

ORDER NO. 25-015

ENTERED Jan 21 2025

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 2027(5)

In the Matter of

PACIFICORP, dba PACIFIC POWER,

Application for Reauthorization to Defer
Costs Associated with Energy Storage
Projects.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on January 21, 2025, 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. CA9

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 21, 2025**

REGULAR CONSENT EFFECTIVE DATE _____ N/A _____

DATE: January 9, 2025

TO: Public Utility Commission

FROM: Kathy Zarate

THROUGH: Caroline Moore, Scott Gibbens, and Michelle Scala **SIGNED**

SUBJECT: PACIFIC POWER:
(Docket No. UM 2027(5))
Application for Reauthorization to Deferred Accounting for Energy Storage
Projects.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Pacific Power's (PacifiCorp or Company) application for reauthorization of deferred accounting for Energy Storage projects docketed as UM 2027(5) for the 12-month period beginning June 17, 2024.

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 applied 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 was approved in Order Nos. 18-327 and 21-270.

Docket No. UM 2027(5)
January 9, 2025
Page 2

Analysis

Background

On April 2, 2018,¹ PacifiCorp filed its final Energy Storage System Project Proposals and Energy Storage Potential Evaluation.² In July 2018, PacifiCorp reached a stipulation with the Staff of the Commission and the Oregon Citizens' 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. PacifiCorp sought approval for two pilot projects.

- Pilot Project No. 1: which involved building a 2 megawatt/6 megawatt-hour battery to meet the requirements of the HB 2193;³ and,
- Pilot Project No. 2: where 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.

Under the stipulation, PacifiCorp was permitted to select a technical assistance concept consultant and complete a limited amount of initial studies. PacifiCorp was required under Oregon law to pursue these energy storage projects and has proposed projects that it considers prudent and that provide benefits for its customers.

Consistent with the Commission's guidance in Order No. 18-423 issued on October 29, 2018, on June 17, 2019, PacifiCorp filed an application for deferral of the non-capital costs associated with the energy storage pilot projects approved in Order No. 18-327. PacifiCorp filed for reauthorization to defer all costs associated with the energy storage projects each subsequent year. On May 28, 2024, in Order No. 24-185, the Commission authorized the original request and first four requests for re-authorization. PAC filed the pending request for re-authorization on June 17, 2024.

Reason for Deferral

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.

¹ See, House Bill (HB) 2193 required PacifiCorp to submit to the Commission a proposal to develop energy storage systems and procure any authorized projects by January 1, 2020.

² See, An Act Relating to Energy Storage; and declaring an Emergency, HB 2193, 78th Leg., Reg. Session.

³ See, In the Matter of PacifiCorp d/b/a Pacific Power, Draft Storage Potential Evaluation, Docket No. UM 1857, Order No. 18-327 at 3 (Sept. 4, 2018).

Docket No. UM 2027(5)
 January 9, 2025
 Page 3

Description of Expense

The expenses are costs associated with implementing the energy storage pilot projects approved in Order No. 18-327.

Proposed Accounting

If this application is approved, 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. A balancing account is used to track these expenses.

Project Updates and the Amount Deferred Last Year

Pilot Project No. 1 is a capital project still in development. Costs will be booked to the deferral account once the project goes into service. The project is currently two years behind schedule due to changes in the cyber security and communication requirements that required additional engineering, procurement, and renegotiations with the battery system supplier. The project is 75 percent constructed is now planned to go into service by mid-2025.

Pilot Project No. 2 has two phases. Cost recovery is limited to \$200,000 for Phase I and \$1,600,000 for Phase II. Phase I is complete, and PacifiCorp filed its final Phase I report on December 18, 2020. Phase II consists of \$200k for up to 10 technical feasibility studies, and \$1.3M to fund on-site storage projects at community resiliency facilities. Ten technical feasibility studies have been provided to customers. Two applications for community resiliency facilities were submitted and approved, with one later rescinded by its project manager. Grant funding for the second project will be awarded upon confirmed installation and interconnection. Upon award of the outstanding grant the Company intends to sunset Pilot Project 2.

The following table identifies the costs associated with Project No. 2 to date for each deferral period.

Actual 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	6/17/2023 - 6/16/2024	Total
Pilot Project #2	\$113,015.44	\$60,935.94	\$36,352.09	\$102,031.16	\$56,316.25	\$368,650.88

Estimate of Amounts

The Company anticipates it will defer approximately \$200,000 over the next 12 months.

Information Related to Future Amortization

Docket No. UM 2027(5)
January 9, 2025
Page 4

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

- Earnings Review –Staff anticipates determining whether an earnings review is appropriate at the time PacifiCorp seeks to amortize these amounts.
- Prudence Review – PacifiCorp will submit Pilot evaluation reports that will provide detailed cost summaries. A prudence review can also be performed during the Pilots' operations.
- Sharing – Does not include a sharing mechanism.
- Rate Spread/Rate Design – Applicable costs will be allocated to each schedule using the applicable schedule's forecasted energy on the basis of an equal percent of revenue applied on a cents-per-kWh basis.
- Three Percent Test (ORS 757.259(6)) – The amortization of the Pilot's deferred costs will not be subject to the three percent.

Conclusion

Staff concludes that PacifiCorp's request to re-authorize the deferral meets 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 application for reauthorization of deferred accounting for Energy Storage projects docketed as UM 2027(5) for the 12-month period beginning June 17, 2024.

PacifiCorp UM 2027(5)