

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UE 419

In the Matter of

PACIFICORP, dba PACIFIC POWER,

2024 Renewable Adjustment Clause.

ORDER

DISPOSITION: STIPULATION ADOPTED

I. SUMMARY

In this order, we adopt the stipulation entered into by PacifiCorp, dba Pacific Power, Staff of the Public Utility Commission of Oregon, and the Alliance of Western Energy Consumers (AWEC) resolving all issues in this docket. Under the stipulation, PacifiCorp will recover a revenue requirement of approximately \$3.1 million for its Foote Creek II, III, and IV wind resources through its Renewable Adjustment Clause (Schedule 202), representing a 0.2 percent overall price increase as of January 1, 2024. A residential customer using 900 kilowatt-hours per month will experience a monthly bill increase of \$0.18.

II. PROCEDURAL HISTORY AND BACKGROUND

On March 29, 2023, PacifiCorp, dba Pacific Power filed a schedule revision request under Schedule 202, its Renewable Adjustment Clause. Schedule 202 is an automatic adjustment clause for recovery of the revenue requirement of eligible renewable resource investments and associated transmission. PacifiCorp seeks to recover the revenue requirement for the acquisition and repowering of the Foote Creek II, Foote Creek III, and Foote Creek IV wind resources, effective January 1, 2024, and representing an overall increase of \$3.1 million. PacifiCorp states that the company “will update these costs consistent with the requirements of Order No. 07-572.”¹ PacifiCorp proposes implementing the resulting rate adjustment effective January 1, 2024, to align with the

¹PAC/400, McCoy/6, citing *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 4 (Dec. 19, 2007).

forecasted customer benefits from net power costs and production tax credits included in the 2024 transition adjustment mechanism (TAM).

Staff and AWEC participated as parties to this proceeding. On July 18, 2023, PacifiCorp, Staff, and AWEC (stipulating parties) filed a stipulation with supporting testimony.

III. STIPULATION

The stipulating parties recommend that the Commission approve the stipulation as an appropriate and reasonable resolution of the issues in this docket. The stipulating parties agree that the stipulation is in the public interest and that the resulting rate adjustment will result in rates that are fair, just, and reasonable.

The stipulating parties agree that PacifiCorp's decision to acquire and repower the wind facilities was prudent and in the public interest, and the costs of wind repowering, as reflected in confidential exhibit PAC/401, are reasonable. They explain that this agreement is based on PacifiCorp's representations that each repowered facility will be eligible for production tax credits, pointing to the company's economic analysis demonstrating customer benefits ranging from \$6.33 million to \$104.23 million depending on natural gas and carbon dioxide price assumptions.²

Under the stipulation, the stipulating parties agree to support the use of an agreed-upon capacity factor to forecast power costs in the TAM for the first four years of operation of these resources.³ The stipulating parties explain that this provision corrects a discrepancy between a capacity factor used in the 2024 TAM proceeding and the economic analysis provided in this filing. Staff explains that this will essentially "lock in" the expected capacity factor for four years in TAM filings and mitigates risk if the actual performance of the project is less than expected during this period for purposes of setting forecasted power cost rates. Under the stipulation, after the first four years of operation, PacifiCorp will use the Commission-approved methodology presently used to determine the capacity factor for all other wind facilities.

Finally, under the stipulation, PacifiCorp agrees to provide a capacity factor breakeven analysis in future RAC filings. This breakeven analysis will compare the levelized cost per megawatt hour to the system benefits under the price/policy scenarios assessed by the company. The stipulating parties explain that this analysis will help intervenors assess future RAC filings.

² PAC/300, Burns/14.

³ Stipulating Parties/100, McVee, Chipanera, Mullins/4 (confidential).

IV. RESOLUTION

We review the terms of any stipulation for reasonableness and accord with the public interest. We have reviewed the record, including the terms of the stipulation, and the supporting joint testimony of the parties. We find that the stipulation represents a reasonable and appropriate resolution of this docket and will result in fair, just, and reasonable rates. Accordingly, we adopt the stipulation.

In its filing, PacifiCorp states that the company will file updated costs consistent with the requirements of Order No. 07-572. We direct the company to include in its update officer attestations confirming the in-service dates of the projects, in order to ensure plant is actually online before rates change. The final cost update should be filed with a revised Schedule 202 for effect January 1, 2024.

V. ORDER

IT IS ORDERED that:

1. The stipulation between PacifiCorp, dba Pacific Power, Staff of the Public Utility Commission of Oregon, and Alliance of Western Energy Consumers, filed July 18, 2023, attached as Appendix A, is adopted.
2. Advice No. 23-007 filed by PacifiCorp, dba Pacific Power, is permanently suspended.
3. PacifiCorp, dba Pacific Power is directed to file updated costs consistent with the requirements of Order No. 07-572, and to include officer attestations confirming the in-service dates.
4. PacifiCorp, dba Pacific Power is directed to file a revised Schedule 202 for effect January 1, 2024.

Made, entered, and effective Aug 04 2023.



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.

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UE 419

In the Matter of
PACIFICORP, d/b/a PACIFIC POWER,
2024 Renewable Adjustment Clause

STIPULATION

1 This Stipulation addresses all the issues among all parties to the 2024 Renewable
2 Adjustment Clause (RAC). The RAC is an automatic adjustment clause (AAC) filed by
3 PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) that allows for “timely recovery
4 of costs prudently incurred ... to construct or otherwise acquire facilities that generate
5 electricity from renewable energy sources”¹

PARTIES

6
7 1. The parties to this Stipulation are PacifiCorp, Staff of the Public Utility
8 Commission of Oregon (Staff), and the Alliance of Western Energy Consumers (AWEC)
9 (collectively, the Stipulating Parties). No other party intervened in the 2024 RAC. This
10 Stipulation is a full settlement of the issues in the case raised by all parties, either explicitly
11 in this proceeding or through agreement to address certain issues in PacifiCorp’s annual
12 power cost proceedings.

BACKGROUND

13
14 2. On March 29, 2023, PacifiCorp filed its 2024 RAC, with direct testimony and
15 exhibits from Matthew McVee, Timothy Hemstreet, Thomas Burns, Shelley McCoy, and

¹ ORS 469A.120(2).

1 Judith Ridenour. PacifiCorp also filed revised tariff sheets for Schedule 202 to implement
2 the 2024 RAC and proposed that new rates become effective on January 1, 2024.

3 3. On April 3, 2023, AWEC filed a petition to intervene. On April 6, 2023, the
4 Commission granted AWEC's petition to intervene. On April 13, 2023, Administrative Law
5 Judge Alison Lackey issued a Prehearing Conference Memorandum adopting a procedural
6 schedule.

7 4. On June 5, 2023, the Stipulating Parties convened a settlement conference.

8 5. On June 12, 2023, the Stipulating Parties convened a second settlement
9 conference, and parties were able to reach an all-party settlement in principle at that meeting
10 and in subsequent communications, which are now embodied in this Stipulation.

11 AGREEMENT

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

17 7. Prudence of Foote Creek II-IV: The Stipulating Parties recommend that the
18 Commission find that PacifiCorp's decision to acquire and repower the wind facilities
19 described in PacifiCorp's initial filing was prudent and in the public interest, based on the
20 analysis and projections of ratepayer benefits provided by PacifiCorp, including the
21 Company's qualification for production tax credits. The repowered wind facilities are Foote
22 Creek II-IV.

1 8. Capacity Factors in the Transition Adjustment Mechanism (TAM): Parties
2 agree that for the first four years of operation a [REDACTED] percent capacity factor will be
3 proposed by PacifiCorp and supported by the Parties as a capacity input in the TAM for the
4 resources included in this RAC filing (Foote Creek II-IV). After the first four years of
5 operation, PacifiCorp will use the methodology approved by the Commission for all other
6 wind facilities.

7 9. Future RAC Analysis: In any future RAC filing, PacifiCorp agrees to provide
8 a capacity factor breakeven analysis, where the breakeven analysis compares the levelized
9 cost per megawatt-hour to the system benefits under the price/policy scenarios assessed by
10 the Company.

11 10. Other Adjustments: The Parties agree that this term sheet represents a
12 compromise among competing interests and a resolution of all contested issues in this
13 proceeding. Any adjustment to PacifiCorp's Initial Filing not incorporated into this term
14 sheet directly or by reference would be resolved without an adjustment or recommendation
15 for the purposes of this proceeding.

16 11. The Stipulating Parties agree to submit this Stipulation to the Commission and
17 request that the Commission adopt the Stipulation as presented and without any
18 modification. The Stipulating Parties agree that this Stipulation will result in rates that meet
19 the standard in ORS 756.040.

20 12. The Stipulating Parties agree to make best efforts to provide each other any
21 and all news releases that any Party intends to make about the Stipulation two business days
22 in advance of publication. This provision is not binding on the Commission itself.

1 13. This Stipulation will be offered in the record as evidence under OAR 860-001-
2 0350(7). The Stipulating Parties agree to support this Stipulation throughout this proceeding
3 and any appeal, provide witnesses to sponsor the Stipulation at hearing, if required, and
4 recommend that the Commission issue an order adopting the Stipulation.

5 14. The Stipulating Parties have negotiated this Stipulation as an integrated
6 document. If the Commission rejects all or any material part of this Stipulation or adds any
7 material condition to any final order that is not consistent with this Stipulation, each
8 Stipulating Party reserves its right, pursuant to OAR 860-001-0350(9), to present evidence
9 and argument on the record in support of the Stipulation or to withdraw from the Stipulation.
10 The Stipulating Parties agree that in the event the Commission rejects all or any material
11 part of this Stipulation or adds any material condition to any final order that is not consistent
12 with this Stipulation, the Parties will meet in good faith within fifteen days and discuss next
13 steps. A Stipulating Party may withdraw from the Stipulation after this meeting by providing
14 written notice to the Commission and other Parties. Parties shall be entitled to seek rehearing
15 or reconsideration pursuant to OAR 860-001-0720 in any manner that is consistent with the
16 agreement embodied in this Stipulation. Nothing in this provision prevents a Stipulating
17 Party from individually appealing an order under ORS 757.610.

18 15. By entering into this Stipulation, no Stipulating Party approves, admits, or
19 consents to the facts, principles, methods, or theories employed by any other Stipulating
20 Party.

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

1 this Stipulation unless and until the Stipulation is rejected or adopted only in part by the
2 Commission. The Stipulating Parties agree that the Commission has exclusive jurisdiction
3 to enforce or modify the Stipulation. If the Commission rejects or modifies this Stipulation,
4 the Stipulating Parties individually reserve the right to seek reconsideration or rehearing of
5 the Commission order under ORS 756.561 and OAR 860-001-0720 or to appeal the
6 Commission order individually under ORS 756.610.

7 17. This Stipulation may be executed in counterparts and each signed counterpart
8 constitutes an original document.

9 18. This Stipulation is entered into by each Stipulating Party on the date entered
10 below such Stipulating Party's signature.

PACIFICORP

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

By:  _____

By: _____

Date: July 17, 2023 _____

Date: _____

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

By: _____

Date: _____

1 this Stipulation unless and until the Stipulation is rejected or adopted only in part by the
2 Commission. The Stipulating Parties agree that the Commission has exclusive jurisdiction
3 to enforce or modify the Stipulation. If the Commission rejects or modifies this Stipulation,
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10 below such Stipulating Party’s signature.

PACIFICORP

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

By: _____

By: /s/ Betsy Bridge _____

Date: _____

Date: July 18, 2023 _____

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

By: _____

Date: _____

1 this Stipulation unless and until the Stipulation is rejected or adopted only in part by the
2 Commission. The Stipulating Parties agree that the Commission has exclusive jurisdiction
3 to enforce or modify the Stipulation. If the Commission rejects or modifies this Stipulation,
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PACIFICORP

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

By: _____

By: _____

Date: _____

Date: _____

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

By:  _____
Brent Coleman

Date: 7/17/23 _____