

ORDER NO. 24-185

ENTERED Jun 12 2024

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2027, UM 2027(1)(2)(3)(4)

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Authorization and
Reauthorization of Deferred Accounting
for Energy Storage Projects.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on June 11, 2024, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



Alison Lackey
Chief Administrative Law Judge



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 Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. CA6

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 11, 2024**

REGULAR CONSENT EFFECTIVE DATE _____ N/A _____

DATE: May 28, 2024

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Bryan Conway and Russell Beitzel **SIGNED**

SUBJECT: PACIFICORP:
(Docket Nos. UM 2027 and UM 2027(1), (2), (3), and (4))
Requests reauthorization of deferred accounting for Energy Storage projects.

STAFF RECOMMENDATION:

Staff recommends the Commission approve PacifiCorp's (PacifiCorp of Company) original application and subsequent four requests for reauthorization of deferred accounting for Energy Storage projects docketed as UM 2027 and UM 2027(1), (2), (3), and (4) for the 12-month periods beginning June 17, 2019, June 17, 2020, June 17, 2021, June 17, 2022, and June 17, 2023, respectively.

DISCUSSION:

Issue

Whether the Commission should approve PacifiCorp's application for deferred accounting for its Energy Storage Projects.

Applicable Law

In accordance with Oregon Revised Statutes (ORS) 757.259 and OAR 860-027-0300, PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) applies to the Public Utility Commission of Oregon (Commission) for an order authorizing deferral of the costs associated with PacifiCorp's energy storage pilot programs (Deferred Amount), which were approved in Order Nos. 18-327 and 21-270.

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Analysis

Background

House Bill (HB) 21931 required PacifiCorp to submit to the Commission a proposal to develop energy storage systems and procure any authorized projects by January 1, 2020. On April 2, 2018, PacifiCorp filed its final Energy Storage System Project Proposals and Energy Storage Potential Evaluation seeking approval for two projects in Docket No. UM 1857. PacifiCorp's Pilot Project 1 involves building a two-megawatt/six-megawatt-hour battery to meet the requirements of the HB 2193. Costs associated with Pilot Project 1 are not included in the requests for deferral submitted in UM 2027.

Under Pilot Project 2, PacifiCorp would provide financial assistance for up to four energy storage installation projects that will seek to support community resiliency while also providing benefits to the utility as identified through technical assistance.

In July of 2018, PacifiCorp reached a stipulation with the Staff of the Commission and the Oregon Citizen's Utilities Board on the project proposals and evaluation plan. This stipulation was approved by the Commission on September 3, 2018, through Order No. 18-327. Under the stipulation, PacifiCorp agreed to submit a revised plan for Project 2 after it had the opportunity to select a technical assistance concept consultant and complete a limited amount of initial studies. The parties agreed that PacifiCorp would be allowed to recover from customers no more than \$200,000 for this initial work.¹ Staff agreed to make best efforts to provide a recommendation on whether or not to approve the revised plan for Pilot Project 2 to the Commission at a public meeting no later than 90 days from the date of PacifiCorp's filing.²

On December 18, 2020, PacifiCorp filed a "Phase I Report on Community Resiliency Project." On June 23, 2021, PacifiCorp filed its Phase II Proposal for the Community Resiliency Proposal, which was for Project development funding resulting in the installation of battery systems at critical facilities to test the ability to stack customer and utility benefits through shared use of the batteries. PacifiCorp asked for authority to spend up to \$1.6 million on Phase II.³ In that filing PacifiCorp noted that it had previously agreed to file a Phase I final report after it completed Phase I, which indicates Phase I was complete prior to December 18, 2020.

¹ In the Matter of PacifiCorp, dba Pacific Power, Draft Storage Potential Evaluation, UM 1857, Order No. 18-327, App. A, p. 4 (September 4, 2018).

² Id., App. A, p. 5.

³ PacifiCorp UM 1857 – PacifiCorp's Community Resiliency Pilot – Phase 2 Proposal.

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Staff subsequently recommended the Commission approve PacifiCorp's request to proceed to Phase II, subject to the conditions PacifiCorp could pursue more than four projects and that PacifiCorp could recover no more than \$1.6 million for Phase II. The Commission approved PacifiCorp's request subject to Staff's proposed conditions.⁴

PacifiCorp has filed five requests to defer costs associated with Pilot Project 2, starting with a request to defer costs for the 12-month period starting June 17, 2019. None of the deferral applications has been acted on by the Commission and all are addressed in this memorandum.

Reason for Deferral

PacifiCorp requests authorization to defer the costs associated with its Energy Storage Project 2, Community Resiliency Project. ORS 757.259(2)(e) allows the deferral of identifiable utility expenses in order to minimize the frequency of rate changes or the fluctuation of rate levels or to match appropriately the costs borne and benefits received by customers.

Proposed Accounting

PacifiCorp will record deferred amounts by debiting Federal Energy Regulatory Commission (FERC) Account 182.3 – Other Regulatory Assets and crediting the incremental operations and maintenance expense to various FERC accounts on the income statement.

Description of Expense

Entries in the deferred account to date consist of costs associated with implementing the energy storage pilot projects which were approved in Order Nos. 18-327 and 21-270.

The following table identifies the costs associated with Project 2 to date for each deferral period. The costs for each year are a netting of three categories of costs: Project costs, Grants, and Administrative costs.

	6/17/2019 - 6/16/2020	6/17/2020 - 6/16/2021	6/17/2021 - 6/16/2022	6/17/2022 - 6/16/2023	Total
Actual Costs	\$113,015.44	\$60,935.94	\$36,352.09	\$102,031.16	\$312,334.63

Staff notes that Phase I of the Pilot Project 2 ended no later than December 18, 2020. The amounts incurred by PacifiCorp prior to that time are less than \$200,000. As

⁴ UM 1857, *supra*, Order No. 21-270 (August 26, 2021).

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discussed above, PacifiCorp may recover no more than \$1.6 million for Phase 2 of Project No. 2. The Company has previously incurred at least \$138,383.00 for Phase II (assuming a start date for Phase II of January 1, 2021)⁵ and anticipates it will defer approximately \$350,000 over the 12-month deferral period beginning June 17, 2023.

Future Amortization

PacifiCorp will seek amortization of the deferred amount in a future Commission proceeding.

Conclusion

Staff concludes that PacifiCorp's initial application and subsequent four reauthorization requests meet the requirements of ORS 757.259 and OAR 860-027-0300 and is consistent with the Company's initial application for deferral.

The Company has reviewed this memo and voiced no concerns.

PROPOSED COMMISSION MOTION:

Approve PacifiCorp's original application and subsequent four requests for reauthorization of deferred accounting for PacifiCorp's Community Resiliency Pilot, docketed as UM 2027 and UM 2027(1), (2), (3), and (4) for the 12-month periods beginning June 17, 2019, June 17, 2020, June 17, 2021, June 17, 2022, and June 17, 2023, respectively.

PacifiCorp UM 2027 and UM 2027(1)(2)(3)(4)

⁵ As noted above, PacifiCorp states it agreed to submit its Phase I Report after Phase I of Project No. 2 was complete. PacifiCorp submitted its Phase I Report on December 28, 2020. Staff assume some of the amounts PacifiCorp seeks to defer for the period June 17, 2020, to June 16, 2021, are for Phase I.