

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PACIFICORP dba PACIFIC POWER &
LIGHT COMPANY

Petition for an Order Approving Deferral of
Costs Related to Wildfire Claims.

DOCKET UE-23 ____

PACIFICORP'S PETITION FOR
ACCOUNTING ORDER

I. INTRODUCTION

1 In accordance with WAC 480-07-370(3), PacifiCorp dba Pacific Power & Light Company (PacifiCorp or the Company) petitions the Washington Utilities and Transportation Commission (Commission) for an order authorizing the Company to defer from the date of this petition forward the costs associated with third-party claims due to wildfires in the Company's service area. PacifiCorp seeks deferral of these costs to track and preserve them for later ratemaking treatment and recovery.

II. BACKGROUND

2 PacifiCorp is an electric utility and public service company doing business in the state of Washington under RCW 80.04.010, and its public utility operations, retail rates, service, and accounting practices are subject to the Commission's jurisdiction. PacifiCorp also provides retail electricity service under the name Pacific Power in Oregon and California and under the name Rocky Mountain Power in Idaho, Utah, and Wyoming. The Company's principal place of business is 825 NE Multnomah Street, Suite 2000, Portland, Oregon, 97232.

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PacifiCorp's name and address:

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In addition, PacifiCorp respectfully requests that all data requests be addressed to:

By e-mail (preferred) datarequest@pacificorp.com

By regular mail Data Request Response Center
PacifiCorp
825 NE Multnomah Street, Suite 2000
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Informal inquiries may be directed to Ariel Son, Regulatory Affairs Manager, at (503) 813-5410.

III. THE BASIS FOR REQUESTING DEFERRED ACCOUNTING

A. Description

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At the beginning of September 2020, a historic wind event resulted in a number of wildfires spread across Oregon and California causing widespread and extensive damage in and around PacifiCorp's service area. Areas affected by the fires include western Oregon counties where the Company provides service including Josephine, Jackson, Douglas, Lane, Linn, Lincoln, Klamath, and Marion Counties. As a result of these wildfires, a number of plaintiffs filed suit against PacifiCorp alleging that PacifiCorp's

facilities caused the fires, and that PacifiCorp should have shut-off service to customers in an effort to prevent the spread of the wildfires.

5 As discussed above, PacifiCorp requests authorization to defer the incremental costs associated with PacifiCorp's third-party claims for the wildfires that occurred in September of 2020. Based on the best available information known in its last rate case, PacifiCorp's rates were approved to reflect a reasonable level of self-insurance and commercial insurance related to third-party claims, which is a normal part of providing electric service to customers. The costs identified in this application would account for and track the third-party claims that may exceed the Company's insurance coverage currently in rates associated with the outcomes of this litigation due to wildfires that occurred in September 2020. As such, all costs are related to claims against PacifiCorp resulting from providing service to its customers.

6 At this point, much of the litigation and the assessment of liabilities remains unresolved. PacifiCorp is filing this application to enable the Company to transparently account for and track the costs associated with the outcomes of this litigation. The Company is not seeking recovery of these costs from customers at this time and does not expect to determine if it will seek recovery until the appeals process has concluded. The deferred accounting application enables the Company to preserve its ability to seek recovery in the future in the event the outcome could potentially impact the financial stability of the Company, which would result in higher costs to customers.

7 In *James v. PacifiCorp*, a jury has returned a verdict finding that PacifiCorp is liable to the named plaintiffs for over \$70 million in economic and non-economic

damages and over \$18 million in punitive damages.¹ Since this has been initially certified as a class-action lawsuit, additional claims are likely, and there is additional pending litigation for wildfires that occurred in this time period. PacifiCorp maintains that the Company's actions were appropriate, consistent with prudent utility practice, and as such, plans to appeal the verdict. While PacifiCorp files this deferral, there is still significant uncertainty about the legal outcome of these cases. As a result, PacifiCorp requests that the Commission delay consideration of the approval of this deferral application until the costs and the impact on the financial stability of the Company are more fully known.

8 The combined amount of these claims from these wildfires may represent a material impact to the financial stability of the Company that resulted from unique and unforeseen circumstances outside the Company's reasonable control. Additionally, this deferral covers the third-party claims on PacifiCorp for events that occurred under both Federal and State emergency declarations.² The potential magnitude of the claims may exceed normal costs anticipated by PacifiCorp and included in its retail rates and could also far exceed the reasonable business risk associated with these claims.

C. Proposed Accounting

9 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 FERC Account 925-Injuries and damages. If this application is denied, the costs will remain in FERC Account 925.

¹ Final Verdict, *James v. PacifiCorp*, No. 20-CV-33885 (Cir. Ct. Multnomah County, Jun. 12, 2023).

² Notice of the Presidential declaration of an Emergency for the State of Oregon, 85 Fed. Reg. 67,754 (Oct. 26, 2020); Proclamation of State of Emergency Due to Imminent Threat of Wildfire, Executive Order No. 20-35 (Or. Aug. 20, 2020); Proclamation of State of Emergency to Support Ongoing Recovery from Catastrophic Wildfires, Executive Order No. 20-60 (Or. Oct. 28, 2020).

C. Estimate of Amounts

10 At this time, due to the nature of the litigation it is difficult to precisely estimate the amounts that will be recorded in this deferred account. However, in a single proceeding in Oregon, a jury has issued a verdict for more than \$90 million for the named plaintiffs in the case. Additional process regarding the class action aspect of the lawsuit and the Company's appeals of the proceeding, along with additional ongoing proceedings are expected to result in a materially different amount.

IV. CONCLUSION

11 PacifiCorp respectfully requests that the Commission authorize the Company to defer the costs associated with these Wildfire claims. As noted above, PacifiCorp requests that the Commission delay consideration of the approval of this deferral until there is a more definite on the impact of these deferrals on the Company. The Company will address any ratemaking treatment of these costs in a future tariff filing.

Respectfully submitted this 21st day of June, 2023.

By: _____/s/
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