

**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 Modifying and Extending
the Decoupling Mechanism

DOCKET UE-152253

ORDER 17

TEMPORARILY EXTENDING
DECOUPLING MECHANISM
THROUGH DECEMBER 31, 2021

BACKGROUND

- 1 On September 1, 2016, the Washington Utilities and Transportation Commission (Commission) issued Order 12; Final Order Rejecting Tariff Sheets as Filed; Granting Accelerated Depreciation with Modifications; Granting Recovery of, but not Return on, SCR Investment; Granting Request for Two-Year Rate Plan; Authorizing Decoupling Proposal with Modifications; and Requiring Compliance Filings (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.¹
- 2 On October 3, 2016, PacifiCorp submitted a compliance filing implementing the decoupling mechanism. The Commission accepted the compliance filing and the tariff revision became effective on October 4, 2016.² The current decoupling mechanism will end on September 14, 2021.
- 3 On August 10, 2021, PacifiCorp filed a petition seeking to extend and modify the decoupling mechanism (Petition). Specifically, PacifiCorp requests:

¹ After Order 12 was issued, PacifiCorp changed its business name with the Commission from “Pacific Power & Light Company” to “PacifiCorp d/b/a Pacific Power & Light Company.” *See Pacific Power & Light Company’s Request to Change Name to PacifiCorp*, Docket UE-191004 (December 5, 2019). The Company’s current name is used throughout this Order.

² The procedural history of this docket is summarized only insofar as it is relevant to the Petition at hand.

- (1) To change the next deferral period to September 15, 2021, through December 31, 2022, and make each subsequent deferral period a calendar year. The deadline to file the annual Schedule 93 rate adjustment would be changed to June 15 from December 1, and the effective date would be changed to September 1 from February 1;
- (2) To remove Large General Service under 1 MW (Schedule 36) and Agricultural Pumping Service (Schedule 40) customers from the decoupling mechanism;
- (3) To track and true-up all decoupled customers as one decoupled group; and
- (4) To base the earnings test only on earnings from decoupled customers.

4 Commission staff (Staff) reviewed the Petition and believes that additional time is necessary to evaluate PacifiCorp's proposed changes to its decoupling mechanism because decoupling is a complex mechanism that affects multiple customer classes across year long time-periods. Staff is particularly interested in examining the potential impacts of PacifiCorp's proposed changes as well as the potential effects of modifying the earnings sharing mechanism. Accordingly, Staff supports granting the Company's request for an extension on a temporary basis, through December 31, 2021.

5 On September 7, 2021, the Public Counsel Unit of the Attorney General's Office (Public Counsel) filed comments in this docket. Public Counsel recommends that that the Commission remove this agenda item from the September 9, 2021, Open Meeting and reschedule it for an open meeting in late 2021 or early 2022. Public Counsel also recommends that the Commission extend the current decoupling mechanism, without modifications, at least through the end of the year to allow sufficient time to review the Petition and file comments.

6 At the Commission's regularly scheduled open meeting on September 9, 2021, Public Counsel stated that it agrees with Staff's recommendation to extend the decoupling mechanism through the end of 2021 and to revisit PacifiCorp's proposed modifications prior to the new expiration date.

7 PacifiCorp also supports Staff's recommendation, but requests the Commission modify the current deferral period – July 2020 to June 2021 – to include the six-month period from July 2021 through December 2021. The Company proposes to file its annual true-up adjustment on or before June 1, 2022, and to reflect the 18-month period from July 2020 to December 31, 2021 in a Commission Basis Report rather than the calendar year period ending June 30, 2021.

DISCUSSION

8 We temporarily extend PacifiCorp’s decoupling mechanism through December 31, 2021, to allow Staff, Public Counsel, and other stakeholders sufficient time to review the changes PacifiCorp proposes to make to its decoupling mechanism in its Petition.

9 In Order 12 in this Docket, the Commission approved PacifiCorp’s proposed decoupling mechanism with several conditions. The decoupling mechanism required a true-up between PacifiCorp’s allowed decoupled revenue and the actual non-weather adjusted decoupled revenue per class at the end of each year-long deferral period.³ The Commission also required the Company to apply the same earnings test as it implemented in the decoupling mechanisms for Puget Sound Energy and Avista Corporation d/b/a Avista Utilities.⁴ Like these utilities, PacifiCorp was required to share its over-earnings with its decoupled customer classes if the Company’s actual ROE was greater than its authorized ROE.⁵ The Commission approved the decoupling mechanism for a minimum of five years.⁶

10 As this initial five-year evaluation period comes to a close, PacifiCorp reasonably proposes to extend the decoupling program with certain modifications. However, we agree with Staff and Public Counsel that additional time is needed to evaluate the Company’s proposal and thus temporarily extend the decoupling mechanism through December 31, 2021, to allow Staff and other stakeholders to examine and discuss the significant technical details presented in the Company’s Petition. Prior to the new expiration date, the Commission will revisit the Petition at one of its regularly scheduled open meetings.

11 We also adopt the Company’s proposal to modify the current deferral period – July 2020 to June 2021 – to include the six-month period from July 1, 2021, to December 31, 2021. The Company must file its annual true-up adjustment on or before June 1, 2022, and should reflect the 18-month period from July 2020 to December 2021 in a Commission Basis Report, rather than the calendar year period ending June 30, 2021.

³ Order 12, ¶ 124.

⁴ *Id.* ¶ 133.

⁵ *Id.* ¶ 134.

⁶ *Id.* ¶ 139.

FINDINGS AND CONCLUSIONS

- 12 (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.
- 13 (2) PacifiCorp is an electric company and a public service company subject to Commission jurisdiction.
- 14 (3) By Order 12 in this Docket, the Commission approved PacifiCorp's proposed decoupling mechanism with conditions for a minimum of five years.
- 15 (4) On August 10, 2021, PacifiCorp filed a Petition with the Commission to extend and modify the decoupling mechanism.
- 16 (5) This matter came before the Commission at its regularly scheduled meeting on September 9, 2021.
- 17 (6) After reviewing PacifiCorp's Petition and giving due consideration to all relevant matters and for good cause shown, the Commission finds that it is consistent with the public interest to temporarily extend PacifiCorp's decoupling mechanism through December 31, 2021, with the procedural modification described in paragraph 11 of this Order, to allow Staff and other stakeholders additional time to review the Petition.

ORDER

THE COMMISSION ORDERS:

- 18 (1) PacifiCorp d/b/a Pacific Power & Light Company's decoupling mechanism is temporarily extended until December 31, 2021, subject to the procedural modification described in paragraph 11 of this Order.
- 19 (2) The Commission will revisit PacifiCorp d/b/a Pacific Power & Light Company's Petition for an Order Modifying and Extending the Decoupling Mechanism at one of its regularly scheduled open meetings prior to December 31, 2021.
- 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.

Dated at Lacey, Washington, and effective September 9, 2021.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner