

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of PACIFICORP d/b/a PACIFIC POWER & LIGHT COMPANY Petitioner, For an Order Approving Deferral of the Costs Associated with the Clean Energy Transformation Act	DOCKET UE-210414 ORDER 01 GRANTING PETITION TO DEFER COSTS ASSOCIATED WITH THE CLEAN ENERGY TRANSFORMATION ACT
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BACKGROUND

- 1 On June 4, 2021, PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition seeking an Accounting Order (Petition) under WAC 480-07-370(3). PacifiCorp requests the Commission’s approval to defer from the date of the Petition forward costs associated with the Equity Advisory Group (EAG) required by the Clean Energy Transformation Act (CETA) under WAC 480-100-655.
- 2 On October 8, 2021, PacifiCorp filed with the Commission an Amended Petition that additional seeks to defer non-capital costs incurred to comply with the broader requirements under CETA.
- 3 On February 16, 2022, after conferring with Commission staff (Staff), PacifiCorp filed with the Commission a Second Amended Petition updating the interest rate from the weighted cost of capital to the Federal Energy Regulatory Commission (FERC) interest rate and changing from FERC Account 182.3, Other Regulatory Assets to FERC Account 186, Miscellaneous Deferred Debits.
- 4 PacifiCorp seeks deferral treatment to track and preserve non-capital costs to comply with CETA for later ratemaking purposes because these costs are not currently included in rates. These non-capital costs include consulting fees, educational and other material costs, compensation for EAG participants, and additional dedicated staffing.

5 CETA requires public participation efforts for the creation of PacifiCorp’s Clean Energy
Implementation Plan that go beyond consultation with the Company’s EAG and beyond
the Company’s current practices.¹

6 Staff reviewed the Petition and recommends the Commission grant it because PacifiCorp
has demonstrated extraordinary circumstances, which is the Commission’s standard for
authorizing deferred accounting. Staff further recommends the Commission clarify that it
does not preapprove costs.

DISCUSSION

7 Staff correctly observes that utilities seeking deferred accounting must demonstrate that
extraordinary circumstances exist to justify such treatment. Circumstances that qualify as
extraordinary are beyond the company’s control and generate costs that have a material
impact on a company’s financial results.

8 The Commission issued a final order in PacifiCorp’s last general rate case on December
14, 2020, which implemented a three-year rate plan ending December 31, 2023.² Because
the Company is currently in a “stay-out” period, PacifiCorp does not have an alternative
near-term means to account for these costs. PacifiCorp estimates it incurred \$600,000 of
such costs in 2021.³

9 Staff believes that the confluence of the Company’s three-year stay-out period with the
novel CETA rules has created extraordinary circumstances that warrant granting the
Petition. We agree. As Staff correctly observes, however, the Commission makes no
prudence determination at this time. The Commission will consider whether these costs
were prudently incurred and whether they are directly attributable to CETA in the context
of the Company’s next general rate case.

¹ See WAC 480-655-100.

² *Wash. Utils. & Transp. Comm’n v. PacifiCorp*, Dockets UE-191024, UE-190750, UE-190929, UE-190981, UE-180778 (Consolidated), Order 09, 18 ¶ 46

³ PacifiCorp has not yet closed its books for 2021 and thus does not have a finalized accounting of all expenses. The Company has supplied Staff with details for \$ 551,080.56 in costs incurred for 2021.

10 Accordingly, PacifiCorp's Second Amended Petition for Deferred Accounting for costs the Company attributes to CETA compliance in Docket UE-210414 is granted effective from the date of the initial filing, June 4, 2021, until the Company's next general rate case.

FINDINGS AND CONCLUSIONS

- 11 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies.
- 12 (2) PacifiCorp is an electric company and a public service company subject to Commission jurisdiction. RCW 80.04.010.
- 13 (3) WAC 480-07-370(3) allows companies to file petitions including that for which PacifiCorp seeks approval.
- 14 (4) Staff has reviewed the Second Amended Petition in Docket UE-210414 including related work papers.
- 15 (5) Staff believes the proposed accounting order PacifiCorp requests is reasonable and should be granted. The request allows PacifiCorp to accurately track costs incurred to comply with CETA.
- 16 (6) This matter came before the Commission at its regularly scheduled meeting on March 10, 2022.
- 17 (7) After reviewing PacifiCorp's Second Amended Petition filed in Docket UE-210414 on February 16, 2022, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the Second Amended Petition should be granted because it is reasonable and consistent with the public interest.

ORDER

THE COMMISSION ORDERS:

- 18 (1) PacifiCorp d/b/a Pacific Power & Light Company's request to defer non-capital costs incurred while complying with CETA is granted.
- 19 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it. Nor shall this Order granting Petition be construed as an agreement to any estimate or determination of costs, or any valuation of property claimed or asserted.
- 20 (3) The Commission retains jurisdiction over the subject matter and PacifiCorp d/b/a Pacific Power & Light Company to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective March 10, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

AMANDA MAXWELL
Executive Director and Secretary