

December 28, 2018

***VIA ELECTRONIC FILING  
& OVERNIGHT DELIVERY***

Public Utility Commission of Oregon  
201 High Street SE, Suite 100  
Salem, OR 97301-3398

Attn: Filing Center

**Re: Advice No. 18-011/UE 352—Schedule 202—PacifiCorp’s 2019 Renewable Adjustment Clause**

In compliance with ORS 757.205, OAR 860-022-0025, OAR 860-022-0030, and ORS 757.210, PacifiCorp, d/b/a Pacific Power submits for filing with the Public Utility Commission of Oregon (Commission) the enclosed Schedule 202 Renewable Adjustment Clause Supply Service Adjustment (Schedule 202), of the company’s Tariff P.U.C. OR No. 36, which sets forth all rates, tolls, charges, rules and regulations applicable to electric service in the State of Oregon. The company respectfully requests an effective date of October 1, 2019 for these tariff sheets.<sup>1</sup>

PacifiCorp makes this filing per the settlement agreement approved by the Commission in docket UE 339.

The purpose of this filing is to implement Schedule 202 rates to recover costs associated with the repowering of certain PacifiCorp wind resources as described further below and in the enclosed supporting testimony, and to make housekeeping changes to Schedule 202 to remove outdated language relating to Senate Bill 408.

**A. Description of Filing**

In Order No. 07-572, the Commission approved a Renewable Adjustment Clause (RAC) for PacifiCorp, under Senate Bill 838, enacted on June 6, 2007. The Commission directed PacifiCorp to file Schedule 202, to be effective January 1, 2008. In Advice No. 07-027, PacifiCorp filed Schedule 202 in compliance with Order No. 07-572. Schedule 202 provides that the company file any proposed charges under Schedule 202 by April 1 of each year, as necessary. These April 1 filings include new eligible renewable resources and associated transmission and are also used to update charges already included in the schedule.<sup>2</sup>

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<sup>1</sup> As discussed below, the company is proposing a second rate change effective on December 1, 2019. PacifiCorp proposes to submit a compliance filing with revised tariff sheets for rates effective on December 1, 2019 by November 1, 2019.

<sup>2</sup> Schedule 202 was most recently revised in April 2013 to remove reference to PacifiCorp’s Schedule 33. Schedule 33, Klamath Basin Irrigation and Drainage pumping, was canceled on April 16, 2013 at the conclusion of the seven year transition rate period for these irrigation customers.

Beginning in 2018, PacifiCorp began upgrading or “repowering” 900.1 MW of company-owned and installed wind capacity through the addition of longer blades and new technology to generate more energy in a wider range of wind conditions.<sup>3</sup> These upgrades increase output of the company’s wind facilities by 26.7 percent, on average, extend the operating life of the facilities and allow the facilities to requalify for federal production tax credits. This filing seeks approval to include the costs associated with these facilities, expected to come online by December 31, 2019, through the company’s RAC.

In docket UE 339, PacifiCorp’s 2019 Transition Adjustment Mechanism, the Commission approved a settlement in which parties agreed that PacifiCorp would file a RAC revision on January 2, 2019 (instead of April 1 as set forth in Schedule 202).<sup>4</sup> The parties to this settlement also agreed to support an expedited schedule to allow for rates effective by July 1, 2019. To reflect the current construction timelines and to accommodate the staggered in-service dates associated with the company’s repowering facilities, PacifiCorp is now proposing two rate changes: the first rate change effective October 1, 2019 and the second rate change effective December 1, 2019. This timeline still allows PacifiCorp to seek contemporaneous recovery of the repowering projects without the need to file for a deferral of capital costs associated with the repowering projects. These staggered rate effective dates also allow for minimizing potential regulatory lag and maximizing of the matching of costs and benefits.<sup>5</sup>

The October 1, 2019 rate effective date will include the repowering projects for Leaning Juniper, Seven Mile Hill I, Seven Mile Hill II, and Glenrock I. The December 1, 2019 effective date will include the repowering projects for Goodnoe Hills, High Plains, McFadden Ridge, Marengo I and Marengo II.

This tariff filing is supported by testimony and exhibits from the following company witnesses:

- Etta P. Lockey, Vice President, Regulation
- Timothy J. Hemstreet, Director, Renewable Energy Development
- Rick T. Link, Vice President, Resource Planning
- Steven R. McDougal, Director, Revenue Requirements
- Judith M. Ridenour, Specialist, Pricing and Cost of Service

Confidential information has been provided under Order No. 18-490.

This supporting testimony sets forth the benefits of repowering (including qualification for production tax credits), provides support for a finding that the investments were prudent and in the public interest, sets forth the details of the company’s RAC and the company’s proposal for ratemaking treatment of the repowering projects (including a description of the relevant portions

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<sup>3</sup> The 900.1 MW capacity reflects all of PacifiCorp’s wind repowering project, except Rolling Hills, which is not in Oregon rates. Inclusive of Rolling Hills, PacifiCorp is repowering 999.1 MW of company-owned wind capacity.

<sup>4</sup> A special condition is proposed for Schedule 202 which will accommodate a timeline different than the language currently in the tariff.

<sup>5</sup> The anticipated in-service date for these projects was July 1, 2019 at the time the stipulation agreement was entered in Docket No. UE 339.

of the settlement approved in docket UE 339), provides the construction timeline for the repowering projects, addresses how repowering was included in the company's Integrated Resource Plan, and provides the revenue requirement associated with the repowering projects.

In addition, PacifiCorp proposes a housekeeping edit to remove the second-to-last sentence in the Purpose section of Schedule 202 to remove outdated language associated with Senate Bill 408. The sentence references OAR 860-022-0041, which was repealed following the enactment of Senate Bill 967 in 2011 in the rulemaking docketed as AR 553. This housekeeping edit is appropriate because this language no longer applies.

## **B. Proposed Procedural Schedule**

In the Stipulation approved in Order No. 18-421, the Commission approved the stipulating parties' agreement that the RAC would follow a schedule designed to allow for rates effective July 1, 2019. As noted above, the company is now requesting the first rate change for effect on October 1, 2019.<sup>6</sup> Based on this later effective date, PacifiCorp proposes the procedural schedule described as follows, subject to the availability of the Commission and interested parties:

RAC Filed	January 2, 2019
Prehearing Conference	January 23, 2019
Staff and Intervenor Testimony	March 6, 2019
Settlement Conference	April 3, 2019
Rebuttal Testimony	May 8, 2019
Hearing	June 25, 2019
Target Commission Decision	September 1, 2019
RAC Update Filing (if needed)	September 15, 2019
Effective Date for New Rates	October 1, 2019
Revised Tariff Sheet Filing	November 1, 2019
Effective Date for New Rates	December 1, 2019

To allow for the parties to conduct their review of the filing within this schedule, PacifiCorp requests the scheduling of a prehearing conference in this docket as soon as practicable and suggests January 23.

## **C. Tariff Sheets**

Third Revision of Sheet No. 202-1	Schedule 202	Renewable Adjustment Clause
First Revision of Sheet No. 202-2	Schedule 202	Renewable Adjustment Clause

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<sup>6</sup> The stipulating parties agreed that if the expected in-service date for the first RAC-eligible project goes beyond July 1, 2019, the stipulating parties would not oppose a later rate effective date. *See* Order 18-421, Appendix A at 4, fn. 5.

To support this filing and meet the requirements of OAR 860-022-0025 and OAR 860-022-0030, PacifiCorp submits proposed Schedule 202 as Exhibit PAC/502 and has included in the exhibits accompanying the direct testimony of Ms. Ridenour the following:

Exhibit PAC/501: Renewable Adjustment Clause, Rate Spread and Rate Calculations  
Exhibit PAC/503: Estimated Effect of Proposed Price Changes  
Exhibit PAC/504—Monthly Billing Comparisons for October 1  
Exhibit PAC/505—Monthly Billing Comparisons for December 1

As shown on Exhibit PAC/503, the filing results in an overall increase of \$16.0 million or 1.2 percent, on a net basis, effective October 1, 2019, followed by an incremental increase of \$20.8 million 1.6 percent, on a net basis, effective December 1, 2019. This proposed change will affect approximately 614,000 customers. A residential customer using 900 kWh per month would see a monthly bill increase of \$1.18 beginning October 1 plus an additional \$1.51 beginning December 1. The total monthly bill increase for this customer from present rates is \$2.69.

#### **D. Correspondence**

It is respectfully requested that all communications on this filing be addressed to:

Oregon Dockets  
PacifiCorp  
825 NE Multnomah Street, Ste. 2000  
Portland, OR 97232  
[oregondockets@pacificorp.com](mailto:oregondockets@pacificorp.com)

Ajay Kumar  
Attorney  
825 NE Multnomah Street, Ste 1800  
Portland, OR 97232  
[Ajay.kumar@pacificorp.com](mailto:Ajay.kumar@pacificorp.com)

Additionally, PacifiCorp respectfully requests that all data requests regarding this matter be addressed to:

By e-mail (preferred): [datarequest@pacificorp.com](mailto:datarequest@pacificorp.com)

By regular mail: Data Request Response Center  
PacifiCorp  
825 NE Multnomah, Suite 2000  
Portland, OR 97232

Please direct informal correspondence and questions regarding this filing to Natasha Siores, Manager, Regulatory Affairs, at (503) 813-5542.

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A copy of this filing has been served on all parties in dockets UE 263 and UE 339.

Sincerely,

A handwritten signature in black ink, appearing to read 'Etta Lockey', with a long, sweeping horizontal line extending to the right.

Etta Lockey  
Vice President, Regulation

Enclosures

cc: UE 263 Service List  
UE 339 Service List