

Agenda Date: October 10, 2024
Item Number: A1

Docket: UE-240185
Company: PacifiCorp d/b/a Pacific Power & Light Company

Staff: Joanna Huang, Regulatory Analyst – Energy Rates and Services

Recommendation

Staff recommends that the Commission reject the proposed accounting petition.

Background

On March 19, 2024, PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition (Petition) in Docket UE-240185 seeking an accounting order under WAC 480-07-370 authorizing PacifiCorp to utilize deferred accounting treatment of the costs associated with delaying PacifiCorp's approved rate increase beyond the rate effective date to allow for compliance activities (Deferred Amount).

The Company proposes to defer the amount of the rate increase beginning with the rate effective date of March 19, 2024, to the date until the rate increase takes effect. This deferral will remain in place until this amount can be appropriately reflected in the Company's base rates. The Company justifies this request by asserting that PacifiCorp does not have control over when the Commission determines it is appropriate to issue an order. Therefore, PacifiCorp is seeking approval to record and defer costs in Regulatory Assets.

Discussion

On March 17, 2023, PacifiCorp originally filed with the Commission revisions to its currently effective Tariff WN U-76 with a rate effective date of March 1, 2024, in Docket UE-230172.

On March 31, 2023, a status conference was convened to discuss the Company's filing timeline (Filing Status Conference). Counsel for Commission staff (Staff) explained that Staff discovered several deficiencies with the Company's initial filing. These deficiencies included broken links in documents, issues with document naming conventions, folder stacking, and inconsistencies with Commission rules. Staff provided the Company with a list of outstanding issues on March 30, 2023.

PacifiCorp filed its first revised cover letter requesting an amended protective order on April 10, 2023.

On April 13, 2023, Staff notified the presiding officer that Staff had identified both recurring and additional issues with the Company's revised filing.

On April 19, 2023, PacifiCorp refiled the entire March 17, 2023, filing to correct the problems that Staff discovered previously. The Company submitted a second revised filing with a proposed effective date of May 19, 2023. In its second revised cover letter, the Company states that it "continues to respectfully request a rate effective date of March 1, 2024."

On April 28, 2023, Staff notified the presiding officer that Staff accepts the Company's filing as a complete filing.

Due to the delay of PacifiCorp's compliance tariff filing, applying the original filing date would hamper or impair the Commission's ability to timely review, analyze, or act on the merits of the case. Accordingly, the Commission denies the Company's request for a March 1, 2024, effective date. It is the Company's responsibility to ensure its filing is correct so that the Commission's strict statutory timeline for considering its case is allowed. Therefore, the Commission decided that the statutory suspension date remains March 19, 2024, as reflected in the Company's revised tariff filing on April 19, 2023.

On March 19, 2024, the Commission issued Order 08/06 in Docket UE-230172, approved a multiparty settlement to resolve the Company's 2023 general rate case. The Order requires PacifiCorp to make a compliance filing by April 3, 2024.

On March 26, 2024, PacifiCorp filed revised tariff sheets for Tariff WN U-76 with the effective date of April 3, 2024. After a compliance filing with revised tariff sheets containing these revised rates is completed, Washington regulations allow parties five business days to review the filing.¹ The Company proposes the deferred accounting treatment for the amount of the rate increase starting from the rate effective date of March 19, 2024, to the date until the rate increase takes effect April 3, 2024.

An accounting petition is a regulatory accounting treatment, typically reserved for costs (or revenues) meeting the following extraordinary circumstances: (1) Beyond the utility's control and (2) generating costs with a material impact on the company's financial results.

PacifiCorp did not meet the first criteria because the Company is responsible for ensuring its filing is correct. Staff gave the Company multiple opportunities to correct its filing in this proceeding. PacifiCorp has ultimate control over its own general rate case filing.

Furthermore, the impact of the estimated delay to the rate effective date is \$530,268 as the Company claimed originally. This amount does not have a material impact on the Company's financial results. Moreover, five regulated utility companies in Washington experienced similar circumstances in the general rate case filings. However, no other company besides PacifiCorp

¹ WAC 480-07-880(4).

filed an accounting petition to defer costs for the estimated two weeks periods. This requested treatment is unprecedented.

Staff has reviewed PacifiCorp's reasoning for the justification of this request that PacifiCorp does not have control over when the Commission determines it is appropriate to issue an order. On the contrary, the Commission Order 01 in Docket UE-230172 stated opposite of what PacifiCorp is reasoning. Attached A to the memo includes a copy of the Commission's Order 01 "Complaint and Order Suspending Tariff Revisions" for reference. Therefore, Staff recommends the Commission deny PacifiCorp's accounting treatment of the costs associated with delaying PacifiCorp's approved rate increase beyond the rate effective date.

Conclusion

Staff recommends that the Commission reject the Company's accounting petition as presented in Docket UG-240185.