$5,671,852	0.144
2	<b>Total Residential</b>		506,345	5,401,764				\$5,671,852	
<b>Commercial &amp; Industrial</b>									
3	Gen. Svc. < 31 kW	23	80,663	1,139,223	0.107	8.8255%	0.101	\$1,150,615	0.208
4	Gen. Svc. 31 - 200 kW	28	10,452	1,972,036	0.117	15.6673%	0.103	\$2,031,197	0.220
5	Gen. Svc. 201 - 999 kW	30	866	1,328,571	0.114	10.0707%	0.098	\$1,302,000	0.212
6	Large General Service >= 1,000 kW	48	194	2,824,435	0.109	19.6391%	0.090	\$2,541,991	0.199
7	Partial Req. Svc. >= 1,000 kW	47	6	49,859	0.109		0.090	\$44,873	0.199
8	Agricultural Pumping Service	41	7,982	222,624	0.119	1.7448%	0.102	\$227,076	0.221
9	<b>Total Commercial &amp; Industrial</b>		100,163	7,536,748				\$7,297,753	
<b>Lighting</b>									
10	Outdoor Area Lighting Service	15	6,305	9,058	0.096	0.0558%	0.080	\$7,246	0.176
11	Street Lighting Service	50	225	7,713	0.085	0.0392%	0.066	\$5,091	0.151
12	Street Lighting Service HPS	51	815	19,940	0.116	0.1598%	0.104	\$20,738	0.220
13	Street Lighting Service	52	35	404	0.096	0.0025%	0.080	\$323	0.176
14	Street Lighting Service	53	273	9,678	0.059	0.0253%	0.034	\$3,291	0.093
15	Recreational Field Lighting	54	104	1,345	0.079	0.0061%	0.059	\$794	0.138
16	<b>Total Public Street Lighting</b>		7,757	48,138				\$37,482	
17	Employee Discount			16,976				(\$4,456)	
18	<b>Total</b>		614,265	12,986,650				\$13,002,631	