

Agenda Date: September 9, 2021
Item Number: A1

Docket: UE-152253
Company: PacifiCorp, d/b/a Pacific Power & Light Company

Staff: Elaine Jordan, Regulatory Analyst
Jason Ball, Assistant Director Energy Regulation

Recommendation

Issue an order extending PacifiCorp's decoupling mechanism through December 31, 2021.

Overview

On September 1, 2016, the Washington Utilities and Transportation Commission (Commission) issued Order 12 in Docket UE-152253. Among other things, Order 12 authorized PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp or Company) to implement a decoupling mechanism. The current decoupling mechanism will end on September 14, 2021.

On August 10, 2021, PacifiCorp filed a Petition with the Washington Utilities and Transportation Commission (Commission) to extend and modify the decoupling mechanism. PacifiCorp requested:

- (1) The next deferral period begins September 15, 2021, through December 31, 2022. Each subsequent deferral period be the calendar year. The deadline to file the annual Schedule 93 rate adjustment be changed to June 15 from December 1, and the effective date be changed to September 1 from February 1;
- (2) Large General Service under 1 MW (Schedule 36) and Agricultural Pumping Service (Schedule 40) customers should be removed from the decoupling mechanism;
- (3) The tracking and true-up for all decoupled customers should be done as one decoupled group; and
- (4) The earnings test should be based only on earnings from decoupled customers.

Background

Decoupling is a regulatory tool implemented by the Commission to encourage conservation. The purpose of decoupling is to remove counterincentives a utility might have to pursuing energy efficiency programs. Decoupling breaks the link between a utility's revenue and the amount of energy sold. Four of the five regulated energy utilities in Washington have full decoupling mechanisms.

PacifiCorp's decoupling mechanism has been in operation since September 15, 2016, and is set to expire on September 14, 2021. As a condition of approval in Order 12, PacifiCorp was required to submit an evaluation of the mechanism after three full deferral periods.¹

Discussion

Commission Staff (Staff) recommends extending the decoupling mechanism through December 31, 2021. After discussion with interested stakeholders, including Public Counsel and the NW Energy Coalition, Staff agrees that additional time is needed for stakeholders to review the modifications proposed by PacifiCorp. Decoupling is a complex mechanism that affects multiple customer classes across year long time-periods. Staff is particularly interested in examining the potential impacts PacifiCorp's of proposed changes as well as the potential effects of modifying the earning sharing mechanism. Absent additional time to review these proposed changes, Staff, stakeholders, and PacifiCorp may not be able to examine and discuss significant technical details.

Conclusion

Staff has reviewed the petition filed by PacifiCorp and believes temporarily extending the decoupling mechanism to allow stakeholders additional time to review the proposed changes is in the public interest. Staff recommends the Commission issue an order in Docket UG-152253, extending PacifiCorp's decoupling mechanism through December 31, 2021.

¹ UE-152253, *Compliance Filing Decoupling Mechanism Evaluation* (August 10, 2021). PacifiCorp's first deferral period was only from September 15, 2016, through June 30, 2017. Therefore, the report is for deferral periods ending June 30, 2018, June 30, 2019, and June 30, 2020.